

813



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

**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
November 30, 2009

**SUBJECT:** First Amendment to Lease – Department of Mental Health, Indio

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Ratify the attached First Amendment to Lease and authorize the Chairman to execute the same on behalf of the County; and
2. Authorize the Auditor-Controller to adjust the Economic Development Agency's FY 2009/10 budget as set out on Schedule A.

**BACKGROUND:** (Commences on Page 2)

Robert Field  
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$(1,032)	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ (601)	Budget Adjustment:	Yes
	Annual Net County Cost:	\$11,406	For Fiscal Year:	09/10
SOURCE OF FUNDS: Federal 2.63%; State 39.08%; County 58.28%; 3 <sup>rd</sup> Party 0.01%				Positions To Be Deleted Per A-30 <input type="checkbox"/>
				Requires 4/5 Vote <input checked="" type="checkbox"/>

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

**APPROVE**

County Executive Office Signature Jennifer L. Sargent

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Benoit, seconded by Supervisor Buster and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley  
 Nays: None  
 Absent: None  
 Date: February 9, 2010  
 xc: EDA, Auditor, EO, DOMH

Kecia Harper-Ihem  
 Clerk of the Board  
 By:   
 Deputy

5010 LEB-5 BWIS: 03

JO 744 ST BWIS: 58

Prev. Agn. Ref.:                      District: 4 Agenda Number:                     

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

3.18

FISCAL PROCEDURES APPROVED  
 ROBERT E. BYRD, AUDITOR-CONTROLLER  
 BY:   
 CYNTHIA M. GUNZEL, Department of Finance  
 DATE: 1-5-10

FORM APPROVED COUNTY COUNSEL  
 BY:   
 CYNTHIA M. GUNZEL, Department of Finance  
 DATE: 1-5-10

Dep't Recomm.: ☐ Consent ☐ Policy ☒  
 Per Exec. Ofc.: ☐ Consent ☐ Policy ☒

**BACKGROUND:**

Since September, 2006, the County has leased the small office located at 82-632 Highway 111 in Indio for use by the Department of Mental Health (DOMH). It continues to meet the needs of the Department, and this First Amendment to Lease extends the lease five (5) years. A rent reduction from \$1.98 per square foot to \$1.86 per square foot has been negotiated and equates to a 7% savings for DOMH.

Location: 82-632 Highway 111, Suite A-3  
Indio, CA

Lessor: King Street Partners  
c/o Capri Realty  
44650 Village Court, Suite 200  
Palm Desert, CA 92260

Size: 780 square feet

Term: Five (5) years, commencing September 1, 2009, through  
August 31, 2014.

Rent:	<u>Current</u>	<u>New</u>
	\$ 1.98 per sq. ft.	\$ 1.86 per sq. ft.
	\$ 1,544.52 per month	\$ 1,445.00 per month
	\$18,534.24 per year	\$17,340.00 per year

Savings per square foot:	7% reduction
Savings per month:	\$99.52
Savings per year:	\$1,194.24

Rent Adjustments: Three percent (3%) annually.

Utilities: County shall pay for electrical and gas services. Lessor shall pay for all other utilities.

Custodial: Provided by Lessor.

Maintenance: Provided by Lessor.

Improvements: None.

RCIT: None.

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

**FINANCIAL DATA:**

This Lease rate reduction saves the DOMH \$1,194.24 for the first year of the extended term. All associated costs for this lease amendment will be fully funded through DOMH budget. DOMH has budgeted for these costs in FY2009/10.

The Economic Development Agency (EDA) requires a budget adjustment to its FY 2009/10 budget to cover related transactional costs with the property owner. While EDA will front the costs for this amendment with the property owner, DOMH will reimburse EDA for all associated lease costs.

## **Schedule A**

**Decrease Appropriations:**

10000-7200400000-526700 – Rent/Lease Buildings	(\$995)
10000-7200400000-572500 – Intra – Leases	\$995

# Exhibit A

## Mental Health Lease Cost Analysis for FY 2009/10 82632 Highway 111, Indio, California

### Total Square Footage to be Leased:

#### **BUDGETED AMOUNTS**

Current office:	780 SQFT		
Cost Per Sq. Ft:	\$	1.98	
Lease Cost per Month		\$	1,545
<b>Total Lease Cost included in Budget for FY 2009/10</b>		\$	<b>18,534</b>

#### **ACTUAL AMOUNTS**

Current office:	780 SQFT		
Approximate Cost per SQFT (July - Aug)	\$	1.98	
Approximate Cost per SQFT (Sept. - June)	\$	1.86	
Lease Cost per Month (July - Aug)	\$	1,545	
Lease Cost per Month (Sept. - June)	\$	1,445	
Total Lease Cost (July - Aug)		\$	3,089
Total Lease Cost (Sept. - June)		\$	14,450
<b>Total Lease Cost for FY 2009/10</b>		\$	<b>17,539</b>
<b>TOTAL LEASE COST SAVINGS FOR FY 2009/10</b>		\$	<b>(995)</b>

