

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

794



**FROM:** Economic Development Agency / Facilities Management

**SUBMITTAL DATE:**

August 16, 2012

**SUBJECT:** Third Amendment to Lease, Department of Mental Health, Banning

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve the attached Third Amendment to Lease and authorize the Chairman of the Board to execute same on behalf of the County;
2. Approve and direct the Auditor-Controller to adjust the Economic Development Agency's FY 2012/13 budget as outlined on Schedule A; and
3. Find that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, Existing Facilities.

FORM APPROVED COUNTY COUNSEL  
BY: PATRICIA MUNROE  
Departmental Concurrence  
DATE: 7/16/12

Reviewed by  
**CIP TEAM**  
Serena Chow  
Serena Chow

By: Jerry Wengert  
Riverside County Mental Health

**BACKGROUND:** (Commences on Page 2)

FISCAL PROCEDURES APPROVED  
PAUL ANGULO, CPA, AUDITOR-CONTROLLER  
BY: Samuel Wong 8/16/12  
SAMUEL WONG

*Robert Field*

Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 192,834	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2012/13

**COMPANION ITEM ON BOARD AGENDA:** No

<b>SOURCE OF FUNDS:</b> Federal 36.34%, State 63.66%	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input checked="" type="checkbox"/>

**C.E.O. RECOMMENDATION:**

APPROVE

BY: *Jennifer L. Sargent*  
Jennifer L. Sargent

**County Executive Office Signature**

Dep't Recomm.:  Consent  Policy

Per Exec. Ofc.:  Consent  Policy

**Prev. Agn. Ref.:** 3.13 of 4/16/02; 3.41 of 9/29/09; 3.9 of 10/5/10

**District:** 5/5

**Agenda Number:**

3.46

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

**BACKGROUND:**

This Third Amendment to Lease represents a request from the Department of Mental Health to extend the lease for its office located at 1330 W. Ramsey Street, Banning, California, commencing on November 1, 2012 through October 31, 2017. The square footage will increase from 9,000 to 15,000 square feet. This expansion is required due to the increased needs of the community for the services provided at this facility. The total cost of the improvements is approximately \$363,500. The Department will reimburse Landlord for \$120,000 of the total cost, and Landlord will pay for the balance.

Pursuant to the California Environmental Quality Act (CEQA), the Lease was reviewed and determined to be categorically exempt from CEQA under CEQA Guidelines 15301, Class 1 – Existing Facilities. The proposed project, the Lease, is the letting of property involving existing facilities and no expansion of an existing use will occur.

This Third Amendment to Lease is summarized below:

Lessor:	B. H. Properties, LLC 11111 Santa Monica Blvd., #600 Los Angeles, California 92506	
Premises Location:	1330 W. Ramsey, Banning, California 92220	
Size:	Existing 9,000 square feet	New 15,000 square feet
	\$ 1.25 per sq. ft.	\$ 1.25 per sq. ft.
	\$ 11,250.00 per month	\$ 18,750.00 per month
	\$135,000.00 per year	\$225,000.00 per year
Term:	Effective November 1, 2012 through October 31, 2017	
Rent Adjustment:	Three percent annual increase	
Utilities:	County pays for telephone and electrical services, Landlord pays for all others services.	
Custodial Services:	Landlord	
Maintenance:	Landlord	
RCIT Costs:	\$38,550.00	
Tenant Improvements:	County shall pay \$120,000 of the total cost of the improvements	
Option to Terminate:	Termination for any reason after twenty-four months with ninety days notice	

The attached Third Amendment to Lease has been reviewed and approved by County Counsel as to legal form.

**FINANCIAL DATA:** (Commences on Page 3)

**FINANCIAL DATA:**

All associated costs for this Third Amendment to Lease will be fully funded through the DOMH budget. The DOMH has budgeted these costs in FY 2012/13. While the Economic Development Agency (EDA) will front the costs for the Third Amendment to Lease with the property owners, the DOMH will reimburse EDA for all associated costs.

