

FORM APPROVED COUNTY COUNSEL
 BY: PATRICIA MUNROE DATE: 5/27/13
Departmental Concurrence

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

759



SUBMITTAL DATE:
 May 22, 2013

FROM: Economic Development Agency / Facilities Management

SUBJECT: First Amendment to Lease – Riverside County Fire Department

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify the attached First 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)

FISCAL PROCEDURES APPROVED
 PAUL ANGULO, CPA, AUDITOR-CONTROLLER
 BY: Lisette Rose 5/22/13
Lisette Rose

Robert Field
 Robert Field
 Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ (266,445)	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ (266,445)	Budget Adjustment:	No
	Annual Net County Cost:	\$ 110,967	For Fiscal Year:	2013/14

COMPANION ITEM ON BOARD AGENDA: No

SOURCE OF FUNDS: 100% General Fund	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY: Jennifer Sargent
 Jennifer Sargent

County Executive Office Signature

By: John Hawkins
 John Hawkins, Fire Chief
 Riverside County Fire Department

Dept't Recomm.: Consent
 Per Exec. Ofc.: Consent
 Policy

RECEIVED BOARD OF SUPERVISORS
 COUNTY OF RIVERSIDE
 MAY 27 2013

RECEIVED COUNTY EXECUTIVE OFFICE
 MAY 22 2013

Prev. Agn. Ref.: 3.13 of 4/24/07

District: 4/4

Agenda Number: **3-16**

BACKGROUND:

The County of Riverside has leased the office located at 77933 Las Montanas Road, Palm Desert, since July, 2007. The office is occupied by Riverside County Fire Department (County Fire) for use by their Fire Protection and Planning Division. The office continues to meet the needs of County Fire; however, due to budgetary constraints a square footage reduction is required. The attached First Amendment to Lease extends the lease five years with a 46% reduction in rent, including free rent of approximately 5.5 months.

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

Lessor: DBP Office 1, LLC, a Washington limited liability company
c/o Investco Financial Corporation
1302 Puyallup Street
Sumner, WA 98390

Premises: 77933 Las Montanas Road
Palm Desert, CA 92211

Size: Reduced from 9,338 to 5,532 square feet

Term: Five years commencing July 1, 2013.

Rent:	<u>Current</u>	<u>New</u>
	\$2.69 per sq. ft.	\$1.45 per sq. ft.
	\$25,137.12 per month	\$8,021.40 per month
	\$301,645.44 per year	\$96,256.80 per year

Savings per month:	\$17,115.72
Savings per year:	\$205,388.64

Rent Adjustment: 3% annually.

Option to Terminate: Revised to 180 days' notice with no penalty.

Utilities: County pays all utilities.

Custodial: Included in rent, and reduced to 3 days per week.

Interior/Exterior
Maintenance: Included in rent.

The attached First 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 First Amendment to Lease will be fully funded through County Fire's budget. County Fire has budgeted these costs in FY2013/14. While the Economic Development Agency (EDA) will front the costs for the Lease Amendment with the property owners, County Fire will reimburse EDA for all associated lease costs.

Attachments:

Exhibit A
Exhibit B
First Amendment to Lease

Exhibit A

Fire Lease Cost Analysis FY 2013/14 77933 Las Montanas, Palm Desert, California

Total Square Footage to be Leased:

EXPECTED AMOUNTS

Current office: 9,338 SQFT
Total Budgeted Lease Cost for FY 2013/14 \$ 301,645.44

ACTUAL AMOUNTS

Proposed Office: 5,532 SQFT

Approximate Cost per Sq Ft (July - June) \$ 1.45

Lease Cost per Month (July - June) \$ 8,021.40

Total Lease Cost (July - June) \$ 96,256.80

Total Lease Credit (July - June) free rent \$ (45,804.48)

Total Actual Lease Cost for FY 2013/14 \$ 50,452.32

Total Lease Cost Variance for FY 2013/14 (\$251,193.12)

