

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

524



FROM: Economic Development Agency

SUBMITTAL DATE:
February 3, 2011

SUBJECT: Fourth Amendment to Lease – Community Health Agency, Hemet

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify the attached Fourth Amendment to Lease and authorize the Chairman of the Board to execute same on behalf of the County; and
2. Approve and direct the Auditor-Controller to make the budget adjustment as shown on Schedule A.

BACKGROUND: (Commences on Page 2)

Lisa Brandl for

Robert Field
Assistant County Executive Officer/EDA
By Lisa Brandl, Assistant Director

| | | | | |
|--|--------------------------------------|------------|---|-------------------------------------|
| FINANCIAL DATA | Current F.Y. Total Cost: | (\$22,803) | In Current Year Budget: | No |
| | Current F.Y. Net County Cost: | \$ 0 | Budget Adjustment: | Yes |
| | Annual Net County Cost: | \$ 0 | For Fiscal Year: | 2010/11 |
| SOURCE OF FUNDS: Permit and Services Fees = 100% (63% DEH-DES & 37% DEH-HM) | | | 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 Jennifer L. Sargent

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Ashley 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 15, 2011
xc: EDA, Environmental Health, Auditor, EO

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

Prev. Agn. Ref.: 3.11 of 3/28/00, 3.6 of 10/24/00, 3.13 of 4/19/05, 3.43 of 7/31/07

District: 3

Agenda Number:

3.11

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: *Samuel Wong* 2/3/11
FORM APPROVED COUNTY COUNSEL
BY: *Synthia M. Gurel* 7-12-10
DATE: _____
BY: *Steve Van Stockum*
Steve Van Stockum, Director
Department of Environmental Health

Policy Consent
Policy Consent

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

BACKGROUND:

The Community Health Agency has occupied space for their Department of Environmental Health and Animal Services at 800 S. Sanderson, Hemet, California since 2000, expanding in size over the years to meet the program demands. The location continues to be well suited for the Community Health Agency. The Economic Development Agency, Real Estate Division (EDA), has renegotiated a 5 year lease renewal with a rental rate reduction of 9%, saving the Department \$21,970 per year.

Lessor: HUB Enterprises, a California limited partnership

Premises Location: 800 S. Sanderson Avenue, Hemet, California 92543

Size: 13,482 sq. ft.

Term: Five (5) year term

Rent:

| | <u>Current</u> | <u>New</u> |
|--|------------------------|------------------------|
| | \$ 1.44 per sq. ft. | \$ 1.30 per sq. ft. |
| | \$ 19,357.44 per month | \$ 17,526.60 per month |
| | \$232,289.28 per year | \$210,319.20 per year |

Savings

| | |
|-------------|-------------|
| Per Sq. Ft. | \$.14 |
| Per Month | \$ 1,830.84 |
| Per Year | \$21,970.08 |

Rental Adjustments: 3% on years 3-5

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

Custodial Services: Landlord

Maintenance: Landlord

Improvements: None

RCIT Costs: None

(Continued)

Economic Development Agency
Fourth Amendment to Lease – Community Health Agency, Hemet
February 3, 2011
Page 3

BACKGROUND: (Continued)

| | | |
|--------------|-------------------------------|--------|
| Market Data: | 2091 W. Florida Avenue, Hemet | \$1.50 |
| | 1260 E. Latham Avenue, Hemet | \$1.50 |

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

FINANCIAL DATA:

All associated costs for this Fourth Amendment to Lease will be fully funded through the Community Health Agency budget. While EDA will front the costs for this Lease with the property owner, the Community Health Agency will reimburse EDA for all associated lease costs.

Attachments:

Schedule A
Exhibit A
Fourth Amendment to Lease

Schedule A

Decrease Estimated Revenue:

| | |
|--|----------|
| 47220-7200400000-777330 – Leasing Services | \$21,970 |
|--|----------|

Decrease Appropriations:

| | |
|--|----------|
| 47220-7200400000-526700 – Rent/Lease Buildings | \$21,970 |
|--|----------|

Exhibit A

Community Health Agency Lease Cost Analysis FY 2010/11 800 S. Sanderson Avenue, Hemet, California

Square Footage-Current & New:

BUDGETED AMOUNTS

| | | | |
|---|-------------|--------------|---------------|
| Current office: | 13,482 SQFT | | |
| Cost Per Sq. Ft: | \$ 1.44 | | |
| Lease Cost per Month | | \$ 19,357.44 | |
| Total Lease Cost included in Budget for FY 2010/11 | | | \$ 232,289.28 |

ACTUAL AMOUNTS

| | | | |
|--|---------|---------------|----------------|
| Proposed Office: | 13,482 | | |
| Approximate Cost per SQFT (Jul-Jun) | \$ 1.30 | | |
| Lease Cost per Month (Jul -Jun) | | \$ 17,526.60 | |
| Total Lease Cost for FY 2010/11 | | \$ 210,319.20 | |
| TOTAL LEASE COST SAVINGS FOR FY 2010/11 | | | \$ (21,970.08) |

Estimated Additional Costs:

BUDGETED AMOUNTS

| | | | |
|---|-------------|--------------|--------------|
| Utility Cost per Square Foot | \$ 0.12 | | |
| Estimated Utility Costs per Month | \$ 1,617.84 | | |
| Total Estimated Utility Cost for FY 2010/11 | | \$ 19,414.08 | |
| EDA Lease Management Fee (Based @ 3.79%) | | \$ 8,803.76 | |
| Total Estimated Additional Costs included in Budget for FY 2010/11 | | | \$ 28,217.84 |

ACTUAL AMOUNTS

| | | | |
|---|-------------|--------------|----------------|
| Utility Cost per Square Foot | \$ 0.12 | | |
| Estimated Utility Costs per Month | \$ 1,617.84 | | |
| Total Additional Estimated Utility Cost for FY 2010/11 (July - June) | | \$ 19,414.08 | |
| EDA Lease Management Fee (Based @ 3.79%) | | \$ 7,971.10 | |
| Total Estimated Additional Costs for FY 2010/11 | | \$ 27,385.18 | |
| TOTAL ESTIMATED ADDITIONAL COST SAVINGS FOR FY 2010/11 | | | \$ (832.66) |
| TOTAL SAVINGS FOR LEASE COST FY 2010/11 | | | \$ (22,802.74) |

1 **FOURTH AMENDMENT TO LEASE**
2 **800 S. Sanderson Avenue, Hemet, California**

3 This **FOURTH AMENDMENT TO LEASE** ("Fourth Amendment") is made as of
4 FEBRUARY 15, 2011, 2011 by and between the **COUNTY OF RIVERSIDE**, a political
5 subdivision of the State of California ("County"), and **HUB Enterprise**, a California limited
6 partnership ("Lessor").

7 **1. Recitals.**

8 a. Lessor and County entered into that certain lease dated March 28,
9 2000, (the "Original Lease") pursuant to which County leased a portion of that certain building
10 located at 800 S. Sanderson Avenue, Hemet, California (the "Building"), as more particularly
11 shown on Exhibit "A", attached hereto and made a part hereof.

12 b. The Original Lease has been amended by:

13 i. That certain First Amendment to Lease dated October 24, 2000,
14 (the "First Amendment").

15 ii. That certain Second Amendment to Lease dated April 19, 2005,
16 (the "Second Amendment").

17 iii. That certain Third Amendment to Lease dated July 31, 2007,
18 (the "Third Amendment").

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

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

23 **2. Capitalized Terms:** Fourth 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 Fourth 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 Fourth Amendment.

3. Lease Term. Section 2 of the Second Amendment to Lease shall be amended
as follows: The term of this Lease shall be extended sixty (60) months commencing on
January 1, 2011 and terminating on December 31, 2015.

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///

1 **4. Rent.** Section 3 of the Second Amendment to Lease shall be amended as
2 follows: Monthly rent shall be paid as follows through the extended term:

| <u>Monthly Amount</u> | <u>Year</u> |
|-----------------------|--------------------------------------|
| \$17,526.60 | January 1, 2011 to December 31, 2011 |
| \$17,526.60 | January 1, 2012 to December 31, 2012 |
| \$18,052.40 | January 1, 2013 to December 31, 2013 |
| \$18,593.97 | January 1, 2014 to December 31, 2014 |
| \$19,151.79 | January 1, 2015 to December 31, 2015 |

3
4
5
6 **5. Notices.** Section 13 of the Lease shall be amended as follows. Any notices
7 required or desired to be served by either party upon the other shall be addressed to the
8 respective parties as set forth below:

9 **COUNTY:**

10 **LESSOR:**

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

15 HUB Enterprise, a California limited partnership
16 29826 Haun Road, Suite 305
17 Menifee, California 92586

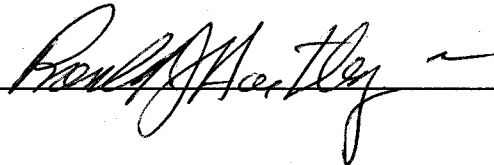
18 **6.** Except as modified or supplemented by this Fourth Amendment to Lease, all
19 provisions of this Lease shall remain in full force and effect.

20 ///
21 ///
22 ///

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

3 Dated: _____

4 **HUB ENTERPRISES,**
5 a California limited partnership

6 By: 

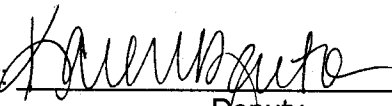
7 By: _____

8
9
10 **COUNTY OF RIVERSIDE**

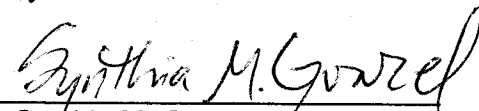
11 By: 

12 Bob Buster, Chairman
13 Board of Supervisors

14 **ATTEST:**
15 Kecia Harper-Ihem
16 Clerk of the Board

17 By: 
18 Deputy

19 **APPROVED AS TO FORM:**
20 Pamela J. Walls
21 County Counsel

22 By: 
23 Cynthia M. Gunzel
24 Deputy County Counsel

25
MH:jw
06/16/10
HM029
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