**Attachments:**

Third Amendment to Lease  
Schedule A  
Exhibit A

## SCHEDULE A

**Increase Appropriations:**

47220-7200400000-526700	Rent-Lease Bldgs	\$ 60,000
47220-7200400000-522410	Maint Tenant Improvement	\$120,000

**Increase Estimated Revenue:**

47220-7200400000-777330	Leasing Services	\$ 60,000
47220-7200400000-781360	Other Misc Revenue	\$120,000

# Exhibit A

## Department of Mental Health Lease Cost Analysis FY 2012/13 1330 W. Ramsey Street, Banning, California

**Total Square Footage to be Leased:**

**EXPECTED AMOUNTS**

Current office:	9,000 SQFT	
<b>Total Expected Lease Cost for FY 2012/13</b>		<b>\$ 135,000.00</b>

**ACTUAL AMOUNTS**

Current Office:	9,000 SQFT	
Proposed Office:	15,000 SQFT	

Approximate Cost per SQFT (July - Oct)	\$ 1.25	
Approximate Cost per SQFT (Nov - June)	\$ 1.25	

Lease Cost per Month (July - Oct)	\$ 11,250.00	
Lease Cost per Month ( Nov - June)	<u>\$ 18,750.00</u>	

Total Lease Cost (July - Oct)	\$ 45,000.00	
Total Lease Cost (Nov - June)	<u>\$ 150,000.00</u>	
<b>Total Actual Lease Cost for FY 2012/13</b>		<b><u>\$ 195,000.00</u></b>
<b>Total Lease Cost Variance for FY 2012/13</b>		<b>\$ 60,000.00</b>

**Estimated Additional Costs:**

**EXPECTED AMOUNTS**

Utility Cost per Square Foot	\$ 0.12	
Estimated Utility Costs per Month	\$ 1,080.00	

<b>Total Expected Additional Cost for FY 2012/13</b>	<b>\$ 12,960.00</b>	
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RCIT	\$ 38,550.00	
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Tenant Improvements	\$ -	
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EDA Lease Management Fee (Based @ 3.93%)	<u>\$ 5,305.50</u>	
<b>Total Estimated Expected Cost for FY 2012/13</b>		<b>\$ 56,815.50</b>

**ACTUAL AMOUNTS**

Utility Cost per Square Foot	\$ 0.12	
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Costs per Month (July - Oct)	\$ 1,080.00	
Costs per Month (Nov - June)	\$ 1,800.00	

Total Estimated Actual Utility Cost for FY 2012/13	\$ 18,720.00	
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RCIT	\$ 38,550.00	
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Tenant Improvements	\$ 120,000.00	
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EDA Lease Management Fee (Based @ 3.93%)	<u>\$ 12,379.50</u>	
<b>Total Estimated Actual Cost for FY 2012/13</b>		<b><u>\$ 189,649.50</u></b>

<b>Total Estimated Cost Variance for FY 2012/13</b>		<b><u>\$ 132,834.00</u></b>
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<b>TOTAL ESTIMATED COST FOR FY 2012/13</b>		<b><u><u>\$ 192,834.00</u></u></b>
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1 **THIRD AMENDMENT TO LEASE**

2 **1330 W. Ramey Street, Banning, California**

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4 This **THIRD AMENDMENT TO LEASE** ("Third Amendment"), dated as of  
5 \_\_\_\_\_, is entered by and between the **COUNTY OF RIVERSIDE**, a political  
6 subdivision of the State of California, ("Lessee"), and **B.H. PROPERTIES, L.L.C.** a California  
7 limited liability company ("Lessor"), sometimes collectively referred to as the "Parties."

8 **1. Recitals.**

9 a. Lessor and County entered into a lease dated April 16, 2002, pursuant to which  
10 Lessor has agreed to lease to County and County has agreed to lease from Lessor a portion of  
11 that certain building located at 1330 W. Ramsey Street, Banning, California (Building), as more  
12 particularly described in the lease.

13 b. The Lease has been amended by:

14 i. The First Amendment to Lease dated September 29, 2009.

15 ii. The Second Amendment to Lease dated October 5, 2010.

16 iii. The lease dated April 16, 2002, together with its amendments,  
17 shall be collectively referred to as the "Lease."

18 c. The Parties now desire to amend the Lease with this Third Amendment to  
19 extend the term period, the rental amounts and annual increases, modify the rentable square  
20 footage, improvements and the option to terminate.

21 **NOW THEREFORE**, for good and valuable consideration the receipt and adequacy of  
22 which is hereby acknowledged, the parties agree as follows:

23 **2. Lease Term.** Section 4 of the Lease is hereby amended to extend the lease  
24 term from November 1, 2012 through October 31, 2017.

25 **3. Rent.** Section 5.1 and 5.2 of the Lease is hereby amended by the following:  
26 County shall pay to Lessor the monthly sum of \$18,750.00 to Lessor as rent for the leased  
27 premises effective November 1, 2012. Therefore, the monthly rent shall be adjusted on each  
28

1 anniversary of this Lease extension by an amount equal to three (3%) percent of such monthly  
2 rent.

