

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

920



FROM: Economic Development Agency

SUBMITTAL DATE:

May 7, 2015

SUBJECT: Third Amendment to Lease, Department of Public Social Services, Desert Hot Springs – Two Year Lease, CEQA Exempt, District 4, [\$198,536]; Federal 91.52%, State 8.48%

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301, Existing Facilities and Section 15061(b)(3);
2. Ratify the attached Third Amendment to Lease and authorize the Chairman of the Board to execute the same on behalf of the County; and
3. Direct the Clerk of the Board to file the Notice of Exemption with the County Clerk within five (5) days of approval by the Board.

BACKGROUND:

Summary

(Commences on Page 2)

FISCAL PROCEDURES APPROVED
 PAUL ANGULO, CPA, AUDITOR-CONTROLLER
 BY: 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	\$ 53,961	\$ 91,310	\$ 198,536	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	
SOURCE OF FUNDS: Federal 91.52%, State 8.48%				Budget Adjustment: No	
				For Fiscal Year: 2014/15-2016/17	

C.E.O. RECOMMENDATION:

APPROVE

BY: Rohini Dasika
 Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

Susan von Zabern, Director
 Department of Public Social Services

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

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
Economic Development Agency

FORM 11: Third Amendment to Lease, Department of Public Social Services, Desert Hot Springs – Two Year Lease, CEQA Exempt, District 4, [\$198,536]; Federal 91.52%, State 8.48%

DATE: May 7, 2015

PAGE: 2 of 3

BACKGROUND:

Summary

The County and DIBA Real Estate Investments, LLC, desire to extend the lease agreement for the facility located at 14-201 Palm Drive, #109a - 112, Desert Hot Springs, California. The Department of Public Social Services (DPSS) has utilized this office since May 11, 1999, for its CalWORKS Greater Avenue to Independence (GAIN) program. This facility continues to meet the needs and requirements of the department and a lease extension has been negotiated by the Economic Development Agency's (EDA) Real Estate Division.

Pursuant to the California Environmental Quality Act (CEQA), the Lease Amendment was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines Section 15301, Class 1-existing facilities and Section 15061(b)(3). The proposed project is the extension of the term period for the letting of property involving existing facilities with minor tenant improvement alterations for the continuation of an existing use to occur.

Lessor:	DIBA Real Estate Investments, LLC 28008 Harrison Parkway Valencia, California 91355	
Premises Location:	14-201 Palm Drive, #109a, 110 - 112, Desert Hot Springs, California	
Term:	Two years commencing February 1, 2015, ending January 31, 2017	
Size:	3,546 square feet	
Rent:	Former	New
	\$ 1.78 per sq. ft.	\$ 1.95 per sq. ft
	\$ 6,311.88 per month	\$ 6,914.70 per month
	\$75,742.56 per year	\$82,976.40 per year
Rental Adjustment:	N/A (Flat Rate Entire Term)	
Utilities:	County pays electric, gas and telephone, Landlord pays all others.	
Maintenance:	Provided by Landlord	
Custodial:	Provided by Landlord	
Improvements:	Lessor to complete HVAC improvements. County will reimburse upon completion and acceptance costs in the amount of not to exceed \$15,915.	

Impact on Citizens and Businesses

The public benefit continues with this location serving clients in the community and region.

(Continued)

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PAGE: 3 of 3

SUPPLEMENTAL:

Additional Fiscal Information

See attached Exhibits A, B & C

DPSS will budget these costs in FY 2014/15 thru FY 2016/17 and will reimburse EDA for all lease costs on a monthly basis.

Contract History and Price Reasonableness

This is a 2-year lease extension. The lease rate is competitive based on the current real estate market.

