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

FROM: Economic Development Agency/Facilities Management

SUBMITTAL DATE: March 6, 2014

SUBJECT: Second Amendment to Lease – Agricultural Commissioner, 5 Year Renewal, CEQA Exempt, District 4, [$496,246], State Contracts / Local Fees 80%, General Fund 20%

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, Existing Facilities; and

2. Ratify the attached Second Amendment to Lease and authorize the Chairman of the Board to execute the same on behalf of the County.

BACKGROUND:
Summary (Commences on Page 2)

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY 3/6/14
Esteban Hernandez

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	$ 55,771	$ 96,649	$ 496,246	$ 0	Consent ☐ Policy ☒
NET COUNTY COST	$ 11,154	$ 19,330	$ 99,249	$ 0	

SOURCE OF FUNDS: State Contracts / Local Fees 80%; General Fund 20%

Budget Adjustment: No
For Fiscal Year: 2013/14

C.E.O. RECOMMENDATION: APPROVE

BY: Imelda Delos Santos

Reviewed by CIP TEAM 3/11/2014

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

FORM APPROVED COUNTY COUNSEL
BY: PATRICIA MUNROE DATE 3/20/14

Departmental Concurrence
By: John Snyder Agricultural Commissioner
Agricultural Commission

☐ Positions Added ☐ Change Order
☐ A-30 ☐ 4/5 Vote

Prev. Agn. Ref.: 3.9 of 4/8/08; 3.28 of 7/13/10 | **District:** 4/4 | **Agenda Number:**

3-11

BACKGROUND:
Summary
On July 13, 2010, the Board of Supervisors approved a lease agreement on behalf of the Agricultural Commissioner for office space located at 81-077 Indio Blvd., Suites K & L, Indio. This facility continues to meet the needs and requirements of the Agricultural Commissioner and this First Amendment to Lease represents a five year renewal. Tenant improvements will be completed at the Landlord's sole cost and expense which includes the installation of a secured parking area and carpet replacement. The carpet replacement portion of the tenant improvements will be completed on the second anniversary of the renewal which will occur in 2015. Although the rate is increasing by two percent, it is still below market for this facility.

Lessor:	Spectra Novae, Ltd. 7828 SW 32nd Avenue Portland, Oregon 92716	
Premises:	81-077 Indio Blvd., Suites K & L Indio, California	
Term:	Five years commencing December 1, 2013 and terminating November 30, 2018	
Size:	4,417 square feet	
Rent:	Current $1.57 per sq. ft. $6,950.26 per month $83,403.12 per month	New $1.62 per sq. ft. $7,158.76 per month $85,905.12 per year
Rental Adjustment:	Two percent	
Utilities:	County pays electricity and telephone, Lessor provides all others	
Maintenance:	Provided by Lessor	
Custodial:	Provided by Lessor	

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

Impact on Residents and Businesses
The Agricultural Commissioner provides various programs, information and assistance to growers in the area. Annual Crop Report, Master Gardner Programs, Crop Disaster Assistance, Pest Control Information, etc.

SUPPLEMENTAL:
Additional Fiscal Information
See attached Exhibit A, B & C
Second Amendment to Lease

Contract History and Price Reasonableness
The original lease agreement was executed on April 8, 2008, and subsequent amendments executed thereafter. The lease rate is a competitive fair market rental rate.

Exhibit A

FY 2013/14

Agricultural Commissioner Lease Cost Analysis

81-077 Indio Blvd., Suite K & L, Indio, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:		4,417 SQFT				
Approximate Cost per SQFT (July -Nov) 1st Amendment	$	1.57				
Approximate Cost per SQFT (Dec - Jun) 2nd Amendment	$	1.62				
Lease Cost per Month (July -Nov) 1st Amendment			$	6,950.26		
Lease Cost per Month (Dec - Jun) 2nd Amendment			$	7,158.76		
Total Lease Cost (July -Nov) 1st Amendment					$	34,751.30
Total Lease Cost (Dec - Jun) 2nd Amendment					$	50,111.32
Total Estimated Lease Cost for FY 2013/14					**$**	**84,862.62**

Estimated Additional Costs:

Utility Cost per Square Foot	$	0.12				
Estimated Utility Costs per Month (July - Nov)			$	2,650.20		
Estimated Utility Costs per Month (Dec - June)			$	3,710.28		
Total Estimated Utility Cost					$	6,360.48
RCIT					$	-
Tenant Improvement					$	-
EDA Lease Management Fee - 3.89% (July - Nov) 1st Amendment			$	1,351.83		
EDA Lease Management Fee - 3.89% (Dec - June) 2nd Amendment			$	1,949.33		
Total EDA Lease Management Fee					$	3,301.16
TOTAL ESTIMATED COST FOR FY 2013/14					**$**	**94,524.26**
Amount Previously approved in 1st Amendment					$	38,753.33
Amount of FY13/14 for 2nd Amendment					$	55,770.93
TOTAL COUNTY COST 20.00%					**$**	**11,154.19**

Exhibit B

FY 2014/15

Agricultural Commissioner Lease Cost Analysis

81-077 Indio Blvd., Suite K & L, Indio, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:		4,417	SQFT			
Approximate Cost per SQFT (July -Nov)	$	1.62				
Approximate Cost per SQFT (Dec - Jun)	$	1.65				
Lease Cost per Month (July -Nov)			$	7,158.76		
Lease Cost per Month (Dec - Jun)			$	7,301.94		
Total Lease Cost (July -Nov)					$	35,793.80
Total Lease Cost (Dec - Jun)					$	51,113.55
Total Estimated Lease Cost for FY 2014/15					**$**	**86,907.35**

