

507



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

FROM: Economic Development Agency

SUBMITTAL DATE:
February 2, 2011

SUBJECT: First Amendment to Lease - Assessor-County Clerk-Recorder, Riverside

RECOMMENDED MOTION: That the Board of Supervisors approve the attached First Amendment to Lease and authorize the Chairman of the Board to execute same on behalf of the county.

BACKGROUND: This First Amendment to Lease represents a request from the Assessor-County Clerk-Recorder (ACR) to extend the lease for their facility consisting of approximately 18,537 square feet, located at 2720 Gateway Drive, Riverside, California. This facility is adjacent to the facility located at 2724 Gateway Drive, Riverside, an office and warehouse facility consisting of approximately 102,000 square feet also occupied by the Assessor-County Clerk-Recorder, as well as the Registrar of Voters (ROV).

(Continued)

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY Samuel Wong 2/1/11
SAMUEL WONG

Robert Field
Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 116,394	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010/11

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: 100 % Clerk and Recorder Trust Fund	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input 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 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, ACR, Auditor

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

Prev. Agn. Ref.: 3.5 of 10/31/00

District: 1

Agenda Number: **3.13**

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL
BY: Anthony H. Gunzel 1-30-11
DATE: _____
Dep. Secretary of Public Works

By: Larry Ward
Larry Ward, Assessor - Clerk Recorder
Assessor, Clerk Recorder

Dept' Recomm.: Consent
Per Exec. Ofc.: Consent
Policy: Policy

BACKGROUND: (Continued)

In 2010, ROV requested to relocate and expand their operations out of the 2724 Gateway Drive facility. ROV indicated that their space needs exceeded the size of the existing space. In the event the ROV relocates, it is the desire of the ACR's office to relocate their staff from 2720 Gateway Drive into the vacated ROV space at 2724 Gateway Drive, and terminate the lease agreement at 2720 Gateway Drive.

Currently, the lease agreement for 2720 Gateway Drive is scheduled to expire on April 11, 2011. The ACR continues to need the space for its operations. Therefore, the real estate division has negotiated a lease extension with the owner of the property which will expire September 2, 2017. In addition, the lease term extension includes a lease termination right in favor of the county which grants the county the right to terminate the lease for any reason after 30 months. This termination right will provide the county with the flexibility, if required, to terminate and relocate the ACR staff into the 2724 Gateway Drive facility. In addition, staff has negotiated the expiration date of the extended lease to September 2, 2017, to coincide with the expiration date of the lease on 2724 Gateway Drive.

The costs have been fully budgeted in fiscal year 2010/11 and actual expenditures are expected to be at budgeted levels.

Lessor: Hazelton Properties, LLC
1831 Deerhill Trail
Topanga, California 90290

Premises Location: 2720 Gateway Drive
Riverside, California 90507

Size: 18,539 sq. ft.

Term: Approximately eighty one (81) months.

Rent:	<u>Current</u>	<u>New</u>
	\$ 1.90 per sq. ft.	\$ 1.90 per sq. ft.
	\$ 35,237.85 per month	\$ 35,237.85 per month
	\$422,854.20 per year	\$ 422,854.20 per year

Rental Adjustments: Three (3%) percent annually.

Utilities: County pays for electric, gas, water, trash and sewer.

Custodial: Lessor

Maintenance: Lessor

Option to Terminate: Termination for any reason after two and a half (2 ½) years with (60) days written notice.

(Continued)

BACKGROUND: (Continued)

Improvements: At Lessor's sole cost and expense.

RCIT Costs: None.

Market Data: 1595 Spruce Street \$1.85 psf
6465 Sycamore Canyon \$1.95 psf

FINANCIAL DATA:

All associated costs for this First Amendment to Lease will be fully funded through the ACR, which has budgeted these costs in FY2010/11. While the Economic Development Agency (EDA) will front the cost for the First Amendment to Lease with the property owners, ACR will reimburse EDA for all associated lease costs.

ATTACHMENTS:

Exhibit A
First Amendment to Lease

Exhibit A

Assessor, Clerk/Recorder Lease Cost Analysis FY 2010/11 2720 Gateway Drive, Riverside, California

Square Footage-Current & New:

BUDGETED AMOUNTS

Current office:	18,539	SQFT	
Cost Per Sq. Ft:	\$	1.90	
Lease Cost per Month		\$	35,237.85
Total Lease Cost included in Budget for FY 2010/11			\$ 422,854.20

ACTUAL AMOUNTS

Proposed Office:	18,539		
Approximate Cost per SQFT	\$	1.90	
Lease Cost per Month (July-March)	\$	35,237.85	
Lease Cost per Month (April-June)	\$	35,237.85	
Total Base Rent (July-March)		\$	317,141
Total Base Rent (April-June)		\$	105,714
Total Lease Cost for FY 2010/11			\$ 422,854.20
TOTAL CHANGE IN LEASE COST FOR FY 2010/11			\$ -

Estimated Additional Costs:

BUDGETED AMOUNTS

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month	\$	2,224.68	
Total Estimated Utility Cost for FY 2010/11			\$ 26,696.16
EDA Lease Management Fee (Based @ 3.79%)		\$	16,026.17
Total Estimated Additional Costs included in Budget for FY 2010/11			\$ 42,722.33

