

FORM APPROVED COUNTY COUNSEL
 BY: Synthia M. Gunzel 5-17-10
 DATE: _____
 SYNTHIA M. GUNZEL

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

104



FROM: Economic Development Agency

SUBMITTAL DATE:
 June 3, 2010

SUBJECT: Second Amendment to Lease – Department of Mental Health, Riverside

RECOMMENDED MOTION: Department of Mental Health, Riverside

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 Economic Development Agency's FY 2009/2010 budget as outlined on Schedule A.

BACKGROUND: (Commences on Page 2)

FISCAL PROCEDURES APPROVED
ROBERT E. BYRD, AUDITOR-CONTROLLER
 BY: Samuel Wong 6/1/10
SAMUEL WONG

Robert Field
 Robert Field
 Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	(\$12,218)	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	(\$ 18)	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 735	For Fiscal Year:	09/10

SOURCE OF FUNDS: 15.62% Federal, 7.21% State, 54.11% MHTSA, 20.32% Grants MOU, .60% 3rd Party, 1.99% Other, .15% County

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
 Jennifer L. Sargent

County Executive Office Signature

By: Jerry Wengert
 Jerry Wengert, Director
 Department of Mental Health

Policy
 Policy

Consent
 Consent

Dept't Recomm.:
 Per Exec. Ofc.:

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Buster, Tavaglione, Stone and Benoit
 Nays: None
 Absent: Ashley
 Date: June 29, 2010
 xc: Mental Health, Auditor, EO, EDA

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

Prev. Agn. Ref.: 3.9 of 10/19/99; 3.16 of 4/22/08 | District: 1 | Agenda Number:

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

3.40

BACKGROUND:

This Second Amendment to Lease represents a request from Mental Health to extend the lease for its office located at 1827 Atlanta Avenue, Suite D1 thru D3, Riverside, California, commencing on May 1, 2010 through April 30, 2015. The lease rate continues to be below market, reflects current market conditions and is economically beneficial. This facility continues to meet the requirements of the department.

Lessor: Laguna Hills Allspace, GP
77-564 Country Club Drive, Suite 100
Palm Desert, California 92211

Premises Location: 1827 Atlanta Avenue, Suite D1 thru D3, Riverside, California

Size: 28,691 square feet

Term: May 1, 2010 through April 30, 2015

Rent:

	<u>Current</u>		<u>New</u>
	\$ 1.46	per sq. ft.	\$ 1.25 per sq. ft.
	\$ 41,749.45	per month	\$ 35,863.75 per month
	\$500,993.40	per year	\$430,365.00 per year

Rental Adjustments: Three (3%) percent annual increase

Utilities: County pays for electricity and phone, Landlord pays for all others services.

Custodial Services: Landlord

Maintenance: Landlord

Option to Terminate: Termination for any reason after one (1) year with one hundred-twenty (120) days advance written notice.

Termination Penalty: None

Improvements: None

RCIT Costs: None

BACKGROUND: (Continued)

Market Data:	1020-1040 Iowa Avenue, Riverside	\$1.35
	1485 Spruce Street, Riverside	\$1.15

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

FINANCIAL DATA:

All associated costs for this Second Amendment to Lease will be fully funded through the Department of Mental Health budget. The Department of Mental Health has budgeted these costs in FY 09/2010. While EDA will front the costs for the Second Amendment to Lease with the property owners, the Department of Mental Health will reimburse EDA for all association lease costs.

Schedule A

Decrease Appropriations:

10000-7200400000-526700 – Rent/Lease Buildings	\$(11,771)
10000-7200400000-572500 – Intra Leases	\$11,771

Exhibit A

Department of Mental Health Lease Cost Analysis FY 2009/10 1827 Atlanta Avenue, Suites D1-D3, Riverside, California

Total Square Footage to be Leased:

BUDGETED AMOUNTS

Current office:	28,691	SQFT	
Cost Per Sq. Ft:	\$	1.46	
Lease Cost per Month		\$ 41,749.45	
Total Lease Cost included in Budget for FY 2009/10		<u>\$</u>	500,993.40

ACTUAL AMOUNTS

Current office:	28,691	SQFT	
Approximate Cost per SQFT (July - April)			
Base Rent	\$	1.15	
Tenant Improvements	\$	0.31	
Total Rent	\$	1.46	
Approximate Cost per SQFT (May - June)			
Lease Cost per Month (July - April)	\$	41,749.45	
Lease Cost per Month (May - June)	\$	35,863.75	
Total Lease Cost (July - April)		<u>\$ 417,494.50</u>	
Total Lease Cost (May - June)		<u>\$ 71,727.50</u>	
Total Lease Cost for FY 2009/10			\$ 489,222.00
TOTAL LEASE COST SAVINGS FOR FY 2009/10			\$ (11,771.40)

Estimated Additional Costs:

BUDGETED AMOUNTS

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month		<u>\$ 3,442.92</u>	
Total Estimated Utility Cost for FY 2009/10			\$ 41,315.04
Tenant Improvement Costs		N/A	
RCIT Costs		N/A	
EDA Lease Management Fee (Based @ 3.79%)			\$ 18,987.65
Total Estimated Additional Costs included in Budget for FY 2009/10			\$ 60,302.69

