

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

852



SUBMITTAL DATE:
June 6, 2013

FROM: Economic Development Agency / Facilities Management

SUBJECT: Third Amendment to Lease – Department of Public Social Services

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify the attached Third Amendment to Lease and authorize the Chairman of the Board to Execute 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 Samuel Wong 6/5/13
SAMUEL WONG

Robert Field
Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ (5,017)	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ (124)	Budget Adjustment:	No
	Annual Net County Cost:	\$ 12,456	For Fiscal Year:	2012/13

COMPANION ITEM ON BOARD AGENDA: No

SOURCE OF FUNDS: 58.34% Federal; 39.19% State; 2.47% County

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: Jennifer L. Sargent
Jennifer L. Sargent

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
 BY: PATRICIA MUNROE
 DATE _____
 By: Susan Jones
 Susan Loew, Director
 Department of Public Social Services
 Policy Policy
 Consent Consent
 Dept's Recomm.: Per Exec. Ofc.:

Prev. Agn. Ref.: 3.43 of 8/24/93; 3.13 of 4/11/00; 3.22 of 3/17/09

District: 4/4

Agenda Number:

3-27

BACKGROUND:

The County holds a leasehold interest, as Lessee, under a lease between the County and T W Investments for the facility located at 68615 Perez Road, Suites 8A & 9A, Cathedral City.

The Department of Public Social Services (DPSS) has occupied this location for use by their Temporary Assistance Medi-Cal (TAMD) staff since 2008. This First Amendment to Lease extends the term five years.

Location: 68-615 Perez Road, Suite 8A & 9A
Cathedral City, CA

Lessor: Terry William Ireland
dba T W Investments
76322 Via Chianti
Indian Wells, CA 92210

Size: 22,200 square feet.

Term: Five years commencing May 1, 2013.

Option to Terminate: County has the right to terminate after one year with 120 days' notice.

Rent:

Current	New
\$1.81 per sq. ft.	\$1.70 per sq. ft.
\$40,153.88 per month	\$37,740.00 per month
\$481,846.56 per year	\$452,880.00 per year

Rental Adjustments: 2.5% annually.

Utilities: County shall pay for telephone and electric. Lessor to pay for all other utility expenses.

Custodial: Included in rent.

Interior/Exterior Maintenance: Provided by Lessor.

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

FINANCIAL DATA:

All associated costs for this Third Amendment to Lease will be fully funded through the Department of Public Social Services (DPSS) budget. While EDA will front the costs for this lease with the property owner, DPSS will reimburse EDA for all associated lease costs. DPSS and EDA anticipated the lease extension and budgeted these costs in FY 2012/13.

Attachments: Exhibit A, Exhibit B, Third Amendment to Lease

Exhibit A

DPSS Lease Cost Analysis FY 2012/13 68615 Perez Road, Suites 8A & 9A, Cathedral City, California

Total Square Footage to be Leased:

EXPECTED AMOUNTS

Current office: 22,200 SQFT
Total Expected Lease Cost for FY 2012/13 \$ 481,846.56

ACTUAL AMOUNTS

Current Office: 22,200 SQFT
Proposed Office: 22,200 SQFT

Approximate Cost per SQFT (July - Apr) \$ 1.81
Approximate Cost per SQFT (May - June) \$ 1.70

Lease Cost per Month (July - Apr) \$ 40,153.88
Lease Cost per Month (May - June) \$ 37,740.00

Total Lease Cost (July - Apr) \$ 401,538.80
Total Lease Cost (May - June) \$ 75,480.00
Total Actual Lease Cost for FY 2012/13 \$ 477,018.80
Total Lease Cost Variance for FY 2012/13 \$ (4,827.76)

Estimated Additional Costs:

EXPECTED AMOUNTS

Utility Cost per Square Foot \$ 0.12
Estimated Utility Costs per Month (July - June) \$ 2,664.00

Total Estimated Utility Cost for FY 2012/13 \$ 31,968.00

RCIT \$ -

Tenant Improvements \$ -

EDA Lease Management Fee (Based @ 3.93%) \$ 18,936.57
Total Estimated Expected Cost for FY 2012/13 \$ 50,904.57

ACTUAL AMOUNTS

Utility Cost per Square Foot \$ 0.12
Costs per Month (July - June) \$ 2,664.00

Total Estimated Actual Utility Cost for FY 2012/13 \$ 31,968.00

RCIT \$ -

Tenant Improvements \$ -

EDA Lease Management Fee (Based @ 3.93%) \$ 18,746.84
Total Estimated Actual Cost for FY 2012/13 \$ 50,714.84
Total Estimated Cost Variance for FY 2012/13 \$ (189.73)

TOTAL ESTIMATED COST FOR FY 2012/13 \$ (5,017.49)

TOTAL COUNTY COST: 2.47% \$ (123.93)

Exhibit B

DPSS Lease Cost Analysis FY 2013/14 68615 Perez Road, Suites 8A & 9A, Cathedral City, California

Current Square Feet Occupied:

Current Office:	22,200	SQFT	
Approximate Cost per SQFT (July - Apr)	\$	1.70	
Approximate Cost per SQFT (May - June)	\$	1.74	
Lease Cost per Month (July - Apr)		\$	37,740.00
Lease Cost per Month (May - June)		\$	38,628.00
Total Lease Cost (July - June)			<u>\$ 454,656.00</u>
Total Expected Lease Cost for FY 2013/14			\$ 454,656.00

Estimated Additional Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July - June)			<u>\$ 2,664.00</u>
Total Estimated Utility Cost for FY 2013/14			\$ 31,968.00
EDA Lease Management Fee (Based @ 3.89%)			<u>\$ 17,686.12</u>
TOTAL ESTIMATED COST FOR FY 2013/14			<u>\$ 504,310.12</u>
TOTAL COUNTY COST: 2.47%			\$ 12,456.46

1 **THIRD AMENDMENT TO LEASE**

2 (Department of Public Social Services,
3 68615 Perez Road, Suites 8A & 9A,
4 Cathedral City, California)

5
6 This THIRD AMENDMENT to Lease ("Third Amendment") is made as of
7 _____, 2013 by and between the **COUNTY OF RIVERSIDE**, a
8 political subdivision of the State of California ("County"), as Lessee, and **TERRY**
9 **WILLIAM IRELAND, dba T W Investments** ("Lessor") and, sometimes collectively
10 referred to as the Parties.