3 **4. Premises.** Section 2 subsection 2.2 of the Lease is hereby amended by the  
4 following:

5 a. The square footage of the premises shall increase from 9,000 to 15,000  
6 square feet, as more particularly shown on Exhibit "A," attached hereto and incorporated  
7 herein.

8 b. Exhibit "A" of the Original Lease is hereby deleted in its entirety and  
9 replaced with Exhibit A attached hereto and incorporated herein by this reference.

10 **5. Improvements by Lessor.** Section 11 of the Lease shall be amended by  
11 adding subsection 11.1.7 through 11.1.9 to the Lease as follows:

12 11.1.7. Lessor understands and agrees not to make any  
13 modifications to the specifications as set forth in Exhibit "A," without first obtaining written  
14 approval from County. Any changes to these specifications without first acquiring written  
15 approval will be at the expense of the Lessor and not the County of Riverside.

16 11.1.8. The total cost of the improvements is approximately  
17 \$363,500. The County will reimburse Landlord for \$120,000.00 of the total cost and Landlord  
18 will pay for the balance. Lessor shall provide an itemized statement of the actual cost of the  
19 tenant improvements, upon completion. The Department of Mental Health shall reimburse  
20 Lessor within thirty (30) days or as soon thereafter as a warrant can be issued in the normal  
21 course of County's business.

22 11.1.9. Lessor shall submit to County a complete set of approved "As-  
23 Built" drawings.

24 **6. County's Options to Terminate.** The language in Section 6.4.1 of the Lease  
25 is hereby deleted in its entirety and replaced with the following:

26 County shall have the right to terminate this Lease for any reason after twenty-  
27 four months providing Lessor ninety (90) days advance written notice.

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1           **7. Capitalized Terms:** Third Amendment to Prevail. Unless defined herein or the  
2 context requires otherwise, all capitalized terms herein shall have the meaning defined in the  
3 Lease. The provisions of this Third Amendment (including its first and second amendments)  
4 shall prevail over any inconsistency or conflicting provisions of the Lease.

5           **8. Miscellaneous.** Except as amended or modified herein, all the terms of the  
6 Lease shall remain in full force and effect and shall apply with the same force and effect. Time  
7 is of the essence in this Third Amendment and the Lease and each and all of their respective  
8 provisions. Subject to the provisions of the Lease as to assignment, the agreements,  
9 conditions and provisions herein contained shall apply to and bind the heirs, executors,  
10 administrators, successors and assigns of the parties hereto. If any provision of this Third  
11 Amendment or the Lease shall be determined to be illegal or unenforceable, such  
12 determination shall not affect any other provision of the Lease and all such other provisions  
13 shall remain in full force and effect. The language in all parts of the Lease shall be construed  
14 according to its normal and usual meaning and not strictly for or against either Lessor or  
15 Lessee. Neither this Third Amendment, nor the Lease, nor any notice nor memorandum  
16 regarding the terms hereof, shall be recorded by County.

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1           **9. Effective Date.** This Third Amendment to Lease shall not be binding or  
2 consummated until its approval by the Riverside County Board of Supervisors and fully  
3 executed by the Parties.

