

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



131

FROM: Economic Development Agency / Facilities Management

SUBMITTAL DATE:
December 18, 2012

SUBJECT: Fourth Amendment to Lease – Economic Development Agency

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Fourth Amendment to Lease and authorize the Chairman of the Board to execute the same on behalf of the County; and
2. Find that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, Existing Facilities.

BACKGROUND: (Commences on Page 2)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ (189,290)	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2012/13

COMPANION ITEM ON BOARD AGENDA: No

SOURCE OF FUNDS: Workforce Investment Act Funds – 100% Federal Funds	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY Jennife L. Sargent

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
 DATE 11/20/12
 BY PATRICIA MUNROE
 Department of
 FISCAL PROCEDURES APPROVED
 PAUL ANGULO, CPA, AUDITOR-CONTROLLER
 BY SAMUEL WONG 12/17/12

Policy Policy
 Consent Consent
 Dept's Recomm.:
 Per Exec. Ofc.:

Prev. Agn. Ref.: 3.20 of 9/13/05; 3.13 of 6/13/06; 3.10 of 12/12/06;
3.12 of 7/03/07; 3.24 of 2/09/10

District: 1/1

Agenda Number:

3-6

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

BACKGROUND:

The County of Riverside has been under lease at 1325 Spruce Street in Riverside since April, 2007. Currently, the Economic Development Agency (EDA) Workforce Development is occupying 51,511 square feet. Recent staff reorganization has resulted in vacant space within the Workforce Division's leased area, and under a provision of the lease, the County may downsize and return vacated space to the Lessor. Presented for approval is a Fourth Amendment to Lease for a space reduction of 6,650 square feet. A summary is as follows:

Location: 1325 Spruce Street
Riverside, CA 92507

Lessor: Spruce Street Professional Building, LLC
815 Marlborough Street, Suite 200
Riverside, CA 92507

Size: Reduced from 51,511 square feet to 44,861 square feet.

Term: In year 6 of a 10 year term.

Rent:	<u>Current</u>	<u>New</u>
	\$ 2.40 per sq. ft.	\$ 2.40 per sq. ft.
	\$ 123,822.69 per month	\$ 107,837.35 per month
	\$1,485,872.28 per year	\$1,294,048.20 per year

Savings per month: \$ 15,985.34
Savings per year: \$191,824.08

Increases: Annually.

Utilities: Included in Rent.

Custodial: Included in Rent.

Maintenance: Included in Rent.

Improvements: Included in Rent.

Termination: After 7 years from the original lease commencement date of April, 2007, County may terminate for funding, or any reason, with 60-days written notice.

The attached Fourth 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 Fourth Amendment to Lease will be fully funded through the EDA Workforce Division's budget. EDA Workforce Division has budgeted for these costs in FY 2012/13. While EDA will front the costs for the Lease Amendment with the Lessor, EDA Workforce Division will reimburse EDA for all associated lease costs.

Attachments:

Exhibit A
Fourth Amendment to Lease

Exhibit A

EDA Lease Cost Analysis FY 2012/13 1325 Spruce Street, Riverside

Total Square Footage to be Leased:

EXPECTED AMOUNTS

Current office:	51,511 SQFT	
Total Expected Lease Cost for FY 2012/13		\$ 1,485,872.28

ACTUAL AMOUNTS

Current Office:	51,511 SQFT	
Proposed Office:	44,861 SQFT	

Approximate Cost per SQFT (July - Mar)	\$ 2.40	
Approximate Cost per SQFT (April -June)	\$ 2.40	

Lease Cost per Month (July)	\$ 117,037.35	
Lease Cost per Month (Aug - Mar)	\$ 107,837.35	
Lease Cost per Month (April - June)	<u>\$ 111,072.50</u>	

Total Lease Cost (July)	\$ 117,037.35	
Total Lease Cost (Aug - Mar)	\$ 862,698.80	
Total Lease Cost (April - June)	<u>\$ 333,217.50</u>	
Total Actual Lease Cost for FY 2012/13		<u>\$ 1,312,953.65</u>
Total Lease Cost Variance for FY 2012/13		\$ (172,918.63)

Estimated Additional Costs:

EXPECTED AMOUNTS

Utility Cost per Square Foot	\$ 0.12	
Estimated Utility Costs per Month (July - June)	\$ 6,181.32	

Total Estimated Utility Cost for FY 2012/13	\$ 74,175.84	
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RCIT	\$ -	
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Tenant Improvements	\$ -	
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EDA Lease Management Fee (Based @ 3.93%)	\$ 58,394.78	
Total Estimated Expected Cost for FY 2012/13		\$ 132,570.62