Attachments:

Exhibits A, B & C

Third Amendment to Lease

Notice of Exemption

Exhibit A

DPSS Lease Cost Analysis FY 2014/15

14201 Palm Drive, Suites 109(A), 110 - 112, Desert Hot Springs, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office: 3,546 SQFT

Approximate Cost per SQFT (July - Jan) - 2nd Amendment \$ 1.78

Approximate Cost per SQFT (Feb - Jun) - 3rd Amendment \$ 1.95

Lease Cost per Month (July - Jan) - 2nd Amendment \$ 6,311.88

Lease Cost per Month (Feb - June) - 3rd Amendment \$ 6,914.70

Total Lease Cost (July - Jan) - 2nd Amendment \$ 44,183.16

Total Lease Cost (Feb - June) - 3rd Amendment \$ 34,573.50

Total Estimated Lease Cost for FY 2014/15 **\$ 78,756.66**

Estimated Additional Costs:

Utility Cost per Square Foot \$ 0.12

Estimated Utility Costs per Month (July - Jan) - 2nd Amendment \$ 2,978.64

Estimated Utility Costs per Month (Feb - June) - 3rd Amendment \$ 2,127.60

Total Estimated Utility Cost \$ 5,106.24

Tenant Improvements Costs Paid \$ 15,915.00

EDA Lease Management Fee - 3.89% - 2nd Amendment \$ 1,718.72

EDA Lease Management Fee - 3.89% - 3rd Amendment \$ 1,344.91

Total EDA Lease Management Fee \$ 3,063.63

TOTAL ESTIMATED COST FOR FY 2014/15 **\$ 102,841.53**

Amount Previously approved in 2nd Amendment \$ 48,880.52

Amount of FY14/15 for 3rd Amendment \$ 53,961.01

Exhibit B

DPSS Lease Cost Analysis FY 2015/16

14201 Palm Drive, Suites 109(A), 110 - 112, Desert Hot Springs, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	3,546	SQFT	
Approximate Cost per SQFT (July - Jun)	\$	1.95	
Lease Cost per Month (July - Jun)		\$	6,914.70
Total Lease Cost (July - Jun)			\$ 82,976.40
Total Estimated Lease Cost for FY 2015/16			\$ 82,976.40

Estimated Additional Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July - June)		\$	425.52
Total Estimated Utility Cost			\$ 5,106.24
EDA Lease Management Fee (Based @ 3.89%)			\$ 3,227.78
TOTAL ESTIMATED COST FOR FY 2015/16			\$ 91,310.42

Exhibit C

DPSS Lease Cost Analysis FY 2016/17

14201 Palm Drive, Suites 109(A), 110 - 112, Desert Hot Springs, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office: 3,546 SQFT

FY 2016/17

Approximate Cost per SQFT (July - Jan)	\$ 1.95
Lease Cost per Month (July - Jan)	\$ 6,914.70
Total Lease Cost (July - Jan)	\$ 48,402.90
Total Estimated Lease Cost for FY 2015/16	\$ 48,402.90

Estimated Additional Costs:

Utility Cost per Square Foot	\$ 0.12
Estimated Utility Costs per Month (July - Jan)	\$ 425.52
Total Estimated Utility Cost	\$ 2,978.64
EDA Lease Management Fee (Based @ 3.89%)	\$ 1,882.87
TOTAL ESTIMATED COST FOR FY 2016/17	\$ 53,264.41
Total Cost	\$ 198,535.84

1 **THIRD AMENDMENT TO LEASE**

2 **14-201 Palm Drive, #109(A), 110, 111, and 112, Desert Hot Springs, California**

3
4 This **THIRD AMENDMENT TO LEASE** ("Third Amendment") is made as of
5 _____, 2015 by and between the **COUNTY OF RIVERSIDE**, a
6 political subdivision of the State of California ("County"), and **DIBA REAL ESTATE**
7 **INVESTMENTS, LLC**, ("Lessor"), a California Limited Liability Company.

8 **RECITALS**

9 A. County and First Western Land Management, LLC, predecessor to
10 DIBA Real Estate Investments, LLC, entered into that certain lease dated May 11,
11 1999, ("Original Lease") pursuant to which County leased a portion of that certain
12 building located at 14201 Palm Drive, Suites 109 (A), 110, 111, and 112, Desert Hot
13 Springs, California (the "Building"), as more particularly shown on Exhibit "A," attached
14 hereto and made a part hereof.

