

FORM APPROVED COUNTY COUNSEL
 BY: Patricia Departmental Concurrence DATE

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

668



SUBMITTAL DATE:
 August 28, 2013

FROM: Economic Development Agency / Facilities Management

SUBJECT: Fourth Amendment to Lease, Department of Mental Health, Riverside

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Fourth Amendment to Lease;
2. Authorize the Chairman of the Board to execute same on behalf of the County; and
3. Find that the lease 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
 BY: Lisette Rose 8/27/13
 Lisette Rose

[Signature]

Robert Field
 Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 41,100	In Current Year Budget:	No
	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: State 100%	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

By: Jerry Wengert
 Riverside County Department of Mental Health

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

Prev. Agn. Ref.: 3.9 of 10/19/1999, 3.16 of 4/22/08, 3.40 of 6/29/10, 3.13 of 5/1/12 | **District:** 1/1 | **Agenda Number:** 3-27

ATTACHMENTS FILED
 WITH THE CLERK OF THE BOARD

BACKGROUND:

This Fourth Amendment to Lease represents a request from the Department of Mental Health (DOMH) to construct improvements in Suite D2 for its office located at 1827 Atlanta Avenue, Riverside. The improvements are required due to a new program. The requested tenant improvements include new offices, interview room, update restrooms and expand lobby area. 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 Fourth Amendment to Lease is summarized below:

Lessor: Laguna Hills Allspace, GP
77-564 Country Club Drive, Suite 100
Palm Desert, California 9221

Premises Location: 1827 Atlanta Avenue, Suites D1 D-3, Riverside, California

Size: 28,691 Square Feet

Rent: Current
\$ 1.37 per sq. ft.
\$ 39,189.29 per month
\$472,622.84 per year (includes May and June increase)

Annual Increase: 3% annual increase

RCIT Cost: \$2,200.00

Custodial: Landlord

Maintenance: Landlord

Utilities: County pays for telephone and electrical services, Landlord pays for all others services.

Improvements: Not-to-exceed \$39,561.15; this amount includes 15% contingency fee, paid upon completion by the Department of Mental Health.

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

FINANCIAL DATA:

The Department of Mental Health has budgeted these costs in FY 2013/14 and will reimburse EDA for all lease costs on a monthly basis. EDA will request a budget adjustment during the first quarter of FY 2013/14.

Attachments: Fourth Amendment to Lease, Exhibit A

Exhibit A

Department of Mental Health Lease Cost Analysis FY 2013/14 1827 Atlanta Avenue, Suite D1-D3, Riverside, California

Total Square Footage to be Leased:

EXPECTED AMOUNTS

Current office:	28,691 SQFT	
Total Expected Lease Cost for FY 2013/14		\$ 472,622.84

ACTUAL AMOUNTS

Current Office:	28,691 SQFT	
Proposed Office:	28,691 SQFT	
Approximate Cost per SQFT (July - April)	\$ 1.37	
Approximate Cost per SQFT (May - June)	\$ 1.41	
Lease Cost per Month (July - April)	\$ 39,189.29	
Lease Cost per Month (May - June)	<u>\$ 40,364.97</u>	
Total Lease Cost (July - April)	\$ 391,892.90	
Total Lease Cost (May - June)	<u>\$ 80,729.94</u>	
Total Actual Lease Cost for FY 2013/14		\$ 472,622.84
Total Lease Cost Variance for FY 2013/14		\$ -

Estimated Additional Costs:

EXPECTED AMOUNTS

Utility Cost per Square Foot	\$ 0.12	
Estimated Utility Costs per Month	\$ 3,442.92	
Total Expected Additional Cost for FY 2013/14	\$ 41,315.04	
RCIT	\$ 2,200.00	
Tenant Improvements		
EDA Lease Management Fee (Based @ 3.89%)	<u>\$ 18,385.03</u>	
Total Estimated Expected Cost for FY 2013/14		\$ 61,900.07

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$ 0.12	
Costs per Month (July - April)	\$ 34,429.20	
Costs per Month (May - June)	\$ 6,885.84	
Total Estimated Actual Utility Cost for FY 2013/14	\$ 41,315.04	
RCIT	\$ 2,200.00	
Tenant Improvements	\$ 39,561.15	
EDA Lease Management Fee (Based @ 3.89%)	<u>\$ 19,923.96</u>	
Total Estimated Actual Cost for FY 2013/14		\$ 103,000.15
Total Estimated Cost Variance for FY 2013/14		\$ 41,100.08
TOTAL ESTIMATED COST FOR FY 2013/14		\$ 41,100.08