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$ 0.12	
Costs per Month (July - June)	<u>\$ 5,383.32</u>	
Total Estimated Actual Utility Cost for FY 2012/13	\$ 64,599.84	

RCIT	\$ -	
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Tenant Improvements	\$ -	
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EDA Lease Management Fee (Based @ 3.93%)	<u>\$ 51,599.08</u>	
Total Estimated Actual Cost for FY 2012/13		\$ 116,198.92

Total Estimated Cost Variance for FY 2012/13		<u>\$ (16,371.70)</u>
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TOTAL ESTIMATED COST FOR FY 2012/13		<u><u>\$ (189,290.33)</u></u>
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1 **FOURTH AMENDMENT TO THE COUNTY OF RIVERSIDE LEASE**
2 **AT 1325 SPRUCE STREET, RIVERSIDE, CALIFORNIA**

3
4 THIS FOURTH AMENDMENT TO LEASE (“Amendment”), dated as of
5 _____, is entered into by and between the SPRUCE STREET
6 PROFESSIONAL BUILDING, LLC, a California limited liability company, as Lessor,
7 and the COUNTY OF RIVERSIDE, a political subdivision of the State of California, as
8 County.

9 Recitals

10 A. Lessor and County have entered into that certain Lease, dated June 13,
11 2006, (the “Original Lease”) pursuant to which Lessor has agreed to lease to County
12 and County has agreed to lease from Lessor a portion of that certain building, more
13 commonly known as the Spruce Street Professional Building, located at 1325 Spruce
14 Street, in the City of Riverside, State of California, (the “Building”), consisting of 30,407
15 gross square feet, as more particularly described in the Lease (the “Original
16 Premises”).

17 B. The Original Lease has been amended by:

18 1. That certain First Amendment to Lease dated December 12, 2006,
19 by and between Lessor and County (the “First Amendment”) whereby, the County
20 leased an additional 7,654 gross square feet on the second floor of the Building.

21 2. That certain Second Amendment to Lease dated July 3, 2007, by
22 and between Lessor and County (the “Second Amendment”) whereby, the County
23 leased an additional 2,147 gross square feet on the second floor of the Building.

24 3. That certain Third Amendment to Lease dated February 9, 2010,
25 by and between Lessor and County (the “Third Amendment”) whereby, the County
26 leased an additional 11,303 gross square feet on the first floor of the Building.

27 C. The Original Lease, as heretofore, currently, or hereafter amended, shall
28 hereafter be referred to as the “Lease”.

1 D. County desires to reduce the gross square feet of occupied space (Space
2 Reduction) as allowed under Section 6.4.1 by vacating a portion of the 4th floor and
3 returning to Lessor.

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

6 **Section 1. Premises.** Section 2.2 of the Lease is hereby replaced in its
7 entirety by the following:

8 **2.2 Defined.** The Premises shall consist of a portion of that certain real
9 property, including all improvements therein or to be provided by Lessor under the
10 terms of this Lease, and commonly known as The Spruce Street Professional Building
11 located in the City of Riverside, State of California, and generally described as a free
12 standing building consisting of approximately seventy seven thousand (77,000) square
13 feet, of which the County leases approximately forty four thousand eight hundred sixty
14 one (44,861) gross square feet of exclusive space including twenty three thousand
15 seven hundred fifty seven (23,757) gross square feet of exclusive space on the fourth
16 and fifth floors (reduced by 6,650 square feet from the original space), nine thousand
17 eight hundred one (9,801) gross square feet of exclusive space on the second floor
18 (7,654 gross square feet of exclusive space from the First Amendment of "Additional
19 Space" and 2,147 gross square feet of additional exclusive space from the Second
20 Amendment of "Additional Space") and eleven thousand three hundred three (11,303)
21 square feet of exclusive space on the First Floor from the Third Amendment of
22 "Additional Space." This includes a minimum of one hundred sixty seven (167)
23 unreserved and unassigned parking spaces and three (3) reserved parking spaces for
24 the County and top-of-the-building signage, all as shown on the site plan attached as
25 Exhibit "A" in the Lease. It is understood that the Premises include all appurtenances
26 and easements thereto and the non-exclusive right of ingress and egress at all times to
27 and from the public streets and highways for County, its employees and invitees.

28

1 **Section 2. Exhibit A.** Exhibit A of the Original Lease is hereby deleted in its
2 entirety and replaced with Exhibit A attached hereto and incorporated herein by this
3 reference.