15 B. The Original Lease has been amended by:

16 i. That certain First Amendment to Lease dated July 27, 2004
17 by and between First Western Land Management, LLC and the County ("First
18 Amendment"), whereby the Parties amended the Lease to extend the term and rental
19 amounts.

20 ii. That certain Second Amendment to Lease March 1, 2011,
21 by and between Diba Real Estate Investments, LLC, successor in interest to Eun Hee
22 Lee, Wilshire State Bank and First Western Land Management, LLC, whereby the
23 Parties amended the Lease to extend the term, rental amounts, options to extend
24 Lease, addresses of the Parties under notices and the County representative.

25 iii. On January 29, 2013, the County exercised its option to
26 extend the term of the Lease to expire on January 31, 2015.

27 C. The Original Lease, as heretofore, currently, or hereafter
28 amended, shall hereafter be referred to as the "Lease."

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

3 **1. Lease Term.** Section 3 of the Original Lease shall be amended as
4 follows subject to the provisions contained in Paragraph 12 of the Lease:

5 The term of this Lease shall be extended twenty four (24) months commencing on
6 February 1, 2015, and terminating on January 31, 2017.

7 **2. Rent.** Section 5 of the Original Lease shall be amended as follows:
8 Monthly rent shall be paid as follows through the extended term:

9 \$6,914.70 per month February 1, 2015 through January 31, 2017

10 **3. Options.** Section 4 of the Original Lease shall be deleted in its entirety
11 and replaced as follows:

12 3. Options. Lessor grants the following rights to County:

13 (a) Lessor grants to County one (1) option to extend the
14 Lease term ("Extension Option(s)"). The Extension Option shall be for a period of
15 twelve (12) months ("Extended Term"), subject to the conditions described in this
16 Section 4.

17 (i) Exercise of Option. The Extension Option
18 shall be exercised by County delivering to Lessor written notice thereof no later than
19 sixty-five (65) days prior to the eighteenth month subject to the provisions contained in
20 Paragraph 3 of the Lease.

21 (ii) Option Rent. The rent payable by County
22 during any Extended Term shall be at the annual increase rate of 4% during the term.

23 **4. Improvements by Lessor.** Section 9 of the Lease shall be amended by
24 adding subsections (j) and (k) as follows:

25 (j) Lessor shall complete, or cause to be completed, at Lessor's
26 expense, HVAC Repairs pursuant to Desert Tech proposal on Exhibit "B," attached
27 hereto and by this reference made a part of this Third Amendment to Lease. Lessor
28 shall complete the improvements in compliance with all applicable governmental laws.

1 Lessor shall commence HVAC work upon full execution of this Third Amendment to
2 Lease. After completion and acceptance of the improvements by County, County shall
3 reimburse Lessor for HVAC improvements costs in an amount of not to exceed
4 \$15,915.00. Within thirty (30) days of completion and acceptance of HVAC
5 improvements, Lessor shall provide an itemized invoice to the County. Payment for
6 the HVAC improvements shall be made by County within forty-five (45) days of
7 County's receipt of the itemized invoice.

8 (k) HVAC improvements reimbursed by the County shall remain
9 County property and may be removed by County upon the expiration or termination of
10 the Lease at the County's expense.

11 **5. Option to Terminate.** Section 12 of the Lease shall be amended by
12 adding subsection (e) as follows:

13 (e) The Parties' Rights to Early Termination Option. The parties
14 hereto agree to the mutual Right to Early Termination after the eighteenth (18) month
15 of the Lease term contained in Paragraph 3 of the Lease by serving upon the other 60
16 days' written notice of the parties' intention.

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

22 **7. Miscellaneous.** Except as amended or modified herein, all the terms of
23 the Original Lease shall remain in full force and effect and shall apply with the same
24 force and effect. Time is of the essence in this Third Amendment and the Lease and
25 each and all of their respective provisions. Subject to the provisions of the Lease as to
26 assignment, the agreements, conditions and provisions herein contained shall apply to
27 and bind the heirs, executors, administrators, successors and assigns of the parties
28 hereto. If any provisions of this Third Amendment or the Lease shall be determined to

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

7 ///

8 ///

9 ///

8. This Third Amendment to Lease shall not be binding or consummated until its approval by the Board of Supervisors of Riverside County.