1 **FOURTH AMENDMENT TO LEASE**

2 **1827 Atlanta Avenue, Suites D1-D3, Riverside, California**

3
4 This **FOURTH AMENDMENT TO LEASE** (Fourth Amendment), dated as of
5 _____, is entered by and between the **COUNTY OF RIVERSIDE**, a political
6 subdivision of the State of California, (Lessee), and **LAGUNA HILLS ALLSPACE, GP.**, a
7 General Partnership (Lessor), sometimes collectively referred to as the "Parties."

8 **1. Recitals.**

9 a. Property Asset Management, Inc., a Delaware Corporation, predecessor to
10 Lessor and County entered into that certain Lease dated October 19, 1999, (the "Original
11 Lease") pursuant to which Lessor has agreed to lease to County and County has agreed to
12 lease from Lessor a portion of that certain building located at 1827 Atlanta Avenue, Suites D1-
13 D-3, Riverside, California (Building), as more particularly described in Exhibit A of the Original
14 Lease.

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

16 i. The First Amendment to Lease dated April 22, 2008, by and
17 between the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California
18 (Lessee), and **LAGUNA HILLS ALLSPACE, GP.**, (First Amendment).

19 ii. The Second Amendment to Lease dated June 29, 2010, by and
20 between the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California
21 (Lessee), and **LAGUNA HILLS ALLSPACE, GP.**, (Second Amendment).

22 iii. The Third Amendment to Lease dated May 1, 2012, by and
23 between the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California
24 (Lessee), and **LAGUNA HILLS ALLSPACE, GP.**, (Third Amendment).

25 iv. The Original Lease, together with its amendments, is hereafter
26 referred to as the "Lease."

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

1 **2. Rent.** Section 5, subsection (a) and (b) of the Lease are hereby amended as
2 follows: Monthly rent shall be paid as follows through the extended term:

<u>Monthly Rent Amount</u>	<u>Time Period</u>
\$40,364.97	May 1, 2014 to April 30, 2015
\$41,575.92	May 1, 2015 to April 30, 2016
\$42,823.20	May 1, 2016 to December 31, 2016

7 **3. Improvements by Lessor.** Section 9 subsection (a) of the Lease is hereby
8 amended by adding the following:

9 (a) Following the execution and delivery of this Fourth Amendment to Lease, Lessor shall,
10 at its sole cost and expense, shall complete the Tenant Improvements, as more particularly
11 shown on Exhibit "A" attached to this Fourth Amendment. The County will reimburse Lessor
12 for \$39,561.15 (which includes a 15% contingency) for the improvements. Lessor shall provide
13 an itemized statement of the actual cost of the tenant improvements, upon completion. The
14 Riverside County Department of Mental Health (RCDMH) will reimburse Lessor within thirty
15 (30) days of receipt of itemized statement, or as soon thereafter as a warrant can be issued.

16 **4. Fourth Amendment to Prevail.** The provisions of this Fourth Amendment to
17 Lease shall prevail over any inconsistency or conflicting provisions of the Lease. Any
18 capitalized terms shall have the meaning defined in the Lease, unless defined herein or context
19 requires otherwise.

20 **5. Miscellaneous.** Except as amended or modified herein, all the terms of the
21 Lease shall remain in full force and effect. If any provisions of this Amendment shall be
22 determined illegal or unenforceable, such determination shall not affect any other provision of
23 the Lease. Neither this Amendment nor the Lease shall be recorded by the Lessee.

24 ///
25 ///
26 ///
27 ///
28 ///

1 **6. Effective Date.** This Fourth 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 Fourth Amendment as of the
5 date first written above.

6 Dated: _____

7 LESSEE:

LESSOR:

8
9 By: _____
10 John J. Benoit, Chairman
11 Board of Supervisors

LAGUNA HILLS ALLSPACE GP,

12
13 By: 
14 Name: Dennis D. French
15 Its: Managing Partner

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

20
21 By: _____
22 Deputy

23
24 APPROVED AS TO FORM:
25 Pamela J. Walls
26 County Counsel

27
28 By: 
Patricia Munroe
Deputy County Counsel