Estimated Additional Costs:

Utility Cost per Square Foot	$	0.12				
Estimated Utility Costs per Month (July - June)			$	530.04		
Total Estimated Utility Cost					$	6,360.48
RCIT					$	-
Tenant Improvement					$	-
EDA Lease Management Fee - 3.89%					$	3,380.70
TOTAL ESTIMATED COST FOR FY 2014/15					**$**	**96,648.52**
TOTAL COUNTY COST 20.00%					**$**	**19,329.70**

Exhibit C

FY 2015/16 to FY 2018/19
Agricultural Commissioner Lease Cost Analysis
81-077 Indio Blvd., Suite K & L, Indio, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office: 4,417 SQFT

	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	
Approximate Cost per SQFT (July -Nov)	$ 1.65	$ 1.69	$ 1.72	$ 1.75	
Approximate Cost per SQFT (Dec - Jun)	$ 1.69	$ 1.72	$ 1.75	$ -	
					Annual increase %
Lease Cost per Month (July -Nov)	$ 7,301.94	$ 7,447.97	$ 7,596.93	$ 7,748.87	
Lease Cost per Month (Dec - Jun)	$ 7,447.97	$ 7,596.93	$ 7,748.87	$ -	2%
					# of Months
Total Lease Cost (July -Nov)	$ 36,509.68	$ 37,239.87	$ 37,984.67	$ 38,744.36	5
Total Lease Cost (Dec - Jun)	$ 52,135.82	$ 53,178.53	$ 54,242.10	$ -	7
Total Estimated Lease Cost for FY 2015/16 to FY 2018/19	**$ 88,645.49**	**$ 90,418.40**	**$ 92,226.77**	**$ 38,744.36**	
Estimated Additional Costs:					
Utility Cost per Square Foot	$ 0.12	$ 0.12	$ 0.12	$ 0.12	
Estimated Utility Costs per Month (July - June)	$ 530.04	$ 530.04	$ 530.04	$ 530.04	
Total Estimated Utility Cost	$ 6,360.48	$ 6,360.48	$ 6,360.48	$ 2,650.20	Make sure to update this cell with # of months
RCIT	$ -	$ -	$ -	$ -	
Tenant Improvement	$ -	$ -	$ -	$ -	
EDA Lease Management Fee - 3.89%	$ 3,448.31	$ 3,517.28	$ 3,587.62	$ 1,507.16	3.89%
TOTAL ESTIMATED COST FOR FY 2015/16 to FY 2018/19	**$ 98,454.28**	**$ 100,296.16**	**$ 102,174.87**	**$ 42,901.72**	
TOTAL COUNTY COST 20.00%	**$ 19,690.86**	**$ 20,059.23**	**$ 20,434.97**	**$ 8,580.34**	

$ 496,246.48	F11: Cost - Total Cost
$ 99,249.30	F11: Net County Cost - Total Cost

SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE ("Second Amendment"), dated as of _____, 2014, is entered into by and between the **COUNTY OF RIVERSIDE** ("County"), a political subdivision of the State of California, and **SPECTRA NOVAE LTD.** ("Lessor").

RECITALS

a. Lessor and County have entered into that certain Lease dated April 8, 2008, pursuant to which Lessor has agreed to lease to County and County has agreed to lease from Lessor that certain building located at 81-077 Indio Blvd., Suites K & L, Indio, as more particularly described in the Lease.

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

1. The First Amendment to Lease dated July 13, 2010 by and between County of Riverside and Spectra Novae, LTD. as successor in interest to Madison Commerce Center, LLC.

c. The Parties now desire to amend the Lease to extend the term.

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

2. TERM. Section 4.1 of the Lease is hereby amended by adding the following:

The term of this lease shall be extended sixty (60) months commencing on December 1, 2013 and shall expire on November 30, 2018.

3. RENT. Section 5.1 of the Lease is hereby amended by adding the following:

Effective December 1, 2013 the monthly rent shall be $7,158.76 per month. The monthly rent shall be increased on each anniversary of this Lease by an amount equal to three percent (3%) of such monthly rental.

4. TENANT IMPROVEMENTS. At Lessor's sole cost and expense Lessor shall install secured parking along the entire rear area of the building. Lessor will use its best efforts to have the secured parking substantially complete within 90 days from final execution of the lease. Lessor at its sole cost and expense shall install new carpet throughout the suite on the second anniversary of the lease in 2015.

5. SECOND AMENDMENT TO PREVAIL. The provisions of this Second Amendment shall prevail over any inconsistency or conflicting provisions of the Lease. Any capitalized terms shall have the meaning defined in the Lease, unless defined herein or context requires otherwise.

6. MISCELLANEOUS. Except as amended or modified herein, all terms of the Lease shall remain in full force and effect. If any provisions of this Amendment shall be determined to be illegal or unenforceable, such determination shall not affect any other provision of the Lease. Neither this Amendment nor the Lease shall be recorded by the County.

7. EFFECTIVE DATE. This Second Amendment to Lease shall not be binding or consummated until its approval by the Riverside County Board of Supervisors and fully executed by the Parties.

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WITNESS WHEREOF, the parties have executed this Second Amendment to Lease as of the date first written above.

LESSEE:
COUNTY OF RIVERSIDE

By: _____
Jeff Stone, Chairman
Board of Supervisors

LESSOR:
SPECTRA NOVAE, LTD.

By: Edward Lilly
Edward Lilly, Manager

ATTEST:
Kecia Harper-Ihem
Clerk of the Board

By: _____
Deputy

APPROVED AS TO FORM:
Pamela J. Walls
County Counsel

By: _____
Patricia Munroe
Deputy County Counsel

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