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month		<u>\$ 3,442.92</u>	
Total Additional Estimated Utility Cost for FY 2009/10 (July - June)			\$ 41,315.04
EDA Lease Management Fee (Based @ 3.79%)		\$ 18,541.51	
Total Estimated Additional Costs for FY 2009/10			\$ 59,856.55
TOTAL ESTIMATED ADDITIONAL COST SAVINGS FOR FY 2009/10			\$ (446.14)
TOTAL SAVINGS FOR LEASE COST FY 2009/10			\$ (12,217.54)
Total Net County Cost @ .15%			\$ (18.33)

EXHIBIT B

Department of Mental Health Lease Cost Analysis for FY 2010/11 1827 Atlanta Avenue, Suites D1-D3, Riverside, California

Current Square Feet Occupied:

Office:	28,691	SQFT		
Cost per Square Foot:	\$	1.25		
Lease Cost per Month (July 1, 2010 - April 30, 2011)			<u>35,863.75</u>	\$ 358,637.50
Cost Per Square Foot:	\$	1.29		
Lease Cost per Month (May 1, 2011 - June 30, 2011)			<u>\$ 36,939.66</u>	
Annual Increase 3%				<u>\$ 73,879.32</u>
Total Estimated Lease Cost for FY 2010/11				\$ 432,516.82
<u>Estimated Utility Costs:</u>				
Utility Cost per Square Foot	\$	0.12		
Estimated Utility Costs (July 1, 2010 - April 30, 2011)			\$ 34,429.20	
Estimated Utility Costs (May 1, 2011 - June 30, 2011)			\$ 6,885.84	
Total Estimated Utility Cost for FY 2010/11				\$ 41,315.04
EDA Lease Management Fee (Based @ 3.79%)				\$ 16,392.39
Total Estimated Lease Cost FY 2010/11:				\$ 490,224.25
Total Net County Cost @ .15%				\$ 735.34

SECOND AMENDMENT TO LEASE
1827 Atlanta Avenue, D1-D3, Riverside, California

This **SECOND AMENDMENT TO LEASE** ("Second Amendment") is made as of June 29, 2010 by and between the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California ("County"), and **LAGUNA HILLS ALLSPACE, GP.**, ("Lessor").

1. Recitals.

a. Lessor (as the successor-in-interest to Property Asset Management, Inc., a Delaware Corporation) and County are parties that certain lease dated October 19, 1999, (the "Original Lease") pursuant and County entered into that certain lease dated October 19, 1999, (the "Original Lease") pursuant to which County leased a portion of that certain building located at 1827 Atlanta Avenue, Riverside, California (the "Building"), as more particularly shown on Exhibit "A", attached hereto and made a part hereof.

b. The Original Lease has been amended by:

i. That certain First Amendment to Lease dated April 22, 2008, (the "First Amendment").

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

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

2. Capitalized Terms: Second Amendment to Prevail. Unless defined herein or the context requires otherwise, all capitalized terms herein shall have the meaning defined in 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 in full force and effect except to the extent amended by this Second Amendment.

3. Lease Term. Section 3 of the Lease shall be amended as follows: The term of this Lease shall be extended sixty (60) months commencing on May 1, 2010 and terminating on April 30, 2015.

4. Rent. Section 5 of the Lease shall be amended as follows: Monthly rent shall be paid as follows through the extended term:

<u>Monthly Rent Amount</u>	<u>Time Period</u>
\$35,863.75	May 1, 2010 to April 30, 2011
\$36,939.66	May 1, 2011 to April 30, 2012
\$38,047.85	May 1, 2012 to April 30, 2013
\$39,189.29	May 1, 2013 to April 30, 2014
\$40,364.97	May 1, 2014 to April 30, 2015

1 **5. Options to Terminate.** Section 12 Subsection (d) of the Lease shall be
2 amended as follows:

3 (d) Following the execution and delivery of this Second Amendment,
4 County shall have the right to terminate this Lease after one year with one hundred twenty
5 (120) days advance written notice provided state funding is withdrawn for The Department of
6 Mental Health located at Atlanta Avenue, Riverside, California.

7 **6. Notices.** Section 13 of the Lease shall be amended as follows. Any notices
8 required or desired to be served by either party upon the other shall be addressed to the
9 respective parties as set forth below:

10	COUNTY:	LESSOR:
11	Economic Development Agency	Laguna Hills Allspace, GP
12	County of Riverside	Dennis French
13	3403 Tenth Street, Suite 500	77-564 Country Club Dr., Suite 100
14	Riverside, California 92501	Palm Desert, California 92211

15 **7.** Except as modified or supplemented by this Second Amendment to Lease, all
16 provisions of this Lease shall remain in full force and effect.

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

Dated: _____


LAGUNA HILLS SPACE GP

By: 
Dennis D. French, Managing Partner

COUNTY OF RIVERSIDE

By: 
Marion Ashley, Chairman
Board of Supervisors

ATTEST:
Kecia Harper-Ihem
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM:
Pamela J. Walls
County Counsel

By: 
Synthja M. Gunzel
Deputy County Counsel

MH:jw
05/04/10
RV241
13.257