

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

853



SUBMITTAL DATE:
June 6, 2013

FROM: Economic Development Agency / Facilities Management

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

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify the attached Fourth 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
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 2,605	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 340	Budget Adjustment:	No
	Annual Net County Cost:	\$ 48,210	For Fiscal Year:	2012/13

COMPANION ITEM ON BOARD AGENDA: No

SOURCE OF FUNDS: 48.36% Federal; 25.27% State; 13.07% County; Realignment 2011 13.30%

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

C.E.O. RECOMMENDATION:

APPROVE

County Executive Office Signature

BY: Jennifer L. Sargent

FORM APPROVED COUNTY COUNSEL
BY: Patricia Munroe 5/6/13
DATE

By: Susan Loew
Susan Loew, Director
Department of Public Social Services

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

Prev. Agn. Ref.: 3.10 of 12/22/99, 3.6 of 5/09/00, 3.10 of 1/30/01, 3.14 of 10/05/10

District: 4/4

Agenda Number:

3-28

BACKGROUND:

The County holds a leasehold interest, as Lessee, under a lease between the County and T W Investments for the facility located at 68625 Perez Road, Suite 1, Cathedral City.

The Department of Public Social Services (DPSS) has occupied this location since 2000, currently for use by Adult Services Division. This Fourth Amendment to Lease extends the term five years.

Location: 68-625 Perez Road, Suite 1
Cathedral City, CA

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

Size: 15,648 square feet.

Term: Five years commencing May 1, 2013.

Rent:

	Current	New
	\$1.52 per sq. ft.	\$1.60 per sq. ft.
	\$23,783.56 per month	\$25,036.80 per month
	\$285,402.72 per year	\$300,441.60 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.

Improvements: Not to exceed \$95,000.00 County to reimburse Lessor in three payments over three fiscal years. Improvements to begin in FY13/14.

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

FINANCIAL DATA:

All associated costs for this Fourth Amendment to Lease will be fully funded through the DPSS budget. While the Economic Development Agency (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, Fourth Amendment to Lease

Exhibit A

DPSS Lease Cost Analysis FY 2012/13 68625 Perez Road, Suite 1, Cathedral City, California

Total Square Footage to be Leased:

EXPECTED AMOUNTS

Current office:	15,648 SQFT	
Total Expected Lease Cost for FY 2012/13		\$ 285,402.72

ACTUAL AMOUNTS

Current Office:	15,648 SQFT	
Proposed Office:	15,648 SQFT	

Approximate Cost per SQFT (July - Apr)	\$ 1.52	
Approximate Cost per SQFT (May -June)	\$ 1.60	

Lease Cost per Month (July - Apr)	\$ 23,783.56	
Lease Cost per Month (May - June)	\$ 25,036.80	

Total Lease Cost (July - Apr)	\$ 237,835.60	
Total Lease Cost (May - June)	\$ 50,073.60	
Total Actual Lease Cost for FY 2012/13		\$ 287,909.20
Total Lease Cost Variance for FY 2012/13		\$ 2,506.48

Estimated Additional Costs:

EXPECTED AMOUNTS

Utility Cost per Square Foot	\$ 0.12	
Estimated Utility Costs per Month (July - June)	\$ 1,877.76	

Total Estimated Utility Cost for FY 2012/13	\$ 22,533.12	
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RCIT	\$ -	
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Tenant Improvements	\$ -	
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EDA Lease Management Fee (Based @ 3.93%)	\$ 11,216.33	
Total Estimated Expected Cost for FY 2012/13		\$ 33,749.45

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$ 0.12	
Costs per Month (July - June)	\$ 1,877.76	

Total Estimated Actual Utility Cost for FY 2012/13	\$ 22,533.12	
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RCIT

Tenant Improvements \$95,000.00 for FY13/14

EDA Lease Management Fee (Based @ 3.93%)	\$ 11,314.83	
Total Estimated Actual Cost for FY 2012/13		\$ 33,847.95
Total Estimated Cost Variance for FY 2012/13		\$ 98.50

TOTAL ESTIMATED COST FOR FY 2012/13		\$ 2,604.98
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TOTAL COUNTY COST: 13.07%		\$ 340.47
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Exhibit B

DPSS Lease Cost Analysis FY 2013/14 68625 Perez Road, Suite 1, Cathedral City, California

Current Square Feet Occupied:

Current Office:	15,648	SQFT	
Approximate Cost per SQFT (July - Apr)	\$	1.60	
Approximate Cost per SQFT (May - June)	\$	1.64	
Lease Cost per Month (July - Apr)		\$	25,036.80
Lease Cost per Month (May - June)		\$	25,662.72
Total Lease Cost (July - June)			<u>\$ 301,693.44</u>
Total Expected Lease Cost for FY 2013/14			\$ 301,693.44