Dated: _____

COUNTY OF RIVERSIDE

DIBA REAL ESTATE INVESTMENTS, LLC

By: _____
Marion Ashley, Chairman
Board of Supervisors

By: 
Mehrdad Daniel Safavieh (Partner)

By: 
Mehran Michael Banayan (Partner)

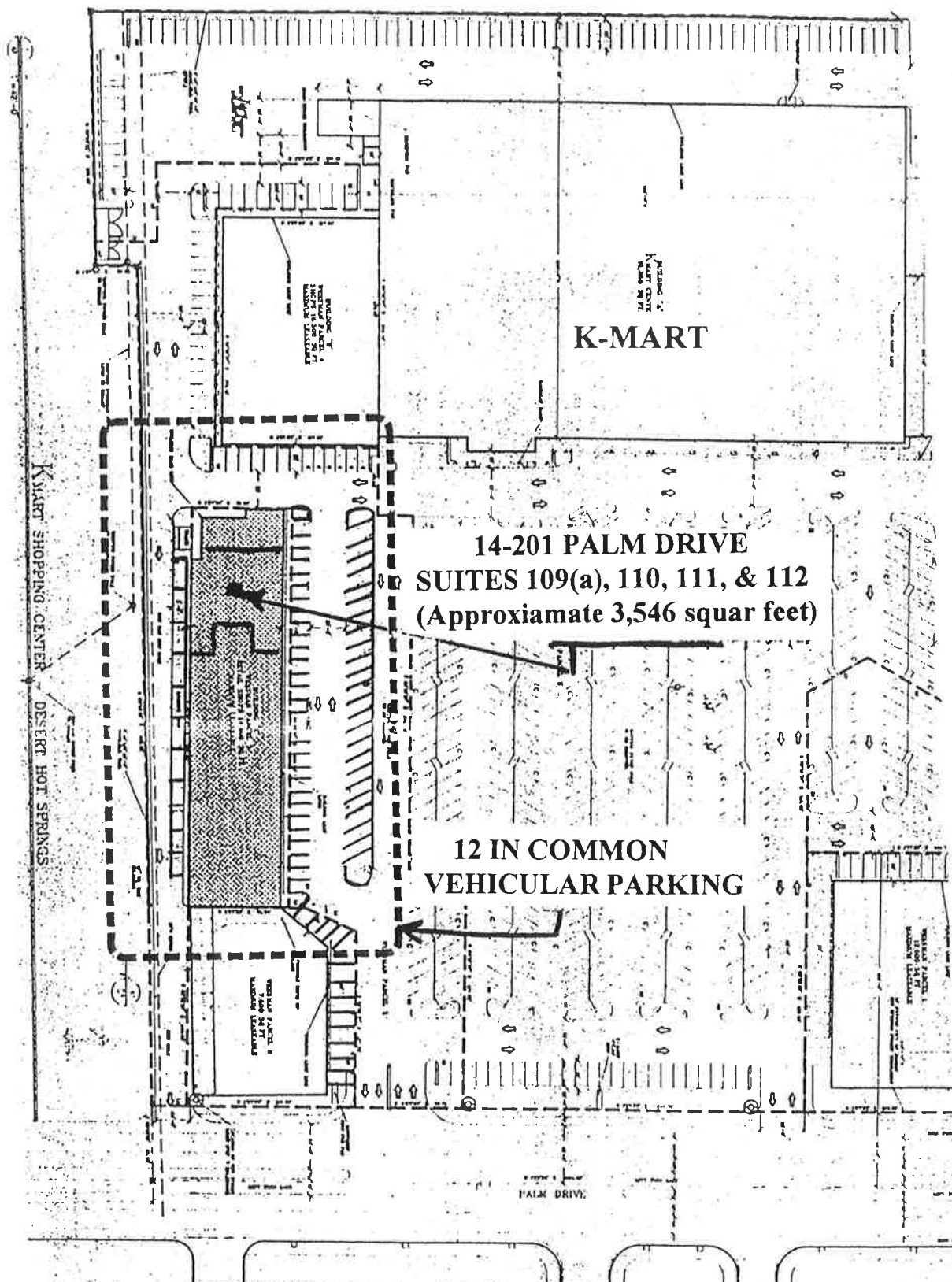
ATTEST:
Kecia Harper-Ihem
Clerk of the Board

