

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

616



FROM: EDA/FACILITIES MANAGEMENT

SUBMITTAL DATE:
February 16, 2011

SUBJECT: Third Amendment to Lease – Department of Public Social Services

RECOMMENDED MOTION: That the Board of Supervisors:

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

BACKGROUND: (Commences on Page 2)

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY Samuel Wong 2/15/11
SAMUEL WONG

Robert Field
Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ (37,018)	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ (1,111)	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 16,584	For Fiscal Year:	2010/11

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: 50% Federal; 31% State; 3% County; 16% Realignment	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 BY: Jennifer L. Sargent
Jennifer L. Sargent

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Buster, Tavaglione, Stone and Ashley
Nays: None
Absent: Benoit
Date: March 1, 2011
xc: EDA, DPSS, EO, Auditor

Kecia Harper-Ihem
Clerk of the Board
By: [Signature]
Deputy

Prev. Agn. Ref.: 3.11 of 12/14/99; 3.15 of 05/01/01; 3.11 of 02/01/05; 3.20 of 01/10/06

District: 2

Agenda Number:

3.13

By: Susan Loew, Director, Department of Public Social Services
 FORM APPROVED COUNTY COUNSEL BY: [Signature] DATE: 2/15/11
 ENVIRONMENTAL CONCURRENCE BY: [Signature] DATE: 2/15/11
 SYNTIA M. GINZEL
 ATTACHMENTS FILED WITH THE CLERK OF THE BOARD OF SUPERVISORS
 Policy
 Consent
 Other

BACKGROUND: (Continued)

The Department of Public Social Services has occupied this office for use by their Children's Services Program since March, 2000. The office continues to meet the requirements of the department and this Third Amendment to Lease extends the lease three (3) years and includes an 18% rent reduction.

Location: 3610 Central Avenue
Suites 300, 500, & 600
Riverside, CA 92506

Lessor: B. H. Central LLC
11111 Santa Monica Blvd.
Suite 1800
Los Angeles, CA 90025

Size: 23,643 square feet.

Term: Extended three (3) years commencing March 1, 2011.

Rent:	<u>Current</u>	<u>New</u>
	\$ 2.13 per sq.ft.	\$ 1.75 per sq.ft.
	\$ 50,291.88 per month	\$ 41,375.25 per month
	\$603,502.56 per year	\$496,503.00 per year

Savings per square foot:	18% reduction
Savings per month:	\$ 8,916.63
Savings per year:	\$106,999.56

Rent Adjustments: Two (2%) percent annually.

Utilities: County pays a portion of electric service. Lessor provides all others.

Custodial: Provided by Lessor.

Interior/Exterior
Maintenance: Provided by Lessor.

Market Data:	3880 Lemon St. Riverside	\$2.00 SF
	1595 Spruce St. Riverside	\$1.85 SF
	1955 Chicago Ave. Riverside	\$1.75 SF

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

FINANCIAL DATA: (Commences on Page 3)

FINANCIAL DATA:

All associated costs for this Lease will be fully funded through the Department of Public Social Services' budget. DPSS has budgeted for these costs in FY 2010/11; however, the Economic Development Agency requires a budget adjustment to its FY 2010/11 budget to cover related transactional costs with the property owner. While EDA will front the costs for this Lease with the property owner, DPSS will reimburse EDA for all associated lease costs.

ATTACHMENTS:

Schedule A
Exhibit A
Exhibit B
Third Amendment to Lease

Schedule A

Decrease Appropriations:

47220-7200400000-526700 – Rent/Lease Buildings	\$ 35,667
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Decrease Estimated Revenues:

47220-7200400000-777330 – Leasing Services	\$ 35,667
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Exhibit A

DPSS Lease Cost Analysis FY 2010/11 3610 Central Avenue, Suites 300, 500 & 600, Riverside, California

Total Square Footage to be Leased:

BUDGETED AMOUNTS

Current office:	23,643 SQFT		
Cost Per Sq. Ft:	\$ 2.13		
Lease Cost per Month	\$ 50,291.88		
Total Lease Cost included in Budget for FY 2010/11		\$	603,502.56

ACTUAL AMOUNTS

Current office:	23,643 SQFT		
Approximate Cost per SQFT (July - Feb)	\$ 2.13		
Approximate Cost per SQFT (Mar - June)	\$ 1.75		
Lease Cost per Month (July - Feb)	\$ 50,291.88		
Lease Cost per Month (Mar - June)	\$ 41,375.25		
Total Lease Cost (July - Feb)	\$ 402,335.04		
Total Lease Cost (Mar - June)	\$ 165,501.00		
Total Lease Cost for FY 2010/11		\$	567,836.04
TOTAL LEASE COST SAVINGS FOR FY 2010/11		\$	(35,666.52)