4 **Section 3. Term Commencement.** This Fourth Amendment shall be effective
5 upon the date of its full execution by the Parties hereto which includes approval by the
6 County of Riverside Board of Supervisors. The "Space Reduction" commences July 1,
7 2012, under the terms and conditions stated herein.

8 **Section 4. Rent.** Section 5.1 of the Lease is hereby amended in its entirety by
9 the following:

10 **5.1 RENT.** Rent under this Fourth Amendment to Lease shall
11 commence July 1, 2012, with the revised rent as indicated below:

<u>Monthly Amount</u>	<u>Year</u>	<u>Commencing</u>
\$117,037.35	Sixth	July 1, 2012
\$107,837.35	Sixth	August 1, 2012
\$111,072.50	Seventh	April 1, 2013
\$114,404.60	Eighth	April 1, 2014
\$117,836.80	Ninth	April 1, 2015
\$121,371.90	Tenth	April 1, 2016

12 Said monthly sums shall be payable, in advance, on the first day of the month or as
13 soon thereafter as a warrant can be issued in the normal course of County's business;
14 provided, however, in the event rent for any period during the term hereof which is less
15 than one (1) full calendar month said rental shall be pro-rated based upon the actual
16 number of days of said month.
17
18

19 **Section 5. Tenant Improvements.** Section 5.2 of the Lease is hereby replaced
20 in its entirety by the following:

21 **5.2 Tenant Improvements ("TI").** Tenant improvement costs are those
22 associated with demising the Fourth Floor to accommodate County vacating 6,650
23 square feet. Fourth floor work includes architectural, planning and permit fees,
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26
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1 removal of conference room doors, framing and installation of a doorway within an
2 existing east hallway, hardware relocation, cleanup and supervision. Total cost, at
3 Lessor's sole cost and expense, shall not exceed \$9,200.00 as further defined in
4 Exhibit J herein.

5 **Section 6. Miscellaneous.** Section 19.18 of the Lease shall be amended as
6 follows:

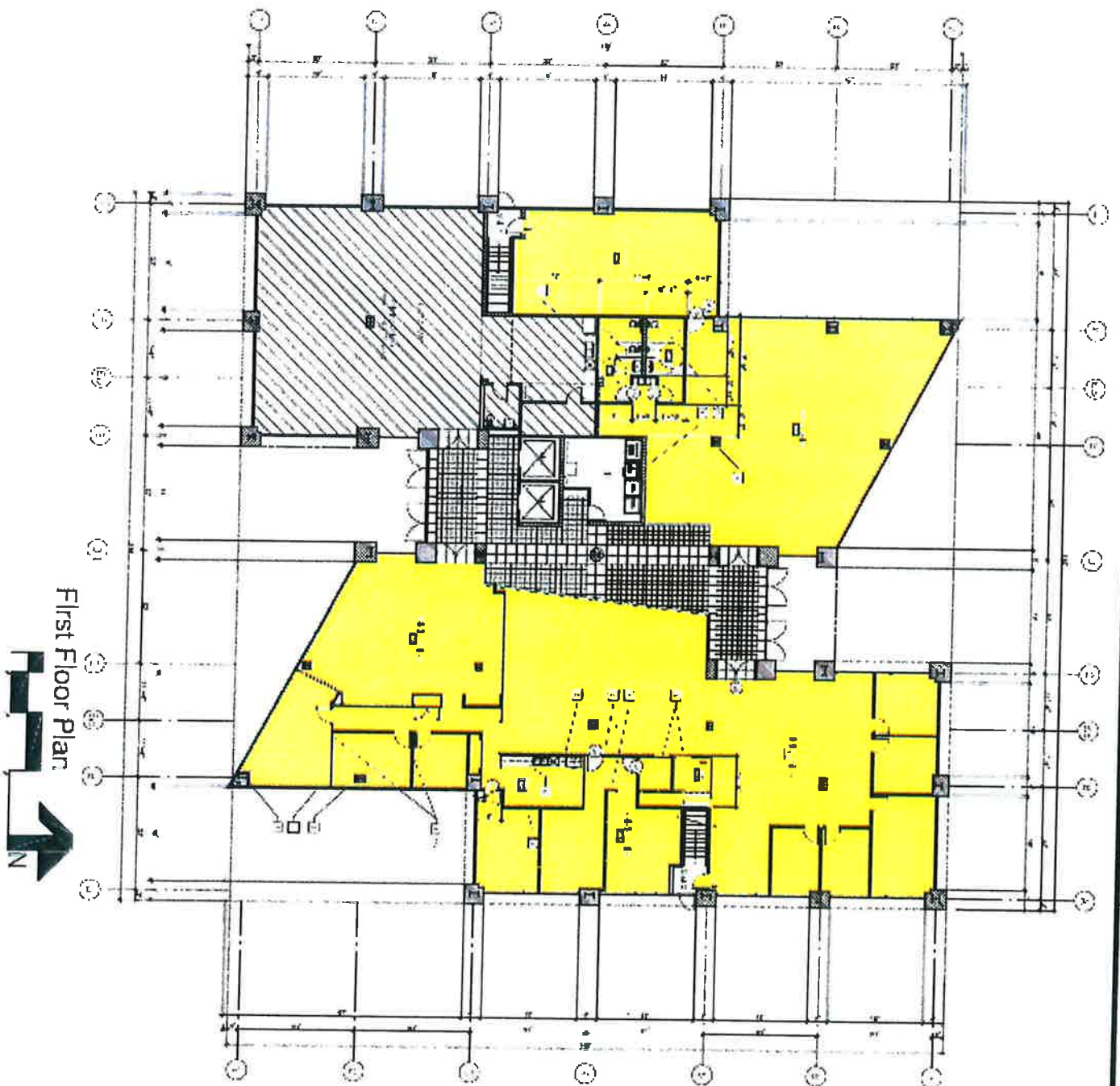
7 **County's Notification Address:**

8 County of Riverside
9 Economic Development Agency
10 3403 Tenth Street, Suite 500
11 Riverside, CA 92501
12 Attn: Deputy Director of Real Estate
13 Telephone: (951) 955-4820

14 **Section 7. Tenant Improvements.** Upon full execution of the Fourth
15 Amendment to Lease, Lessor shall commence tenant improvements as set forth
16 herein. Work to be completed by February 28, 2013.

17 **Section 8. Capitalized Terms: Fourth Amendment to Prevail.** Unless
18 defined herein or the context requires otherwise, all capitalized terms herein shall have
19 the meaning defined in the Lease, as heretofore amended. The provision of this Fourth
20 Amendment shall prevail over any inconsistency or conflicting provisions of the Lease,
21 as heretofore amended, and shall supplement the remaining provisions thereof. The
22 Lease remains in full force and effect except to the extent amended by this Fourth
23 Amendment. This Fourth Amendment shall not be binding or deemed consummated
24 until approved and executed by the Riverside County Board of Supervisors.

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26 ///
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First Floor Plan



Plan Notes

- 1. SEE SCHEDULE NOTES FOR THE FOLLOWING:
- 2. SEE SCHEDULE NOTES FOR THE FOLLOWING:
- 3. SEE SCHEDULE NOTES FOR THE FOLLOWING:
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- 10. SEE SCHEDULE NOTES FOR THE FOLLOWING:

Schedule Notes

- 1. SEE SCHEDULE NOTES FOR THE FOLLOWING:
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- 8. SEE SCHEDULE NOTES FOR THE FOLLOWING:
- 9. SEE SCHEDULE NOTES FOR THE FOLLOWING:
- 10. SEE SCHEDULE NOTES FOR THE FOLLOWING:

EXHIBIT "A"



GRANT & SRDULIC ARCHITECTS INC.

