

FORM APPROVED COUNTY COUNSEL  
 BY: PATRICIA MUNROE 6/19/14  
 DATE  
 Departmental Concurrence

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

946



**FROM:** Economic Development Agency / Facilities Management

**SUBMITTAL DATE:**

July 2, 2014

**SUBJECT:** Second Amendment to Lease, Department of Public Social Services, Riverside, 3-year lease extension, District 1/District 1, CEQA Exempt [\$544,094 ] 50.69% Federal, 46.23% State, 3.08% County DPSS Budget

**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;
2. Approve the attached Second Amendment to Lease and authorize the Chairman of the Board to execute same on behalf of the County; and
3. Approve reimbursement to EDA/Real Estate Division for costs incurred for negotiating and processing the attached Second Amendment to Lease.

**BACKGROUND: Summary**

(Commences on Page 2)

FISCAL PROCEDURES APPROVED  
 PAUL ANGULO, CPA, AUDITOR-CONTROLLER  
 BY: Esteban Hernandez 7/1/14

*[Signature]*

Robert Field  
 Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
<b>COST</b>	\$ 10,838	\$ 173,632	\$ 544,094	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
<b>NET COUNTY COST</b>	\$ 334	\$ 5,348	\$ 16,758	\$ 0	
<b>SOURCE OF FUNDS:</b> 50.69% Federal, 46.23% State, 3.08% County DPSS Budget				<b>Budget Adjustment:</b> No	
				<b>For Fiscal Year:</b> 2013/14 – 2016/17	

**C.E.O. RECOMMENDATION:**

APPROVE

BY: Rohini Dasika  
 Rohini Dasika

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

By: Susan von Zabern  
 Susan von Zabern, Director  
 Department of Public Social Services

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

Prev. Agn. Ref.: 3-11 of 7/31/07; 3-16 of 4/09/2013

District: 1/1

Agenda Number:

3-24

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

Economic Development Agency / Facilities Management

**FORM 11:** Second Amendment to Lease, Department of Public Social Services, Riverside, 3-year lease, District 1/District 1, CEQA Exempt, [\$544,094], 50.69% Federal, 46.23% State, 3.08% County DPSS Budget

**DATE:** July 2, 2014

Page 2 of 3

**BACKGROUND:**

**Summary**

The County has been under lease with Mission Grove Office Park 11, L.P. since June, 2008, occupying a 7,086 square foot office located at 7888 Mission Grove Parkway South, Suite 120, Riverside, CA.

The Department of Public Social Services (DPSS) has utilized this location for the MediCal staff of their Self Sufficiency Division. While the MediCal staff has relocated to the recently completed regional office in Perris, this office space will continue to be utilized for other related program services operations. A three year lease renewal is being presented for approval.

Lessor:	Mission Grove Office Park 11, L.P. 1875 Century Park East, Suite 1350 Los Angeles, CA 90067	
Premises Location:	7888 Mission Grove Parkway South, Suite 120 Riverside, CA	
Size:	7,086 square feet.	
Rent:	<u>Current</u> \$2.25 per sq. ft., modified gross \$15,950.70 per month \$191,408.40 per year	<u>New</u> \$1.85 per sq. ft., modified gross \$13,109.10 per month \$157,309.20 per year
Term:	Three years commencing June 9, 2014, and expiring June 30, 2017.	
Rental Adjustment:	2.5% annually.	
Options to Extend:	One, one-year option to renew.	
Utilities:	County to pay for telephone, electricity, and gas. Lessor pays all other utilities.	
Custodial:	Included in rent.	
Interior/Exterior Maintenance:	Included in rent.	
Improvements:	None.	

**Impact on Residents and Businesses**

This location will continue with non-public, general office use for internal operations of DPSS program services staff. The programs benefit and assist the residents of the community and the occupancy of this building provides a positive economic impact to area businesses as County employees' frequent local businesses.

(Continued)

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Economic Development Agency / Facilities Management

**FORM 11:** Second Amendment to Lease, Department of Public Social Services, Riverside, 3-year lease, District 1/District 1, CEQA Exempt, [\$544,094], 50.69% Federal, 46.23% State, 3.08% County DPSS Budget

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Page 3 of 3

**SUPPLEMENTAL:**

**Additional Fiscal Information**

See attached Exhibit A, B, & C

DPSS will budget these costs in FY2014/15 and will reimburse EDA for all lease costs.

