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

FROM: Economic Development Agency

SUBMITTAL DATE:
January 20, 2010

SUBJECT: Second Amendment to Lease – Code Enforcement, Thousand Palms

RECOMMENDED MOTION: That the Board of Supervisors:

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

BACKGROUND: (Commences on Page 2)

FISCAL PROCEDURES APPROVED
 ROBERT E. BYRD, AUDITOR-CONTROLLER
 BY: Samuel Wong 3/16/10
 SAMUEL WONG

Robert Field
 Robert Field
 Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ (23,888)	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ (23,888)	Budget Adjustment:	Yes
	Annual Net County Cost:	\$169,960	For Fiscal Year:	09/10

SOURCE OF FUNDS: 100% General Fund	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input checked="" type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE
 BY: Jennifer L. Sargent
 County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Buster, Stone, Benoit and Ashley
 Nays: None
 Absent: Tavaglione
 Date: April 6, 2010
 xc: EDA, Code Enforcement, Auditor, EO

Kecia Harper-Ihem
 Clerk of the Board
 By: Kecia Harper-Ihem
 Deputy

Prev. Agn. Ref.: 7/31/07 3.47; 5/20/08 3.20 | District: 4 | Agenda Number:

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

3.39

Code Enforcement

John Boyd
 John Boyd, Director

FORM-APPROVED COUNTY COUNSEL
 BY: Synthia M. Gunzel 2-11-10
 SYNTHIA M. GUNZEL DATE

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

BACKGROUND:

The County of Riverside entered into a lease agreement on July 31, 2007, for the purpose of providing office space for the Code Enforcement office for the facility located 31-290 Plantation Drive in Thousand Palms. The Original Lease is due to expire on September 30, 2012. This Second Amendment to Lease will extend the Original Lease for an additional nine months, terminating as of June 30, 2013. The Economic Development Agency (EDA), Real Estate Division has negotiated the rent from \$2.36 per square foot to \$1.82 per square foot commencing January 1, 2010, which equates to a 20% savings in rent for the Department. An annual increase will not be applied during the remainder and extension of this Second Amendment to Lease.

Lessor: Corporate Way Four, LLC
45-445 Portola Avenue, Suite 5
Palm Desert, California 92260

Premises Location: 31-290 Plantation Drive
Thousand Palms, California 92276

Size: 7,050 square feet

Term: Nine (9) month extension, expiring June 30, 2013

Rent:	<u>Current Rent</u>	<u>New Rent</u>
	\$ 2.36 per square foot	\$ 1.82 per square foot
	\$ 16,667.00 per month	\$ 12,831.00 per month
	\$200,004.00 per year	\$153,972.00 per year

Savings per Square Foot:	20% decrease
Savings per Month:	\$3,195.29 per month
Savings per Year:	\$38,343.00 per year

Rental Adjustments: No Rental Adjustments

Custodial: Effective as of January 1, 2010 reduced to three (3) times per week

Utilities: County pays electric, Lessor pays all others.

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

Economic Development Agency
Second Amendment to Lease – Code Enforcement, Thousand Palms
January 20, 2010
Page 3

FINANCIAL DATA:

All associated costs for this Second Amendment to Lease Agreement will be fully funded through Code Enforcement's budget. Code Enforcement has budgeted these costs in FY 2009/2010. While EDA will front the costs for the Second Amendment to Lease with the property owners, Code Enforcement will reimburse EDA for all associated lease costs.

Schedule A

Decrease Appropriations:

10000-7200400000-526700 – Rent/Lease Buildings	(\$23,016)
10000-7200400000-572500 – Intra Leases	\$23,016

Exhibit A

Code Enforcement Lease Cost Analysis FY 2009/10 31-290 Plantation Drive, Thousand Palms, California

Total Square Footage to be Leased:

BUDGETED AMOUNTS

Current office:		7,050	SQFT		
Cost Per Sq. Ft:	\$	2.36			
Lease Cost per Month		\$	16,667.00		
Total Lease Cost included in Budget for FY 2009/10			<u>\$</u>	<u>16,667.00</u>	\$ 200,004.00

ACTUAL AMOUNTS

Current office:		7,050	SQFT		
Approximate Cost per SQFT (July - Dec)	\$	2.36			
Approximate Cost per SQFT (Jan - June)	\$	1.82			
Lease Cost per Month (July - Dec)	\$	16,667.00			
Lease Cost per Month (Jan - June)	\$	12,831.00			
Total Lease Cost (July - Dec)		\$	100,002.00		
Total Lease Cost (Jan - June)		\$	76,986.00		
Total Lease Cost for FY 2009/10			<u>\$</u>	<u>176,988.00</u>	\$ 176,988.00
TOTAL LEASE COST SAVINGS FOR FY 2009/10				<u>\$</u>	<u>(23,016.00)</u>

Estimated Additional Costs:

BUDGETED AMOUNTS

Utility Cost per Square Foot	\$	0.12			
Estimated Utility Costs per Month			\$	846.00	
Total Estimated Utility Cost for FY 2009/10				<u>\$</u>	<u>10,152.00</u>
Tenant Improvement Costs					N/A
RCIT Costs					N/A
EDA Lease Management Fee (Based @ 3.79%)				<u>\$</u>	<u>7,580.15</u>
Total Estimated Additional Costs included in Budget for FY 2009/10				<u>\$</u>	<u>17,732.15</u>

