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

FROM: Economic Development Agency

SUBMITTAL DATE:
September 16, 2010

SUBJECT: Fourth Amendment to Lease – Department of Public Social Services, Temecula

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Fourth Amendment to Lease and authorize the Chairman of the Board to execute the same on behalf of the County of Riverside (County); and
2. Authorize the Auditor-Controller to adjust the Economic Development Agency's (EDA) FY 2010/11 budget as outlined on Schedule A.

BACKGROUND: (Commences on Page 2)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 332	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 19	Budget Adjustment:	Yes
	Annual Net County Cost:	\$12,218	For Fiscal Year:	2010/11
SOURCE OF FUNDS: Federal 59.1%; State 35.3%; County 5.6%			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

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Stone, seconded by Supervisor Buster 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: September 28, 2010
 xc: EDA, DPSS, Auditor, EO

Kecia Harper-Ihem
 Clerk of the Board
 By:
 Deputy

Prev. Agn. Ref.: 3.5 of 3/13/95; 3.25 of 8/13/02; 3.14 of 3/11/03; 3.28 of 6/5/2007

District: 3

Agenda Number:

3.32

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

By:
 Susan Loew, Director
 Department of Public Social Services
 By:
 SAMUEL WONG
 FORM APPROVED COUNTY COUNSEL
 BY:
 CYNTHIA M. GUNZEL
 DATE: 9-13-10
 Department Concurrence

FINANCIAL PROCEEDINGS
 ROBERT E. BYRD, AUDITOR-CONTROLLER
 BY:
 SAMUEL WONG

Policy Consent
 Policy Consent

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

BACKGROUND:

On January 3, 1995, the Board of Supervisors entered into a lease for 10,142 square feet of office space at 43264 Business Park Drive, Temecula, which will expire on May 31, 2010. The facility is occupied by the Department of Public Social Services (DPSS), Temporary Assistance and Medical Division (TAMD), and continues to meet the needs of the department. This fourth amendment to lease extends the term three years, commencing on June 1, 2010, and terminating on May 31, 2013.

Lessor: Save- Most Desert Rancho, Ltd.
23272 Mill Creek Drive, Suite 330
Laguna Hills, California 92653

Premises Location: 43264 Business Park Drive
Temecula, California

Size: Approximately 10,124 square feet

Term: Three (3) year lease extension effective as of
June 1, 2010, through May 31, 2013

Rent:	<u>Current Rent</u>	<u>New Rent</u>
	\$ 1.84 per square foot	\$ 1.58 per square foot
	\$ 18,655.00 per month	\$ 16,000.00 per month
	\$223,860.00 per year	\$192,000.00 per year
	Savings per Square Foot:	14% decrease
	Savings per Month:	\$ 2,655.00 per month
	Savings per Year:	\$31,860.00 per year

Rental Adjustments: 2% annual increase with one 2-year option to renew lease with
3% annual increase

Utilities: County pays Electric

Improvements: Replacement of vinyl flooring in the employee's restroom at
landlord's expense.

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

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FINANCIAL DATA:

All associated costs for this fourth amendment to lease agreement will be fully reimbursed by DPSS through Federal, State, and County Funds. DPSS has budgeted these costs in FY 2010/11. While EDA will front the costs for this fourth amendment to lease with the property owners, DPSS will reimburse EDA for all associated lease costs.

Schedule A

Increase Appropriations:

47220-7200400000-526700 – Rent/Lease Buildings	\$320
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Increase Estimated Revenue

47220-7200400000-777330 – Lease Services	\$320
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Exhibit A

DPSS Lease Cost Analysis FY 2010/11 43264 Business Park Drive, Temecula, California

Total Square Footage to be Leased:

BUDGETED AMOUNTS

Current office:		10,124		SQFT
Cost Per Sq. Ft:	\$		1.58	
Lease Cost per Month			\$	16,000.00
Total Lease Cost included in Budget for FY 2010/11			\$	192,000.00

ACTUAL AMOUNTS

Current office:		10,124		SQFT
Approximate Cost per SQFT (July - May)	\$		1.58	
Approximate Cost per SQFT (June)	\$		1.61	
Lease Cost per Month (July - May)	\$		16,000.00	
Lease Cost per Month (June)	\$		16,320.00	
Total Lease Cost (July - May)			\$	176,000.00
Total Lease Cost (June)			\$	16,320.00
Total Lease Cost for FY 2010/11			\$	192,320.00
TOTAL LEASE COST INCREASE FOR FY 2010/11			\$	320.00

Estimated Additional Costs:

BUDGETED AMOUNTS

Utility Cost per Square Foot	\$		0.12	
Estimated Utility Costs per Month			\$	1,214.88
Total Estimated Utility Cost for FY 2010/11			\$	14,578.56
EDA Lease Management Fee (Based @ 3.79%)			\$	7,276.80
Total Estimated Additional Costs included in Budget for FY 2010/11			\$	21,855.36

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$		0.12	
Estimated Utility Costs per Month			\$	1,214.88
Total Additional Estimated Utility Cost for FY 2010/11 (July - June)			\$	14,578.56
EDA Lease Management Fee (Based @ 3.79%)			\$	7,288.93
Total Estimated Additional Costs for FY 2010/11			\$	21,867.49
TOTAL ESTIMATED ADDITIONAL COST FOR FY 2010/11			\$	12.13
TOTAL LEASE COST FY 2010/11			\$	332.13
TOTAL COUNTY COST AT 5.6%			\$	18.60