Estimated Additional Costs:

EXPECTED AMOUNTS

Utility Cost per Square Foot \$ 0.12

Estimated Utility Costs per Month \$ 1,120.56

Total Budgeted Expected Cost for FY 2013/14 \$ 13,446.72

EDA Lease Management Fee (Based @ 3.89%) \$ 11,734.01

Total Estimated Additional Cost Included in Budget for FY 2013/14 \$ 25,180.73

ACTUAL AMOUNTS

Utility Cost per Square Foot \$ 0.12

Costs per Month (July - June) \$ 663.84

Total Estimated Actual Utility Cost for FY 2012/13 \$ 7,966.08

EDA Lease Management Fee (Based @ 3.89%) \$ 1,962.60

Total Estimated Additional Actual Cost for FY 2013/14 \$ 9,928.68

Total Estimated Cost Variance for FY2013/14 \$ (15,252.05)

TOTAL ESTIMATED COST FOR FY 2013/14 (\$266,445.17)

TOTAL COUNTY COST 100% (\$266,445.17)

Exhibit B

Fire Lease Cost Analysis FY 2014/15 77933 Las Montanas, Suite 150, Palm Desert, California

Current Square Feet Occupied:

Office:	5,532	SQFT		
Cost per Square Foot: (July 1, 2014 - June 30, 2015)	\$	1.49		
Lease Cost per Month (July 1, 2014 - Nov 30, 2015)	\$	8,262.04		
Lease Cost (July - June)			\$	99,144.48
Total Estimated Lease Cost for FY 2014/15			\$	99,144.48

Estimated Additional Costs:

Utility Cost per Square Foot	\$	0.12		
Estimated Utility Costs per Month (July 1, 2014 - June 30, 2015)			\$	663.84
Total Estimated Utility Cost for FY 2014/15			\$	7,966.08
EDA Lease Management Fee (Based @ 3.89%)			\$	3,856.72
TOTAL ESTIMATED COST FOR FY 2014/15			\$	110,967.28
TOTAL COUNTY COST 100%			\$	110,967.28

1 **FIRST AMENDMENT TO LEASE**

2 **77933 Las Montanas Road**

3 **Palm Desert, California**

4
5 This **FIRST AMENDMENT TO LEASE** ("First Amendment") is made as of
6 _____, 2013 by and between **DBP OFFICE 1 L.L.C.**, successor
7 in interest to **DBP INVESTMENTS L.L.C.** ("Lessor") and the **COUNTY OF RIVERSIDE**,
8 a political subdivision of the State of California ("County"), as Lessee, sometimes
9 collectively referred to as the Parties.

10 **RECITALS.**

11 **A. DBP Office 1 L.L.C.**, and **County** entered into that certain Lease
12 dated April 24, 2007, ("the Original Lease") pursuant to which Lessor has agreed to
13 lease to County and County has agreed to lease from Lessor that certain building
14 located at 77933 Las Montanas Road, Palm Desert, California ("the Building"), as more
15 particularly described in the Lease ("the Original Premises").

16 **B.** The Parties agree to amend the Lease to reduce the square
17 footage, revise the rent, and extend the term period.

18 **C.** The Original Lease, together with this First Amendment, is
19 collectively referred to herein as the "Lease."

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

22 **1. Premises.** Section 2.2. of the lease shall be amended as follows: The
23 premises shall be reduced from 9,338 square feet to 5,532 square feet as shown on
24 the attached Exhibit I.

25 **2. Term.** Section 4.1 of the Lease shall be amended as follows: The term
26 of this Lease shall be extended for a period of five years commencing July 1, 2013,
27 and expiring June 30, 2018 (the "Extension Term").

1 **3. Rent During Extended Term.** Section 5 of the Lease shall be amended
2 as follows:

3 **5.1 Rent.** County shall pay the sum of \$8,021.40 per month to Lessor
4 as rent for the Leased Premises, payable, in advance, on the first day of the month or
5 as soon thereafter as a warrant can be issued in the normal course of County's
6 business.