**Contract History and Price Reasonableness**

This is a three year lease renewal. The lease rate is deemed competitive based upon the current market.

Attachments:

Exhibits A, B & C

Lease

# Exhibit A

FY 2013/14

## DPSS Lease Cost Analysis

7888 Mission Grove Parkway, Suite 120, Riverside, California

### **ESTIMATED AMOUNTS**

#### **Total Square Footage to be Leased:**

Current Office:	7,086	SQFT	
Approximate Cost per SQFT (July-June 8) 1st Amendment	\$	2.25	
Approximate Cost per SQFT (June 9) 2nd Amendment	\$	1.85	
Lease Cost per Month (July-June 8) 1st Amendment	\$		15,950.70
Lease Cost per Month (June 9) 2nd Amendment	\$		13,109.10
Total Lease Cost (July-June 8) 1st Amendment			\$ 179,711.22
Total Lease Cost (June 9) 2nd Amendment			\$ 9,613.34
<b>Total Estimated Lease Cost for FY 2013/14</b>			<b>\$ 189,324.56</b>

#### **Estimated Additional Costs:**

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July - May)	\$		9,353.52
Estimated Utility Costs per Month (June)	\$		850.32
Total Estimated Utility Cost			\$ 10,203.84
RCIT			\$ -
Tenant Improvement			\$ -
EDA Lease Management Fee - 3.89% 1st Amendment	\$		6,990.77
EDA Lease Management Fee - 3.89% 2nd Amendment	\$		373.96
Total EDA Lease Management Fee			\$ 7,364.73
<b>TOTAL ESTIMATED COST FOR FY 2013/14</b>			<b>\$ 206,893.13</b>
Amount Previously approved in 1st Amendment			\$ 196,055.51
Amount of FY13/14 for 2nd Amendment			\$ 10,837.62
<b>TOTAL COUNTY COST 3.08%</b>			<b>\$ 333.80</b>

# Exhibit B

FY 2014/15

## DPSS Lease Cost Analysis

7888 Mission Grove Parkway, Suite 120, Riverside, California

### ***ESTIMATED AMOUNTS***

#### **Total Square Footage to be Leased:**

Current Office: 7,086 SQFT

Approximate Cost per SQFT (July - June) \$ 1.85

Lease Cost per Month (July - June) \$ 13,109.10

Total Lease Cost (July - June) \$ 157,309.20

**Total Estimated Lease Cost for FY 2014/15** \$ 157,309.20

#### **Estimated Additional Costs:**

Utility Cost per Square Foot \$ 0.12

Estimated Utility Costs per Month \$ 850.32

Total Estimated Utility Cost \$ 10,203.84

RCIT \$ -

Tenant Improvement \$ -

EDA Lease Management Fee - 3.89% \$ 6,119.33

**TOTAL ESTIMATED COST FOR FY 2014/15** \$ 173,632.37

**TOTAL COUNTY COST 3.08%** \$ 5,347.88

# Exhibit C

FY 2015/16 to FY 2016/17

DPSS Lease Cost Analysis

7888 Mission Grove Parkway, Suite 120, Riverside, California

## ESTIMATED AMOUNTS

### Total Square Footage to be Leased:

Current Office:

7,086 SQFT

	FY 2015/16	FY 2016/17
Approximate Cost per SQFT (July - June)	\$ 1.90	\$ 1.94
Lease Cost per Month (July - June)	\$ 13,436.83	\$ 13,772.75
Total Lease Cost (July - June)	\$ 161,241.96	\$ 165,273.00
<b>Total Estimated Lease Cost for FY 2015/16 to FY 2016/17</b>	<b>\$ 161,241.96</b>	<b>\$ 165,273.00</b>