Exhibit B

DPSS Lease Cost Analysis FY 2011/12 43264 Business Park Drive, Temecula, California

Current Square Feet Occupied:

Office:		10,124	SQFT		
Cost per Square Foot:	\$		1.61		
Lease Cost per Month (July 1, 2011 -May 31, 2012)			<u>\$</u>	<u>16,320.00</u>	
				\$	179,520.00
Cost per Square Foot:	\$		1.64		
Lease Cost per Month (June 1, 2012 -June 30, 2012)			<u>\$</u>	<u>16,646.00</u>	
				\$	16,646.00
Total Estimated Lease Cost for FY 2011/12				<u>\$</u>	<u>196,166.00</u>

Estimated Utility Costs:

Utility Cost per Square Foot	\$		0.12		
Estimated Utility Costs per Month (July 1, 2011 -June 30, 2012)			<u>\$</u>	<u>1,214.88</u>	
Total Estimated Utility Cost for FY 2011/12				\$	14,578.56
EDA Lease Management Fee (Based @ 3.79%)				<u>\$</u>	<u>7,434.69</u>
Total Estimated Lease Cost FY 2011/12:				\$	218,179.25
Total County Cost at 5.6%				\$	12,218.04

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FOURTH AMENDMENT TO LEASE
Department of Public Social Services
43264 Business Park Drive, Temecula, California

This FOURTH AMENDMENT TO Lease ("Fourth Amendment") is made as of June 21, 2010, by and between the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California, herein called ("County"), and **SAVE MOST DESERT RANCHO LTD.**, a California limited partnership, herein called ("Lessor").

1. Recitals.

a. The County of Riverside ("County"), as Lessee, and Save Most Desert Rancho LTD., as Lessor, entered into that certain Lease dated January 3, 1995 (the "Original Lease"), for the premises located at 43264 Business Park Drive, Temecula, California, as more particularly shown on Exhibit "A" to the Original Lease.

b. The Original Lease has been amended by:

i. That certain First Amendment to Lease dated August 13, 2002, by and between the County and Foothill Business Park Temecula, LLC, successor-in-interest to Westpark Industrial, Ltd., (the "First Amendment").

ii. That certain Second Amendment to Lease dated March 11, 2003, by and between the County and Save Most Desert Rancho Ltd., successor-in-interest to Foothill Business Park Temecula, LLC, (the "Second Amendment").

iii. That certain Third Amendment to Lease dated June 5, 2007, by and between the County and Save Most Desert Rancho Ltd., (the "Third Amendment").

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

2. Lease Term Extension. Section 1 of the Third Amendment to Lease is hereby amended as follows: The Term of this Lease shall be extended for a period of three (3) years effective as of June 1, 2010, and terminating May 31, 2013.

3. Rent During Extended Term. Section 2 of the Third Amendment to Lease is hereby amended as follows: County shall pay to the Lessor the monthly sum of Sixteen Thousand Dollars (\$16,000) per month as rent for the leased premises. Rent payable by County during the extended term under this Fourth Amendment to Lease shall be increased two percent (2%) on each anniversary of the Lease

4. Option to Extend. Section 3 of the Third Amendment to Lease is hereby amended as follows: County shall have one (1) option to extend Lease for a period of two (2) years. The option shall be exercised by County giving Lessor notice of its election therefore, in writing, no later than thirty (30) days prior to the expiration of the extended term

ORIGINAL

SEP 28 2010 3.32

1 **5. Option Rent.** Section 4 of the Third Amendment to Lease is hereby amended
2 as follows: The rent payable by County during the option period under this Fourth Amendment
3 to Lease shall be increased two percent (2%) on each anniversary of the Lease.

4 **6. Tenant Improvements.** Lessor shall complete the following Tenant
5 Improvements within sixty (60) days after the execution of this Fourth Amendment to Lease:

6 a. Replace vinyl flooring in the men's and women's employee restrooms.
7 The cost for the above referenced Tenant Improvements shall be paid in full by the Lessor.

8 **7. Notices.** Section 13 of the Original Lease is hereby amended as follows:

9 Information Copy to:

10 County of Riverside
11 Economic Development Agency
12 Real Estate Division
13 3403 Tenth Street, Suite 500
14 Riverside, California 92501

15 **8. County's Representative.** Section 19 of the Original Lease is hereby
16 amended in its entirety as follows: County hereby appoints the Assistant County Executive
17 Officer of the Economic Development Agency as its authorized representative to administer
18 this Lease.

19 **9. Capitalized Terms:** Fourth Amendment to Prevail. Unless defined herein or
20 the context requires otherwise, all capitalized terms herein shall have the meaning defined in
21 the Lease, as heretofore amended. The provisions of this Fourth Amendment shall prevail
22 over any inconsistency or conflicting provisions of the Original Lease, as heretofore amended,
23 and shall supplement the remaining provisions thereof. The Original Lease remains in full
24 force and effect except to the extent amended by this Fourth Amendment.

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