4           IN WITNESS WHEREOF, the parties have executed this Amendment as of the date  
5 first written above.

6 Dated: \_\_\_\_\_

7           **LESSOR:**

8           **B.H. PROPERTIES L.L.C.**

9           By:  \_\_\_\_\_

10          Name:    Arsalan Gozini  
11          Its:       General Member

12          **LESSEE:**

13          **COUNTY OF RIVERSIDE**

14          By: \_\_\_\_\_

15               John F. Tavaglione, Chairman  
16               Board of Supervisors

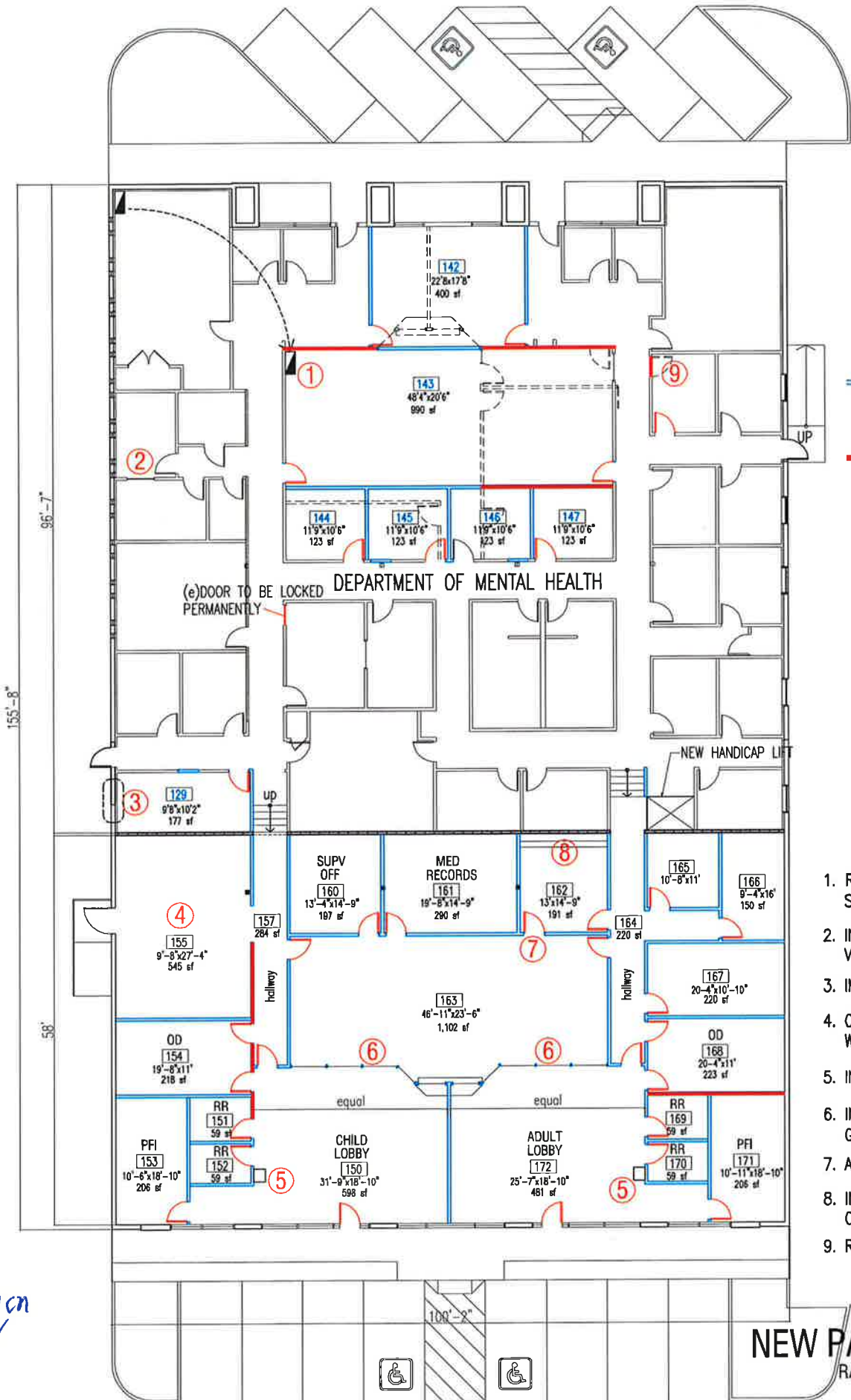
17          **ATTEST:**  
18          Kecia Harper-Ihem  
19          Clerk of the Board




20          By: \_\_\_\_\_  
21                       Deputy

22  
23          **APPROVED AS TO FORM:**  
24          Pamela J. Walls  
25          County Counsel

26          By:  \_\_\_\_\_  
27               Patricia Munroe  
28               Deputy County Counsel

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-  NEW DOOR
-  NEW WALL PARTITION
-  EXISTING WALL TO REMAIN

1. RELOCATE EXISTING TELECOM SYSTEM TO ROOM 143.
2. INSTALL ONE WAY MIRROR VIEW WINDOW.
3. IMPROVE INSULATION.
4. CREATE OPEN ROOM FOR WORK STATIONS.
5. INSTALL DRINKING FOUNTAIN.
6. INSTALL HALF WALL AND HALF GLASS WINDOWS.
7. ADD NEW DOOR.
8. INSTALL LOWER AND UPPER CABINETS.
9. REMOVE EXISTING DOOR.

MCH  
W

**NEW PARTITION PLAN**  
 RAMSEY STREET, BANNING, CA  
 5-22-12

**EXHIBIT "A"**