

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

854



FROM: Economic Development Agency / Facilities Management

SUBMITTAL DATE:
June 6, 2013

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

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify the attached First 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:	\$ (6,700)	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ (1)	Budget Adjustment:	No
	Annual Net County Cost:	\$ 11	For Fiscal Year:	2012/13

COMPANION ITEM ON BOARD AGENDA: No

SOURCE OF FUNDS: 88.06% Federal; 11.93% State; 0.01% 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

County Executive Office Signature Jennifer L. Sargent

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

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

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

500 300 11 64 3: 03
RECEIVED ECONOMIC DEVELOPMENT AGENCY

13 JUN - 11 2: 30
RECEIVED ECONOMIC DEVELOPMENT AGENCY

3-29

Prev. Agn. Ref.: 3.46 of 7/31/2007

District: 4/4

Agenda Number:

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, Suites 4 & 5, Cathedral City.

The Department of Public Social Services (DPSS) has occupied this location for use by GAIN staff since 2008. This First Amendment to Lease extends the term two years.

Location: 68-625 Perez Road, Suites 4 & 5
Cathedral City, CA

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

Size: 4,944 square feet.

Term: Two years commencing May 1, 2013.

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

Rent:

	Current	New
	\$2.25 per sq. ft.	\$1.60 per sq. ft.
	\$11,133.88 per month	\$7,910.40 per month
	\$133,606.56 per year	\$94,924.80 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 First Amendment to Lease has been reviewed and approved by County Counsel as to legal form.

FINANCIAL DATA:

All associated costs for this lease will be fully funded through the 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, First Amendment to Lease

Exhibit A

DPSS Lease Cost Analysis FY 2012/13 68625 Perez Road, Suites 4 & 5, Cathedral City, California

Total Square Footage to be Leased:

EXPECTED AMOUNTS

Current office: 4,944 SQFT
Total Expected Lease Cost for FY 2012/13 \$ 133,606.56

ACTUAL AMOUNTS

Current Office: 4,944 SQFT
Proposed Office: 4,944 SQFT

Approximate Cost per SQFT (July - Apr) \$ 2.25
Approximate Cost per SQFT (May - June) \$ 1.60

Lease Cost per Month (July - Apr) \$ 11,133.88
Lease Cost per Month (May - June) \$ 7,910.40

Total Lease Cost (July - Apr) \$ 111,338.80
Total Lease Cost (May - June) \$ 15,820.80
Total Actual Lease Cost for FY 2012/13 \$ 127,159.60
Total Lease Cost Variance for FY 2012/13 \$ (6,446.96)

Estimated Additional Costs:

EXPECTED AMOUNTS

Utility Cost per Square Foot \$ 0.12
Estimated Utility Costs per Month (July - June) \$ 593.28

Total Estimated Utility Cost for FY 2012/13 \$ 7,119.36

RCIT \$ -

Tenant Improvements \$ -

EDA Lease Management Fee (Based @ 3.93%) \$ 5,250.74
Total Estimated Expected Cost for FY 2012/13 \$ 12,370.10

ACTUAL AMOUNTS

Utility Cost per Square Foot \$ 0.12
Costs per Month (July - June) \$ 593.28

Total Estimated Actual Utility Cost for FY 2012/13 \$ 7,119.36

RCIT \$ -

Tenant Improvements \$ -

EDA Lease Management Fee (Based @ 3.93%) \$ 4,997.37
Total Estimated Actual Cost for FY 2012/13 \$ 12,116.73
Total Estimated Cost Variance for FY 2012/13 \$ (253.37)

TOTAL ESTIMATED COST FOR FY 2012/13 \$ (6,700.33)

TOTAL COUNTY COST: 0.01% \$ (0.67)

Exhibit B

DPSS Lease Cost Analysis FY 2013/14 68625 Perez Road, Suites 4 & 5, Cathedral City, California

Current Square Feet Occupied:

Current Office:	4,944	SQFT	
Approximate Cost per SQFT (July - Apr)	\$	1.60	
Approximate Cost per SQFT (May - June)	\$	1.64	
Lease Cost per Month (July - Apr)	\$	7,910.40	
Lease Cost per Month (May - June)	\$	8,108.16	
Total Lease Cost (July - June)			<u>\$ 95,320.32</u>
Total Expected Lease Cost for FY 2013/14			\$ 95,320.32
 <u>Estimated Additional Costs:</u>			
Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July - June)			<u>\$ 593.28</u>
Total Estimated Utility Cost for FY 2013/14			\$ 7,119.36
EDA Lease Management Fee (Based @ 3.89%)			<u>\$ 3,707.96</u>
TOTAL ESTIMATED COST FOR FY 2013/14			<u>\$ 106,147.64</u>
TOTAL COUNTY COST: 0.01%			\$ 10.61

1 **FIRST AMENDMENT TO LEASE**

2 (Department of Public Social Services,
3 68625 Perez Road, Suites 4 & 5,
4 Cathedral City, California)

5
6 This FIRST AMENDMENT to Lease ("First 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 July 31, 2007, ("Original Lease") pertaining to the premises located at
15 68625 Perez Road, Suites 4 & 5, Cathedral City, California, as more particularly
16 described in the Lease.

17 b. The Original Lease, as heretofore, currently, or hereafter
18 amended, shall hereafter be referred to as the "Lease."

19 c. County and Lessor desire to further amend the Lease by extending
20 the lease term and completing tenant improvements.

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

23 1. **Term.** Section 4.1 of the Lease shall be amended as follows: The term
24 of this Lease shall be extended for a period of two (5) years commencing May 1, 2013,
25 and expiring April 30, 2015 (the "Extension Term").

26 2. **Rent.** Section 5.1 of the Lease shall be amended as follows:
27 Commencing May 1, 2013, County shall pay the sum of \$7,910.40 per month to Lessor
28

1 as rent for the Leased Premises payable in advance, on the first day of the month or as
2 soon thereafter as a warrant can be issued in the normal course of County's business.

3 Section 5.1, subsection 1, shall be deleted in its entirety.

4 Section 5.2 shall be added as follows: Notwithstanding the
5 provisions of Paragraph 5.1 herein, the monthly rent shall be
6 increased on each anniversary of this Amendment (May 1st) by an
7 amount equal to two and one half percent (2.5%) of such monthly
8 rental.

9 **3. Options.** Section 6.3 of the Lease shall be amended with the following
10 additional language: "..., or (c) if County in its sole discretion determines that the
11 Premises are no longer suitable for its use for any reason or cause."

12 **4. Custodial.** Section 8.1.1 of the Lease shall be deleted in its entirety.

13 **5. Notice.** Section 19.18 of the Lease shall be amended as follows:

14 **Lessor's Notification Address:**

15 T W Investments

16 76322 Via Chianti

17 Indian Wells, CA 92210

18 Telephone: (760) 427-1003

19
20 **6. First Amendment to Prevail.** The provisions of this First Amendment
21 shall prevail over any inconsistency or conflicting provisions of the Lease, as heretofore
22 amended, and shall supplement the remaining provisions thereof. Unless defined
23 herein or the context requires otherwise, all capitalized terms herein shall have the
24 meaning defined in the Lease, as heretofore amended.

25 **7. Miscellaneous.** Except as amended or modified herein, all the terms of
26 the Original Lease shall remain in full force and effect and shall apply with the same
27 force and effect. If any provisions of this Amendment or the Lease shall be determined
28 to be illegal or unenforceable, such determination shall not affect any other provision of

1 the Lease and all such other provisions shall remain in full force and effect. The
2 language in all parts of the Lease shall be construed according to its normal and usual
3 meaning and not strictly for or against either Lessor or Lessee. Neither this
4 Amendment, nor the Original Lease, nor any notice nor memorandum regarding the
5 terms hereof, shall be recorded by Lessee.

6 **8. Effective Date.** This First Amendment to Lease shall not be binding or
7 consummated until its approval by the Riverside County Board of Supervisors and fully
8 executed by the Parties.

9 **IN WITNESS WHEREOF,** the Parties have executed this First
10 Amendment as of the date first written above.

11 LESSEE:
12 COUNTY OF RIVERSIDE

LESSOR:
TERRY WILLIAM IRELAND dba T W
Investments

13
14 By: _____
15 John J. Benoit, Chairman
Board of Supervisors

By:  _____
Terry William Ireland

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

19 By: _____
20 Deputy

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

24 By:  _____
25 Patricia Munroe
26 Deputy County Counsel

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