11 **Recitals**

12 a. Terry William Ireland dba T W Investments, successor in interest
13 to 6505 Paramount Associates, LLC, as Lessor, and County entered into that certain
14 Lease dated August 24, 1993, ("Original Lease") pertaining to the premises located at
15 68615 Perez Road, Suites 8A & 9A, Cathedral City, California, as more particularly
16 described in the Lease.

17 b. The Original Lease has been amended by:

18 i. The First Amendment to Lease dated April 11, 2000, by and
19 between County of Riverside and 6505 Paramount Associates, LLC, ("First
20 Amendment").

21 ii. The Second Amendment to Lease dated March 17, 2009, by
22 and between County of Riverside and 6505 Paramount Associates, LLC, ("Second
23 Amendment").

24 c. The Original Lease, as heretofore, currently, or hereafter
25 amended, shall hereafter be referred to as the "Lease."

26 d. County and Lessor desire to further amend the Lease by extending
27 the lease term.
28

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

3 **1. Term.** Section 3(a) of the Lease shall be amended as follows: The term
4 of this Lease shall be extended for a period of five (5) years commencing May 1, 2013,
5 and expiring April 30, 2018 (the "Extension Term").

6 **2. Rent.** Section 4(a) of the Lease shall be amended as follows:
7 Commencing May 1, 2013, County shall pay the sum of \$37,740.00 per month to
8 Lessor as rent for the Leased Premises payable in advance, on the first day of the
9 month or as soon thereafter as a warrant can be issued in the normal course of
10 County's business.

11 Section 4(b) of the Lease shall be amended as follows:
12 Notwithstanding the provisions of Paragraph 4(a) the monthly rent payable shall be
13 increased on each anniversary of this amendment by two and one half percent (2.5%).

14 **3. Custodial.** Section 6(b) of the Second Amendment to Lease (amending
15 Section 5 of the Lease) shall be deleted in its entirety.

16 **4. Improvements by Lessor.** Section 8 of the Lease shall be amended to
17 add subsection 8(e) as follows:

18 **8(e) Additional Improvements by Lessor.** Lessor, at its
19 expense, shall paint the interior staircase handrails.

20 **5. Options to Terminate.** Section 11(d) of the Lease shall be amended
21 with the following language added to end of the sentence: "or if County, in its sole
22 discretion, determines after May 1, 2014 that Suite 8A is no longer suitable for its use
23 for any reason, or for cause with 120 days' notice."

24 **6. Notice.** Section 13 of the Lease shall be amended as follows:

County's Notification Address:	Lessor's Notification Address:
County of Riverside	T W Investments
Economic Development Agency	76322 Via Chianti
3403 Tenth Street, Suite 500	Indian Wells, CA 92210

1 Riverside, CA 92501

Telephone: (760) 427-1003

2 Attn: Deputy Director of Real Estate

3 Telephone: (951) 955-4876

4 **7. County's Representative.** Section 18 of the lease shall be amended as
5 follows: County hereby appoints the Assistant County Executive Officer of the
6 Economic Development Agency as its authorized representative to administer this
7 Lease.

8 **8. Third Amendment to Prevail.** The provisions of this Third Amendment
9 shall prevail over any inconsistency or conflicting provisions of the Lease, as heretofore
10 amended, and shall supplement the remaining provisions thereof. Unless defined
11 herein or the context requires otherwise, all capitalized terms herein shall have the
12 meaning defined in the Lease, as heretofore amended.

13 **9. Miscellaneous.** Except as amended or modified herein, all the terms of
14 the Lease shall remain in full force and effect and shall apply with the same force and
15 effect. If any provisions of this Amendment or the Lease shall be determined to be
16 illegal or unenforceable, such determination shall not affect any other provision of the
17 Lease and all such other provisions shall remain in full force and effect. The language
18 in all parts of the Lease shall be construed according to its normal and usual meaning
19 and not strictly for or against either Lessor or Lessee. Neither this Amendment, nor the
20 Lease, nor any notice nor memorandum regarding the terms hereof, shall be recorded
21 by Lessee.

22 **10. Effective Date.** This Third Amendment to Lease shall not be binding or
23 consummated until its approval by the Riverside County Board of Supervisors and fully
24 executed by the Parties.

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1 **IN WITNESS WHEREOF**, the Parties have executed this Third
2 Amendment as of the date first written above.

3 **LESSEE:**
4 **COUNTY OF RIVERSIDE**

LESSOR:
TERRY WILLIAM IRELAND dba T W
Investments


5
6 By: _____
7 John J. Benoit, Chairman
8 Board of Supervisors

By:  _____
Terry William Ireland

9 **ATTEST:**
10 Kecia Harper-Ihem
11 Clerk of the Board

12 By: _____
13 Deputy

14 **APPROVED AS TO FORM:**
15 Pamela J. Walls
16 County Counsel

17 By:  _____
18 Patricia Munroe
19 Deputy County Counsel