7 **5.1.1 Rent Credit.** During the first year of the extended term,
8 Lessor shall provide a rent credit of \$45,804.48 that shall be applied on a monthly
9 basis.

10 **5.2 Percentage Increase.** Commencing on July 1, 2014, the monthly
11 rent shall be increased on each anniversary by an amount equal to three percent (3%)
12 of such monthly rent.

13 **4. County's Right to Early Termination.** Section 6.2 of the Lease shall be
14 amended as follows:

15 **6.2.1 Notice.** During the Extension Term, County shall have the right to
16 terminate the Lease by providing Lessor with written notification of its election to
17 terminate this Lease at least one-hundred eighty (180) days prior to the date of
18 termination. County's notice shall state the reason for its termination of this Lease.
19 County's obligation to pay Rent shall continue through the termination date.

20 **6.2.2 Satisfaction.** Upon the commencement of the Extension Term,
21 Section 6.2.2 shall be deleted in its entirety.

22 **4. Custodial Services.** Section 8 of the Lease shall be amended as
23 follows: Custodial services as set forth in Exhibit E attached therein shall be reduced to
24 three (3) days per week.

25 **5. County's Representative.** Section 19.7 of the Lease shall be amended
26 as follows: County hereby appoints the Assistant County Executive Officer of the
27 Economic Development Agency as its authorized representative to administer this
28 Lease.

1 **6. Notice.** Section 19.17 of the Lease shall be amended as follows:

2 **County's Notification Address:**

3 County of Riverside

4 Economic Development Agency

5 3403 Tenth Street, Suite 500

6 Riverside, CA 92501

7 Attn: Deputy Director of Real Estate

8 Telephone: (951) 955-4820

9 **8. Capitalized Terms.** First Amendment to Prevail. Unless defined herein
10 or the context requires otherwise, all capitalized terms herein shall have the meaning
11 defined in the Lease, as heretofore amended. The provisions of this First Amendment
12 shall prevail over any inconsistency or conflicting provisions of the Lease, as heretofore
13 amended, and shall supplement the remaining provisions thereof. The Lease remains
14 in full force and effect except to the extent amended by this First Amendment.

15 **9. Miscellaneous.** Except as amended or modified herein, all the terms of
16 the Original Lease shall remain in full force and effect and shall apply with the same
17 force and effect. Time is of the essence in the Amendment and Lease and each and
18 all of their respective provisions. Subject to the provisions of the Lease as to
19 assignment, the agreements, conditions and provisions herein contained shall apply to
20 and bind the heirs, executors, administrators, successors and assigns of the parties
21 hereto. If any provisions of this Amendment or the Lease shall be determined to be
22 illegal or unenforceable, such determination shall not affect any other provision of the
23 Lease and all such other provisions shall remain in full force and effect. The language
24 in all parts of the Lease shall be construed according to its normal and usual meaning
25 and not strictly for or against either Lessor or Lessee. Neither this Amendment, nor the
26 Original Lease, nor any notice nor memorandum regarding the terms hereof, shall be
27 recorded by Lessee.

28

1 **10. Effective Date.** This First 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
5 date first written above.

6
7 LESSEE:
8 COUNTY OF RIVERSIDE

LESSOR:
9 DBP OFFICE 1 L.L.C.
10 a Washington limited liability company

By: IFC California Corporation, its Manager

11 By: _____
12 John J. Benoit, Chairman
13 Board of Supervisors

By: 
14 Marsha Vincelette, Vice President

15 ATTEST:
16 Kecia Harper-Ihem
17 Clerk of the Board

18 By: _____
19 Deputy

20 APPROVED AS TO FORM:
21 Pamela J. Walls
22 County Counsel

23 By: 
24 Patricia Munroe
25 Deputy County Counsel

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