By: _____
Deputy

APPROVED AS TO FORM:
Gregory P. Priamos
County Counsel

By: 
SYNTHIA M. GUNZEL
Deputy County Counsel

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PALM DRIVE

EXHIBIT "A"



Proposal (County Offices)

Page 1 of 3

PROPOSAL SUBMITTED TO:

Diba Real Estate Investments, LLC14-201
28008 Harrison Parkway
Valencia, CA 91355-4162
dan@mountainwoods.com

JOB LOCATION AND PHONE

201 Palm Drive
Desert Hot Springs, CA 92243
951-358-6845
County Offices

Desert Tech, hereby proposes to (item #6A) Supply and Install *one (5) Ton. **American Standard 14 S.E.E.R** gas heating, 3 phase electric cooling package unit. (item #6B) New ducting system for 1 unit that services a classroom. (item #6C) Emergency ducting and damper system to Communications room. (item #6D) One (2) Ton 15 S.E.E.R. Samsung Mini-split heat pump system in Communications room.* To be installed at: **The County Offices**, 201 Palm Drive, Desert Hot Springs, CA 92243.

Item #1] Definitions - Desert Tech, hereafter referred to as "Contractor", will furnish all labor, services, installation and equipment only that is stated by this PROPOSAL and perform said work Diba Investments hereinafter referred to as "OWNER".

Item #2] Completion Time – As time is of the essence of the proposal, if the CONTRACTOR is delayed in the performance of the work by an unusual delay in common carriers, or by unavoidable casualties, or by strikes, or lockouts, or labor disputes, he shall immediately take such actions as necessary to avoid delay. If no actions can be taken to avoid delay, then an extension shall be given provided that the CONTRACTOR gives 48 (forty-eight) hours notice prior to commencement of delay.

Item #3] Fees – Owner agrees to pay all permits, **if any**, air balance and duct pressure tests, H.E.R.S. CF-6R and fees, if any, directly associated to the installation of the unit and associated equipment in said work will be billed separately and cost is not part of this proposal.

Item #4] Workmanship – Every part of the work herein described shall be executed in accordance with this PROPOSAL in the most sound, workmanlike and substantial manner. All workmanship shall be of its several kinds; all materials used in the work herein described shall be furnished in ample quantity to facilitate the proper and expeditious execution of the work, and shall be on their respective kind, except such materials as many be expressly provided to be otherwise.

Item #5] Codes – All work to conform to 2014 Uniform Mechanical Code, Local Building Codes and applicable laws.

Item #6A] Scope of work (County Offices classroom) – Supply and Install *one (5) Ton. **American Standard 14 S.E.E.R** gas heating, 3 phase electric cooling package unit.* Installation shall be complete with curb transition from existing curb to new unit, apply special sealant/vibration eliminating compound between existing curb and new curb. All seams and edges shall be sealed to prevent delimitation of duct liner insulation do to the exposure to high velocity air flow, clean and seal all (accessible) duct liner, seams, edges and ducting connections in supply and return air plenums, seal exterior ducting on all existing connections to plenums then coat all sealants with an elastomeric coating to protect said sealants and preserve the sealant's elasticity and longevity, 410-A refrigerant, crane charges, miscellaneous hardware products, miscellaneous plumbing and electrical products, miscellaneous welding materials, new gas flex, install new Venstar thermostat, and all parts and labor necessary to complete job.

