

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

457



FROM: Economic Development Agency / Facilities Management

SUBMITTAL DATE:
August 8, 2013

SUBJECT: Second Amendment to Lease, Department of Mental Health, Lake Elsinore

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Second Amendment to Lease;
2. Authorize the Chairman of the Board to execute same on behalf of the County; and
3. Find that the purchase of the building and improvements are exempt from CEQA pursuant to CEQA guidelines section 15061(b)(3) as it can be seen with certainty that there is no possibility the activity in question may have a significant effect on the environment; and section 15301, Class 1, as the project involves negligible or no expansion of an existing use or alterations.

BACKGROUND: (Commences on Page 2)

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER

Robert Field
Robert Field
Assistant County Executive Officer/EDA

BY: *Lisette Rose* 8/7/13
Lisette Rose

FINANCIAL DATA	Current F.Y. Total Cost:	\$ (14,678)	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2013/14

COMPANION ITEM ON BOARD AGENDA: No

SOURCE OF FUNDS: Federal 39% and State 61%

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* 8/15/13
 DATE: 8/15/13
 Departmental Concurrence
 BY: *Jerry Wengert*
 Jerry Wengert
 Riverside County Department of Mental Health
 Dept't Recomm.: Consent Policy
 Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: 3.15 of 4/1/08, 3.42 of 9/30/08

District: 1/1

Agenda Number: 3-27

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

BACKGROUND:

This Second Amendment to Lease represents a request from the Department of Mental Health (DOMH) to extend the lease for its office located at 31946 Mission Trail, Suite B, Lake Elsinore, extending the term from October 9, 2013 through October 8, 2020. The Lessor, at its sole cost and expense, shall complete all improvements on Exhibit H. This facility continues to meet the requirements of the department.

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

This Second Amendment to Lease is summarized below:

Lessor:	Miramar West, LLC Attn: Sean Pourteymour 9255 Towne Centre Drive # 950 San Diego, CA 92121	
Premises Location:	31946 Mission Trail, Suite B Lake Elsinore, California 92530	
Size:	8,828 Square Feet	
Rent:	<u>Current</u>	<u>New</u>
	\$ 2.26 per sq. ft.	\$ 2.08 per sq. ft.
	\$ 19,932.09 per month	\$ 18,362.24 per month
	\$239,185.08 per year	\$220,346.88 per year
Savings:	Per Sq. Ft. \$.18	
	Per Month \$ 1,569.85	
	Per Year \$18,838.20	
Term:	October 9, 2013 through October 8, 2020	
Annual Increase:	3% annual increase	
Custodial:	Landlord	
Maintenance:	Landlord responsible for preventative maintenance, County responsible for repairs.	
Utilities:	County pays for telephone and electrical services, Landlord pays for all others services.	

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

FINANCIAL DATA: (Commences on Page 3)

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Second Amendment to Lease, Department of Mental Health, Lake Elsinore
August 8, 2013
Page 3

FINANCIAL DATA:

The DOMH has budgeted these costs in FY 2013/14 and will reimburse EDA for all lease costs on a monthly basis.

Attachments:
Second Amendment to Lease
Exhibit A

Exhibit A

Department of Mental Health Lease Cost Analysis FY 2013/14 31946 Mission Trail, Suite B, Lake Elsinore, CA

Total Square Footage to be Leased:

EXPECTED AMOUNTS

Current office: 8,828 SQFT
Total Expected Lease Cost for FY 2013/14 \$ 239,185.08

ACTUAL AMOUNTS

Current Office: 8,828 SQFT
Proposed Office: 8,828 SQFT

Approximate Cost per SQFT (July - Sep) \$ 2.26
Approximate Cost per SQFT (Oct - June) \$ 2.08

Lease Cost per Month (July - Sept) \$ 19,932.09
Lease Cost per Month (Oct - June) \$ 18,362.24

Total Lease Cost (July - Sep) \$ 59,796.27
Total Lease Cost (Oct - June) \$ 165,260.16
Total Actual Lease Cost for FY 2013/14 \$ 225,056.43
Total Lease Cost Variance for FY 2013/14 \$ (14,128.65)

Estimated Additional Costs:

EXPECTED AMOUNTS

Utility Cost per Square Foot \$ 0.12
Estimated Utility Costs per Month \$ 1,059.36

Total Expected Additional Cost for FY 2013/14 \$ 12,712.32

RCIT \$ -

Tenant Improvements \$ -

EDA Lease Management Fee (Based @ 3.89%) \$ 9,304.30
Total Estimated Expected Cost for FY 2013/14 \$ 22,016.62

ACTUAL AMOUNTS

Utility Cost per Square Foot \$ 0.12

Costs per Month (July - Sep) \$ 3,178.08
Costs per Month (Oct - June) \$ 9,534.24

Total Estimated Actual Utility Cost for FY 2013/14 \$ 12,712.32

RCIT \$ -

Tenant Improvements \$ -

EDA Lease Management Fee (Based @ 3.89%) \$ 8,754.70
Total Estimated Actual Cost for FY 2013/14 \$ 21,467.02

Total Estimated Cost Variance for FY 2013/14 \$ (549.60)

TOTAL ESTIMATED COST FOR FY 2013/14 \$ (14,678.25)

1 **SECOND AMENDMENT TO LEASE**

2 31946 Mission Trail, Suite B, Lake Elsinore, California

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4 This **SECOND AMENDMENT TO LEASE** (Second Amendment), dated as of
5 _____, is entered by and between the **COUNTY OF RIVERSIDE**, a political
6 subdivision of the State of California, (County), and **MIRAMAR WEST, LLC**, a California limited
7 company, (Lessor), sometimes collectively referred to as the "Parties".