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$	0.12			
Estimated Utility Costs per Month			\$	846.00	
Total Additional Estimated Utility Cost for FY 2009/10 (July - June)				<u>\$</u>	<u>10,152.00</u>
Tenant Improvement Costs					N/A
RCIT Costs					N/A
EDA Lease Management Fee (Based @ 3.79%)		\$	6,707.85		
Total Estimated Additional Costs for FY 2009/10				<u>\$</u>	<u>16,859.85</u>
TOTAL ESTIMATED ADDITIONAL COST SAVINGS FOR FY 2009/10				<u>\$</u>	<u>(872.31)</u>
TOTAL SAVINGS FOR LEASE COST FY 2009/10					\$ (23,888.31)

Exhibit B

Code Enforcement Lease Cost Analysis FY 2010/11 31-290 Plantation Drive, Thousand Palms, California

Current Square Feet Occupied:

Office: 7,050 SQFT

Cost per Square Foot: \$ 1.82

Lease Cost per Month (July 1, 2010 -June 30, 2011)

\$ 12,831.00

Total Estimated Lease Cost for FY 2010/11

\$

153,972.00

Estimated Utility Costs:

Utility Cost per Square Foot \$ 0.12

Estimated Utility Costs (July 1, 2010 -June 30, 2011)

\$ 10,152.00

Total Estimated Utility Cost for FY 2010/11

\$

10,152.00

EDA Lease Management Fee (Based @ 3.79%)

\$

5,835.54

Total Estimated Lease Cost FY 2010/11:

\$

169,959.54

1 **SECOND AMENDMENT TO LEASE**

2 Code Enforcement

3 31-290 Plantation Drive, Thousand Palms, California

4 This SECOND AMENDMENT TO LEASE ("Second Amendment") is made as of
5 FEBRUARY 24, 2010, by and between the **COUNTY OF RIVERSIDE**, on behalf of
6 Code Enforcement, a political subdivision of the State of California ("County"), and
7 **CORPORATE WAY FOUR, LLC**, a California Limited Liability Company, herein called
8 ("Lessor").

9 **WITNESSETH:**

10 **WHEREAS**, Lessor and County entered into that certain Lease dated July 31,
11 2007 (the "Original Lease"), pursuant to which County leased the premises located at 31-290
12 Plantation Drive, Thousand Palms, California ("Leased Premises"), as more particularly
13 described on Exhibit "A," attached hereto and made a part hereof.

14 **WHEREAS**, the Original Lease has been amended by that certain First
15 Amendment of Lease dated May 20, 2008, by and between Lessor and County (the "First
16 Amendment").

17 **WHEREAS**, the term of the Lease, as heretofore amended, will expire
18 September 30, 2012. County and Lessor desire to further amend the Lease to extend the term
19 of the Lease, to modify the monthly rental payments and to otherwise modify the terms and
20 conditions of the Lease as set forth in this Second Amendment.

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

23 **1. Capitalized Terms; Second Amendment to Prevail.** Unless defined herein or
24 the context requires otherwise, all capitalized terms herein shall have the meaning defined in
25 the Lease, as heretofore amended. The provisions of this Second Amendment shall prevail
over any inconsistency or conflicting provisions of the Lease, as heretofore amended, and
shall supplement the remaining provisions thereof. The Lease remains the same and in full
force and effect except to the extent amended by this Second Amendment.

2. Extension of Term. Section 3(a) of the Original Lease is hereby amended as
follows: the Term of this Lease is hereby extended ("Extended Term") and will expire on June
30, 2013 ("Expiration Date").

3. Rent During Extended Term.

a. Section 5(a) of the Original Lease is hereby amended by the following: County
shall pay to the Lessor the monthly sum of Twelve Thousand Eight Hundred Thirty One
Dollars (\$12,831) as rent for the Leased Premises effective as of January 1, 2010, and
continue at this rate through the end of the lease term as amended herein Section 2 of this
Second Amendment.

4. Custodial Services. Section 6(a) of the Original Lease shall be amended as

1 follows: daily custodial services shall be reduced to three (3) days per week effective as of
2 January 1, 2010.

3 **5. Options to Terminate.**

4 **a.** Section 12(c) is hereby amended as follows: County shall have the right to
5 terminate this Lease by giving Lessor ninety (90) days' advanced written notice. County shall
6 have the option to occupy the Leased Premises during this period.

7 **b.** Section 12(d) is hereby amended as follows: County shall pay three (3) months
8 rental fees to Lessor in concurrence with the notice period in Section 12(c).

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6. Notices. Section 13 of the Original Lease shall be amended as follows:

County

County of Riverside
Economic Development Agency
Real Estate Division
3403 10th Street, Suite 500
Riverside, California 92501

Lessor

Corporate Way Four, LLC
45-445 Portola Avenue, Suite 5
Palm Desert, California 92260
Attn: Matthew V. Johnson

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

Dated: FEBRUARY 24, 2010

CORPORATE WAY FOUR, LLC, a
California Limited Liability Company

By: Matthew V. Johnson
Matthew V. Johnson
Title: MANAGING MEMBER

COUNTY OF RIVERSIDE

By: Marion Ashley
MARION ASHLEY Chairman
Board of Supervisors

ATTEST:

Kecia Harper-Ihem
Clerk of the Board

By: Kecia Harper-Ihem
Deputy

APPROVED AS TO FORM:

Pamela J. Walls
County Counsel

By: Synthia M. Gunzel
Synthia M. Gunzel
Deputy County Counsel

MT:jw
12/14/09
TP003
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