As per Item #6A: Ten Thousand, Four Hundred Twenty Dollars \$10,420.00
- \$4500 due at start of job and balance due at completion

Air Conditioning & Heating
(760) 327-2501 - FAX: (760) 327-4208

Item #6B] Scope of work (County Offices classroom) – Supply and install new ducting system for unit 1 unit servicing the classroom at the County Offices. Installation of new supply and return ducting from unit 1 to classroom, hallway areas. The existing ducting was diverted from the system to computer equipment room. The new type of duct is not compatible with the existing duct. Additionally the existing duct has been cut into unusable sections which are now contaminated with dirt from the attic. The unusable duct will be removed. The aforementioned work will fully reinstate the proper airflow required by the air conditioning unit and shall be resized in order to balance the system. New premium R6 Ducting with Mylar jacketing in assorted sizes, assorted transition fittings and all necessary, duct connectors and all parts and labor necessary to complete the job.

As per item #6B: Four Thousand, One Hundred & Eight Dollars \$4108.00
- \$1500 due at start of job and balance due at completion

Item #6C] Scope of work (County Offices Communications room) – Supply and install emergency ducting and damper system to communications room in the event of a failure of the dedicated mini-split system. Installation shall be complete with new flex ducting, (2) zone dampers, Contractor shall utilize existing grills, zoning controls, misc. ducting products, emergency switch adjacent to thermostat and all parts and labor necessary to complete the job.

As per item #6C: Thirteen Hundred & Eighty Seven Dollars \$1387.00
- \$563.00 due at start of job and balance due at completion

Item #6D] Scope of work (County Offices Communications room) – *Supply and install one (2) Ton 15 S.E.E.R. Samsung Mini-split heat pump system in Communications room, 2 Ton Condenser and matching evaporator.* Installation shall be complete with blowing out existing condensate line, new liquid filter dryer. Exterior Armaflex insulation, **thoroughly chemically clean and flush refrigeration line set twice**, (1) new Samsung thermostat, hardware products, plumbing and electrical products, refrigerant, welding materials and all parts and labor necessary to complete the job. Note: this unit is designed for this particular type of installation.

As per item #6D: Four Thousand, Seven Hundred & Eighty Dollars \$4780.00
- \$2300.00 due at start of job and balance due at completion

NOTE: This quote reflects work performed by contractor during normal business hours and shall allow for up to 6 hours after normal business hours.

Item #7] Exclusions – All work not described in this PROPOSAL shall be extra and billed at \$82.00 (Eighty two dollars) per hour, plus parts.

Item #8] Warranty – CONTRACTOR shall warrant parts supplied by CONTRACTOR and labor for work as described by Item #6A for Two (2) years from and after installation date and a Ten (10) year limited warranty by manufacturer on compressor and all parts to original owner. EXCEPT, that OWNER acknowledges and agrees that CONTRACTOR shall not be required to discharge its warranty obligations to OWNER until such time that CONTRACTOR shall have first received the full amount of the balance of the contract price due CONTRACTOR from OWNER under this PROPOSAL. Note: See manufacturer specifications sheets for additional warranties. Samsung mini-split only, Item #6D: 3 years parts and 1 year on labor, 5 years on Compressor. Note: See manufacturer specifications sheets for additional warranties.

Item #9] This PROPOSAL includes Sales Tax

Item #10] all material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specification involving extra costs will be executed only upon written orders.

Authorized Signature




Miguel Caballero, Contractor
November 12, 2014

Item #11] Notice to OWNER – Under the Mechanic's Lien Law (Section 7019 – Contractor's License Law), any contractor, sub-contractor, laborer, material man or other person who helps to improve your property and is not paid for his labor, services or material, has a right to enforce his claim against your property.

NOTE: This PROPOSAL may be withdrawn if not accepted with ninety (90) days. The above proposal, prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payments to be made as outlined above.

Authorized Signatures:

As per item #6A:  , date 4/27/15

As per item #6B:  , date 4/27/15

As per item #6C:  , date 4/27/15

As per item #6D:  , date 4/27/15

Air Conditioning & Heating
(760) 327-2501 - FAX: (760) 327-4208

deserttechinc.com

(MasterCard and Visa accepted)

A processing fee of 2.5% will be charged for all credit card transactions