### Estimated Additional Costs:

#### **BUDGETED AMOUNTS**

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month		\$	94
<b>Total Estimated Utility Cost for FY 2009/10</b>		\$	<b>1,123</b>
<b>Tenant Improvement Costs</b>		N/A	
<b>RCIT Costs</b>		N/A	
<b>EDA Lease Management Fee (Based @ 3.79%)</b>		\$	<b>702</b>
<b>Total Estimated Additional Costs included in Budget for FY 2009/10</b>		\$	<b>1,825</b>

#### **ACTUAL AMOUNTS**

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month		\$	94
<b>Total Estimated Utility Cost for FY 2009/10 (July - June)</b>	\$		<b>1,123</b>
<b>Tenant Improvement Costs</b>		N/A	
<b>RCIT Costs</b>		N/A	
<b>EDA Lease Management Fee (Based @ 3.79%)</b>	\$	665	
<b>Total Estimated Additional Costs for FY 2009/10</b>		\$	<b>1,788</b>
<b>TOTAL ESTIMATED ADDITIONAL COST SAVINGS FOR FY 2009/10</b>		\$	<b>(37)</b>
<b>TOTAL SAVINGS FOR LEASE COST FY 2009/10</b>		\$	<b>(1,032)</b>
<b>Total Net County Cost of 58.28%</b>		\$	<b>(601)</b>

## Exhibit B

### Mental Health Lease Cost Analysis for FY 2009/10 82632 Highway 111, Indio, California

#### Proposed Square Footage:

Office:	780 SQFT		
Cost per Square Foot:	\$	1.86	
Lease Cost per Month (July 1, 2010 - August 31, 2010)		\$1,445	
			<u>\$2,890</u>
Lease Cost per Month (September 1, 2010 - June 30, 2010)*		1,488	
*Includes a 3% increase			<u>14,884</u>
<b>Total Estimated Lease Cost for FY 2010/11:</b>			<b>\$17,774</b>

#### Estimated Additional Costs:

Utility Cost per Square Foot	\$0.12		
Estimated Utility Costs (July 1, 2010 - June 30, 2011)		1123	
<b>Total Estimated Utility Cost for FY 2010/11</b>			<b>\$1,123</b>
<b>EDA Lease Management Fee (Based @ 3.79%)</b>		<u>\$</u>	<u>674</u>
<b>Total Estimated Lease Cost FY 2010/11:</b>		<b>\$</b>	<b>19,570</b>
<b>Total Annual Net County Cost of 58.28%</b>		<b>\$</b>	<b>11,406</b>

1 **FIRST AMENDMENT TO LEASE**

2 (Department of Mental Health,  
82-632 Highway 111, Suite A-3, Indio, California 92201)

3 This FIRST AMENDMENT TO King Street Partners Lease ("First Amendment") is  
4 made as of November 25, 2009, by and between the **COUNTY OF RIVERSIDE**, a political  
subdivision of the State of California ("County"), and **KING STREET PARTNERS** ("Lessor").

5 1. **Recitals.**

6 a. County and King Street Partners ("Landlord") entered into that certain  
7 lease dated August 16, 2006, (the "Original Lease") pursuant to which County leased a portion  
8 of that certain building located at 82-632 Highway 111, Suite A-3, Indio, California (the  
"Building"), as more particularly shown on Exhibit "A", attached hereto and made a part hereof.

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

10 2. **Capitalized Terms:** First Amendment to Prevail. Unless defined herein or the  
11 context requires otherwise, all capitalized terms herein shall have the meaning defined in the  
12 Lease, as heretofore amended. The provisions of this First Amendment shall prevail over any  
13 inconsistency or conflicting provisions of the Lease, as heretofore amended, and shall  
supplement the remaining provisions thereof. The Lease remains in full force and effect  
except to the extent amended by this First Amendment.

14 3. **Extension of Term.** The Term of this First Amendment to Lease is hereby  
15 extended five (5) years. The extended term will commence on September 1, 2009 and will  
expire on August 31, 2014 ("Extended Term"). August 31, 2014 shall hereafter be the  
"Expiration Date".

16 4. **Rent During Extended Term.** Effective as of September 1, 2009, the monthly  
17 rental shall be decreased from \$1,544.52 to \$1,445.00. The monthly rent shall be increased on  
18 each anniversary of this extended term by an amount equal to three percent (3%) of such  
monthly rental.

19 5. Except as modified or supplemented by this First Amendment to Lease, all  
provisions of this Lease shall remain in full force and effect.

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1           6.       This First Amendment to Lease shall not be binding or consummated until its  
2 approval by the Riverside County Board of Supervisors.

3 Dated: FEB 9 2010

4 **KING STREET PARTNERS**

5  
6 By: 

7 Lawrence P. Langner  
Managing Partner

8 **ATTEST:**

9 Kecia Harper-Ihem  
Clerk of the Board

10  
11 By: 

12 **COUNTY OF RIVERSIDE**

13  
14 By: 

15 Marion Ashley, Chairman  
Board of Supervisors

16 **APPROVED AS TO FORM:**

17 Pamela J. Walls  
County Counsel

18  
19 By: 

20 Cynthia M. Gunzel  
Deputy County Counsel

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25  
HR:ra  
1/6/10  
IN069  
13.048

3.18 FEB 9 2010