### Estimated Additional Costs:

Utility Cost per Square Foot	\$ 0.12	\$ 0.12
Estimated Utility Costs per Month	\$ 850.32	\$ 850.32
Total Estimated Utility Cost	\$ 10,203.84	\$ 10,203.84
RCIT	\$ -	\$ -
Tenant Improvement	\$ -	\$ -
EDA Lease Management Fee - 3.89%	\$ 6,272.31	\$ 6,429.12
<b>TOTAL ESTIMATED COST FOR FY 2015/16 to FY 2016/17</b>	<b>\$ 177,718.11</b>	<b>\$ 181,905.96</b>
<b>TOTAL COUNTY COST 3.08%</b>	<b>\$ 5,473.72</b>	<b>\$ 5,602.70</b>

F11: Cost - Total Cost \$ 544,094.06  
F11: Net County Cost - Total Cost \$ 16,758.10

1                                   **SECOND AMENDMENT TO LEASE**

2                                    (Department of Public Social Services,  
3                                    7888 Mission Grove Parkway, Riverside, California)

4  
5            This **SECOND AMENDMENT** to Lease (Second Amendment) is made as of  
6 \_\_\_\_\_, 2014, by and between the **COUNTY OF RIVERSIDE**, a political  
7 subdivision of the State of California, (County), and **MISSION GROVE OFFICE PARK**  
8 **II, L.P.**, a California limited liability company, (Lessor).

9            **1. Recitals**

10           a.       Mission Grove Office Park II, L.P., as Lessor, and County, have  
11 entered into that certain Lease dated May 6, 2008, (Original Lease) pertaining to the  
12 premises located at 7888 Mission Grove Parkway, Suite 120, Riverside, California, as  
13 more particularly described in the Lease.

14           b.       The Original Lease has been amended by:

15                 i.       That certain First Amendment to Lease dated April 9, 2013,  
16 by and between County of Riverside and Mission Grove Office Park II, L.P., (First  
17 Amendment).

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

20           d.       County and Lessor desire to further amend the Lease by extending  
21 the term and modifying the rent.

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

24           **2. Term.** Section 4.1 of the Lease shall be amended as follows: The term  
25 of this Lease shall be extended for a period of three (3) years commencing June 9,  
26 2014, and expiring June 30, 2017 (the "Extension Term").

27           **3. Rent.** Section 5 of the Lease shall be amended as follows:  
28

1           **5.1 Rent.** Commencing June 9, 2014, County shall pay the sum of  
2 \$13,109.10 per month to Lessor as rent for the Leased Premises, payable, in advance,  
3 on the first day of the month or soon thereafter as a warrant can be issued in the  
4 normal course of County's business.

5           **5.2 Percentage Increase.** Notwithstanding the provisions of Section 5.1  
6 herein, commencing July 1, 2015, the monthly rent shall be increased on each  
7 anniversary of this Second Amendment to Lease by an amount equal to two and ½  
8 percent (2.5%) of such monthly rental for the preceding Lease year.

9           **4. Option.**

10           **6.1. Option to Extend Term.** Section 6.1 through 6.1.2 shall be deleted  
11 and replaced as follows: Lessor grants to County one (1) option to extend the Lease  
12 term ("Extension Option"). The Extension Option shall be for a period of two (2) years  
13 ("Extension Option Term"), subject to the conditions described in this Section 6.1.

14           **6.1.1 Exercise of Option.** The Extension Option shall be exercised by  
15 County delivering to Lessor written notice thereof no later than ninety (90) days prior to  
16 expiration of the current Extension Term.

17           **6.1.2 Option Rent.** The rent payable by County during the Extension  
18 Option Term shall be increased two and ½ percent (2.5%) annually on each  
19 anniversary.

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

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



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

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

9

10 LESSEE:  
11 COUNTY OF RIVERSIDE

LESSOR:  
MISSION GROVE OFFICE PARK II, L.P., a  
limited partnership

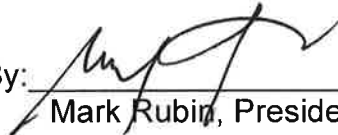
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By: AMF Industries, Inc., a California  
corporation

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15 By: \_\_\_\_\_  
16 Jeff Stone, Chairman  
Board of Supervisors

By:  \_\_\_\_\_  
Mark Rubin, President

17

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

20 By: \_\_\_\_\_  
21 Deputy

22

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

24

25 By:  \_\_\_\_\_  
26 Patricia Munroe  
Deputy County Counsel

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