Estimated Additional Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July - June)			<u>\$ 1,877.76</u>
Total Estimated Utility Cost for FY 2013/14			\$ 22,533.12
Tenant Improvements of \$95,000.00/3 payments			\$ 31,666.67
EDA Lease Management Fee (Based @ 3.89%)			<u>\$ 12,967.71</u>
TOTAL ESTIMATED COST FOR FY 2013/14			<u>\$ 368,860.94</u>
TOTAL COUNTY COST: 13.07%			\$ 48,210.12

1 d. County and Lessor desire to further amend the Lease by extending
2 the lease term and completing tenant improvements.

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

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

8 **2. Rent.** Section 4(a) of the Lease shall be amended as follows:
9 Commencing May 1, 2013, County shall pay the sum of \$25,036.80 per month to
10 Lessor as rent for the Leased Premises payable in advance, on the first day of the
11 month or as soon thereafter as a warrant can be issued in the normal course of
12 County's business.

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

16 **3. Custodial.** Section 6 of the Third Amendment to Lease (amending
17 Section 5 of the lease) shall be deleted in its entirety.

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

20 **8(e) Additional Improvements by Lessor.** Lessor, at its
21 expense, subject to reimbursement of the total cost by County, shall install new carpet
22 in all sections currently carpeted. Lessor's responsibility shall include lifting of
23 workstations, removal of existing carpet, installation of Shaw carpet tiles as specified
24 by County and new top set base. In addition, Lessor shall repaint the interior premises,
25 color selected by County. All work stated herein shall be completed in phases, after
26 hours or on weekends. Work to commence upon County's request between July 1,
27 2013, and March 31, 2014.

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1 Cost of improvements as paid for by Lessor shall not exceed
2 \$95,000.00, which includes a contingency amount of \$6,340.00 for use by County for
3 change orders requested by County. Upon completion of the tenant improvements,
4 Lessor shall provide County with an itemized statement of the actual costs incurred
5 accompanied by vendor, contractor, subcontractor, and material man invoices if
6 requested by County. County shall reimburse Lessor as follows:

7 (i) One third (1/3) of the not to exceed reimbursement amount of \$88,660.00
8 plus one third (1/3) of any County contingency amount used (\$6,340.00), shall be paid
9 within sixty (60) days after completion of the improvements.

10 (ii) One half (1/2) of the remaining balance, together with interest thereon at
11 the rate of six percent (6%) per annum, from the date of completion until the date of
12 payment, shall be paid no later than the month of October of the County fiscal year
13 following the fiscal year in which the initial payment referenced in Subsection 9(d)(i)
14 above was paid.

15 (iii) The remaining balance, together with interest thereon at the rate of six
16 percent (6%) per annum, from the date of completion until the date of payment, shall
17 be paid no later than the month of October of the County fiscal year following the fiscal
18 year in which the payment referenced in Subsection 9 (d) ii) above was paid.

19 **5. Notice.** Section 12 of the Lease shall be amended as follows:

20 **County's Notification Address:** **Lessor's Notification Address:**

21 County of Riverside	T W Investments
22 Economic Development Agency	76322 Via Chianti
23 3403 Tenth Street, Suite 500	Indian Wells, CA 92210
24 Riverside, CA 92501	Telephone: (760) 427-1003
25 Attn: Deputy Director of Real Estate	
26 Telephone: (951) 955-4876	

27 **6. County's Representative.** Section 18 of the lease shall be amended as
28 follows: County hereby appoints the Assistant County Executive Officer of the

1 Economic Development Agency as its authorized representative to administer this
2 Lease.

3 **7. First Amendment to Prevail.** The provisions of this First Amendment
4 shall prevail over any inconsistency or conflicting provisions of the Lease, as heretofore
5 amended, and shall supplement the remaining provisions thereof. Unless defined
6 herein or the context requires otherwise, all capitalized terms herein shall have the
7 meaning defined in the Lease, as heretofore amended.

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

17 **9. Effective Date.** This Fourth Amendment to Lease shall not be binding or
18 consummated until its approval by the Riverside County Board of Supervisors and fully
19 executed by the Parties.

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1 **IN WITNESS WHEREOF**, the Parties have executed this Fourth
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
Board of Supervisors

By: 
Terry William Ireland

8
9 ATTEST:
10 Kecia Harper-Ihem
Clerk of the Board

11 By: _____
12 Deputy

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

16 By: 
17 Patricia Munroe
18 Deputy County Counsel