8 **1. Recitals.**

9 a. Lessor and County entered into that certain Lease dated April 1, 2008, pursuant
10 to which Lessor agreed to lease to County and County agreed to lease from Lessor a portion of
11 that certain building located at 31946 Mission Trail, Suite B, Lake Elsinore, California, (the
12 "Building"), as more particularly described in the Lease (the "Original Lease").

13 b. The amendments of the Original Lease are summarized as follows:

14 1. The First Amendment to Lease dated September 30, 2008 by and between
15 County of Riverside and Miramar West, LLC, a California limited company.

16 c. The Original Lease, together with the Amendments, is collectively referred to
17 hereinafter as the "Lease."

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

20 **2. Lease Term.** Section 3 subsection (a) of the Lease Agreement is hereby
21 deleted in its entirety and amended by the following:

22 3 (a). The term of this Lease shall be extended for a period of seven (7) years
23 effective as of October 9, 2013 and terminating October 8, 2020.

24 **3. Rent.** Section 5, subsection (a) and (b) are deleted in their entirety and
25 amended by the following:

26 Effective as of October 9, 2013, the monthly rent shall be \$18,362.24 and shall be increased by
27 three (3%) percent annually. There shall be no rent payable from County to Lessor for the first
28 month and the last month of the extended term.

1 **4. Option to Extend.** Section 4 of the Lease is hereby deleted in its entirety and
2 amended by the following:

3 Lessor grants to County two Extension Options to extend the Lease term. Each
4 Extension Option shall be for a period of one (1) year. Each Option shall be extended by
5 County providing Lessor notice of its election thereof, no later than ninety (90) days prior the
6 expiration of the Lease term or option period. The rent for each Extension Option period shall
7 be increased by an amount equal to three (3%) percent annually.

8 **5. Maintenance.** Section 9 subsection (a) is hereby deleted and following
9 language substituted.

10 9 (a). Lessor shall maintain the exterior and interior of the leased premises,
11 including, but not limited to, insect/pest control services, air conditioning equipment, heating
12 equipment, plumbing, electrical wiring and fixtures, windows and structural parts, in good
13 working condition and repair and in compliance with all laws, ordinances, rules and regulations,
14 including, but not limited to, the Americans with Disabilities Act, Notwithstanding the above,
15 with the exception of the custodial service agreement per section 7 of the Lease, the County
16 shall reimburse Lessor for any requested repairs within the walls of the premises, except for
17 preventative maintenance which shall be at Lessor's sole cost and expense.

18 **6. Improvements by Lessor.** Section 10 subsection (a) of the Original Lease is
19 hereby amended by the following:

20 10 (a). Following the execution and delivery of this Second Amendment to
21 Lease, Lessor shall, at its sole cost and expense, shall complete the Tenant Improvements, as
22 more particularly shown on Exhibit "H" attached to the lease.

23 **7. Option to Terminate:** Section 13 of the Lease is hereby deleted in its entirety.

24 **8. Capitalized Terms: Second Amendment to Prevail.** The provisions of this
25 Second Amendment shall prevail over any inconsistency or conflicting provisions of the Lease,
26 as heretofore amended, and shall supplement the remaining provisions thereof. Unless defined
27 herein or the context requires otherwise, all capitalized terms herein shall have the meaning
28 defined in the Lease, as heretofore amended.

1 **9. Miscellaneous.** Except as amended or modified herein, all the terms of the
2 Original Lease shall remain in full force and effect and shall apply with the same force and
3 effect. This is of the essence in this Amendment and the Lease and each and all of their
4 respective provisions. Subject to the provisions of the Lease as to assignment, the
5 agreements, conditions and provisions herein contained shall apply to and bind the heirs,
6 executors, administrators, successors and assigns of the parties hereto. If any provision of this
7 Amendment or the Lease shall be determined to be illegal or unenforceable, such
8 determination shall not affect any other provision of the Lease and all such other provisions
9 shall remain in full force and effect. The language in all parts of the Lease shall be construed
10 according to its normal and usual meaning and not strictly for or against either Lessor or
11 Lessee. Neither this Amendment, nor the Lease, nor any notice nor memorandum regarding
12 the terms hereof, shall be recorded by County.

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1 **10. Effective Date.** This Second 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 WITNESS WHEREOF, the parties have executed this Amendment as of the date first
5 written above.

6 Dated: _____
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8 COUNTY:
9 COUNTY OF RIVERSIDE, a political
10 Subdivision of the State of California

LESSOR:
MIRAMAR WEST, LLC,
a California limited liability company

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

By: 
14 Shahriar Pourteymour, Manager

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

17 By: _____
18 Deputy

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

22 By: 
23 Patricia Munroe
24 Deputy County Counsel

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Exhibit "H"

(Tenant Improvements for 31946 Mission Trail, Suite B, Lake Elsinore, California)

- a. Replace stained tiles throughout.
- b. Repair baseboard throughout.
- c. Paint lobbies and hallways.
- d. Repair lighting sensor in lobby restrooms.
- e. Resurfacing and stripping of the parking lot.