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month	\$	2,224.68	
Estimated Utility Costs (July-March)	\$	20,022.12	
Estimated Utility Costs (April-June)	\$	6,674.04	
Total Additional Estimated Utility Cost for FY 2010/11			\$ 26,696.16
EDA Lease Management Fee (Based @ 3.79%)		\$	16,026.17
Total Estimated Additional Costs for FY 2010/11			\$ 42,722.33
TOTAL ESTIMATED ADDITIONAL COST SAVINGS FOR FY 2010/11			\$ -
TOTAL ADDITIONAL LEASE COST FY 2010/11			\$ -

Amendment Lease Costs (April-June)

Amendment Base Rent (April-June)	\$	105,713.55
EDA Lease Management Fee (Based @ 3.79%)	\$	4,006.54
Amendment Utility Cost (July-March)	\$	6,674.04
Total Amendment Lease Costs FY2010/11 (April-June)		\$ 116,394.13

1 **FIRST AMENDMENT TO LEASE**

2 (Assessor, Clerk/Recorder

3 2720 Gateway Drive, Riverside, California 92507)

4
5 This **FIRST AMENDMENT TO LEASE** ("First Amendment") is made as of
6 February 15, 2011 by and between the **COUNTY OF RIVERSIDE**, a political subdivision of
7 the State of California ("County"), and **HAZELTON PROPERTIES, LLC** a California Limited
8 Liability Company, ("Lessor").

9 **1. Recitals.**

10 a. Lessor and County entered into that certain Lease dated October 31,
11 2000, (the "Original Lease") pursuant to which County leased that certain building located at
12 2720 Gateway Drive, Riverside, California (the "Building"), as more particularly shown on
13 Exhibit "A", attached hereto and made a part hereof.

14 b. On July 28, 2003, Springs Gateway Building Partnership, a California
15 Limited Partnership, ("Lessor") assigned its Lease interest to Hazelton Properties, LLC a
16 California Limited Liability Company. Hazelton Properties, LLC a California Limited Liability
17 Company assumes all the rights and obligations of the lease accruing from and after the
18 recordation date of July 28, 2003. Therefore, Hazelton Properties, LLC a California Limited
19 Liability Company is the ("Lessor").

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

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

24 **2. Capitalized Terms:** First Amendment to Prevail. Unless defined herein or the
25 context requires otherwise, all capitalized terms herein shall have the meaning defined in the
26 Lease, as heretofore amended. The provisions of this First Amendment shall prevail over any
27 inconsistency or conflicting provisions of the Lease, as heretofore amended, and shall
28 supplement the remaining provisions thereof.

1 **3. Lease Term.** Section 3(a) of the Lease shall be amended as follows: The term
2 of this Lease Agreement shall be extended, herein the "Extended Lease Term" commencing on
3 April 10, 2011 and terminating on September 2, 2017. September 2, 2017 shall hereafter be
4 the "Expiration Date".

5 **4. Option to Extend.** Section 4 of the Original Lease shall be deleted in its
6 entirety.

7 **5. Rent.** Section 5(a) of the Lease shall be amended as follows: The rent for the
8 Leased premises for the Extended Lease Term shall be Thirty five thousand, two hundred thirty
9 seven dollars and eighty five cents (\$35,237.85) per month, payable on the first day of the
10 month.

11 a. Section 5(b) is hereby amended as follows: During the Extended Lease
12 Term, the rent shall be increased annually by three percent (3%) on each anniversary of the
13 First Amendment to Lease beginning with the second Lease year of the Extended Lease Term.

14 **6. Improvements by Lessor.** Section 9 (a) is hereby amended as follows:
15 Lessor at its sole cost and expense shall remove the wall paper from lobby and repaint the
16 entire lobby.

17 **7. Options to Terminate.** Section 12 (c) is hereby amended as follows: In
18 addition County shall have the right to terminate this Lease for any reason after thirty (30)
19 months by providing Lessor sixty (60) days notice thereof in writing.

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1 8. Except as modified or supplemented by this First Amendment to Lease, all
2 provisions of the Lease shall remain in full force and effect.

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4 This First Amendment to Lease shall not be binding or consummated until its approval
5 by the Board of Supervisors.

6 Dated: _____

7 **HAZELTON PROPERTIES, LLC a California**
8 **Limited Liability Company**
9 **("Lessor")**

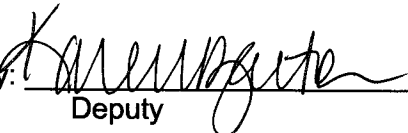
10 By: 

11
12 By: _____

13 **COUNTY OF RIVERSIDE**

14
15
16 By: 
17 Bob Buster, Chairman
18 Board of Supervisors

19 **ATTEST:**
20 Kecia Harper-Ihem
21 Clerk of the Board

22 By: 
23 Deputy

24 **APPROVED AS TO FORM:**
25 Pamela J. Walls
26 County Counsel

27 By: 
28 Synthia M. Gunzel
 Deputy County Counsel

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EXHIBIT "A"