1000 WEST 10TH AVENUE
SUITE 1000
DENVER, CO 80202
TEL: 303.733.1111
WWW.GSARCHITECTS.COM

THE MAGNON COMPANIES

1000 WEST 10TH AVENUE
SUITE 1000
DENVER, CO 80202
TEL: 303.733.1111

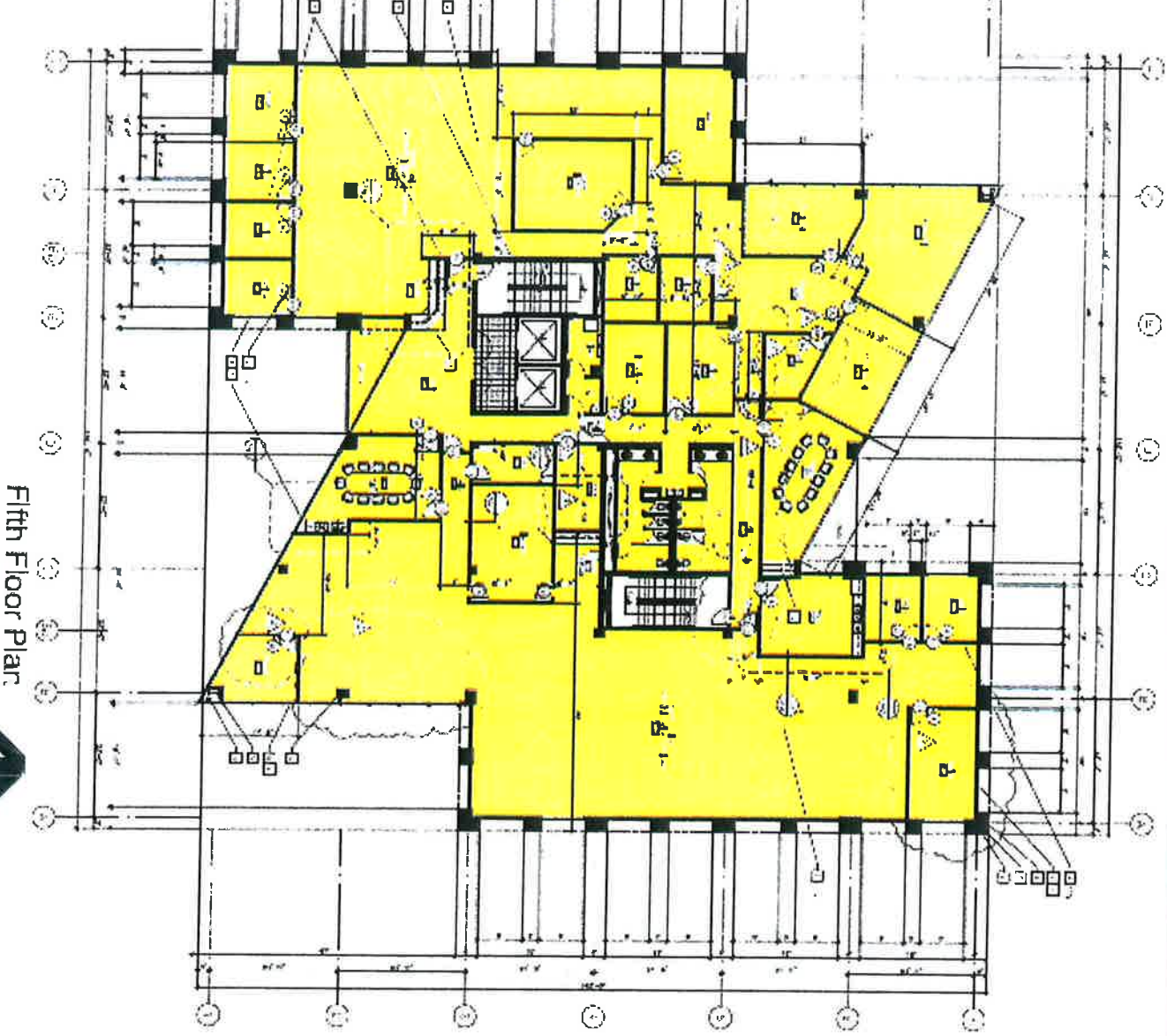
SPRUCE 2 WORKSPACE TENANT IMPROVEMENT

1000 WEST 10TH AVENUE
SUITE 1000
DENVER, CO 80202

First Floor Plan

DATE: 10/15/2014
DRAWN BY: [Name]
CHECKED BY: [Name]

SCALE: AS SHOWN
PROJECT: SPRUCE 2
SHEET: A2.1



Fifth Floor Plan

Floor Plan Notes

- 1. ALL ROOMS TO BE FINISHED
- 2. FINISH FLOOR TO BE 1/2" GYP BOARD OVER 1" CONCRETE
- 3. FINISH FLOOR TO BE 1/2" GYP BOARD OVER 1" CONCRETE
- 4. FINISH FLOOR TO BE 1/2" GYP BOARD OVER 1" CONCRETE
- 5. FINISH FLOOR TO BE 1/2" GYP BOARD OVER 1" CONCRETE
- 6. FINISH FLOOR TO BE 1/2" GYP BOARD OVER 1" CONCRETE
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- 10. FINISH FLOOR TO BE 1/2" GYP BOARD OVER 1" CONCRETE

EXHIBIT "A"



CS
 CHARTER GROUP
 ARCHITECTS INC.
 1000 ...
 ...

T-IE
 WAGNON
 CIVIL ENGINEERS
 67 ...
 ...

SPRUCE 2
 EDNA
 TENANT
 IMPROVEMENT
 ...

Fifth Floor Plan

A2.4