Estimated Additional Costs:

BUDGETED AMOUNTS

Utility Cost per Square Foot	\$ 0.12		
Estimated Utility Costs per Month	\$ 2,837.16		
Total Budgeted Utility Cost for FY 2010/11		\$	34,045.92

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$ 0.12		
Costs per Month (July - June)	\$ 2,837.16		
Total Estimated Actual Utility Cost for FY 2010/11	\$ 34,045.92		
Total Additional Estimated Utility Cost for FY 2010/11		\$	-
EDA Lease Management Fee (Based @ 3.79%)		\$	(1,351.76)
TOTAL ESTIMATED ADDITIONAL COST SAVINGS FOR FY 2010/11		\$	(37,018.28)

TOTAL COUNTY COST 3%	\$	(1,110.55)
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Exhibit B

DPSS Lease Cost Analysis FY 2011/12 3610 Central Avenue, Suites 300, 500 & 600, Riverside, California

Current Square Feet Occupied:

Office: 23,643 SQFT

Cost per Square Foot: \$ 1.75
Cost per Square Foot: \$ 1.79

Lease Cost per Month (July 1, 2011 - February 29, 2012) \$ 41,375.25
Lease Cost per Month (March 1, 2012 - June 30, 2012) \$ 42,202.76

Lease Cost (July - February) \$ 331,002.00
Lease Cost (March - June) \$ 168,811.02
Total Estimated Lease Cost for FY 2011/12 \$ **499,813.02**

Estimated Utility Costs:

Utility Cost per Square Foot \$ 0.12

Estimated Utility Costs per Month (July 1, 2011 - June 30, 2012) \$ 2,837.16

Total Estimated Utility Cost for FY 2011/12 \$ **34,045.92**
EDA Lease Management Fee (Based @ 3.79%) \$ **18,942.91**
Total Estimated Lease Cost FY 2011/12: \$ **552,801.85**
TOTAL COUNTY COST 3% \$ **16,584.06**

1 **THIRD AMENDMENT TO LEASE**

2 Department of Public Social Services

3 3610 Central Avenue, Suites 300, 500 & 600, Riverside, California

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5 This THIRD AMENDMENT to LEASE ("Third Amendment") is made as of
6 March 1, 2011, by and between the COUNTY OF RIVERSIDE, a political subdivision
7 of the State of California ("County"), and B.H. CENTRAL, L.L.C, a California limited liability
8 company ("Lessor").

9 **1. Recitals.**

10 **a. B. H. CENTRAL, LLC, Lessor, and COUNTY OF RIVERSIDE, County,**
11 hereby agree to amend that certain lease dated December 21, 1999, (the "Original Lease")
12 pertaining to the premises located within that certain building located at 3610 Central Avenue,
13 Suites 300, 500, and 600, Riverside, California, as more particularly shown on Exhibit "A",
14 attached to the Lease as follows:

15 **b. The Original Lease has been amended by:**

16 **i. That certain First Amendment to Lease dated May 1, 2001, by**
17 **and between County of Riverside and B. H. Central, LLC, (the "First Amendment").**

18 **ii. That certain Second Amendment to Lease dated January 10,**
19 **2006, by and between County of Riverside and B. H. Central, LLC, (the "Second Amendment").**

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

22 **d. The term of the Lease, as heretofore amended, expires February 28,**
23 **2011. County and Lessor desire to further amend the Lease.**

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

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1 supplement the remaining provisions thereof. The Lease remains in full force and effect except
2 to the extent amended by this Third Amendment.

3 **3. Extension of Term.** Section 1 of the Second Amendment shall be amended as
4 follows: The Term of this Lease is hereby extended three (3) years commencing March 1,
5 2011, and expiring February 28, 2014 ("Extended Term").

6 **4. Rent During Extended Term.** Section 2, subsection (a) of the Second
7 Amendment shall be amended as follows: County shall pay to Lessor the monthly sum of
8 \$41,375.25 commencing March 1, 2011.

9 **5. Annual Increase.** Section 2, subsection (b) of the Second Amendment shall be
10 amended as follows: The monthly rent shall be increased on each anniversary of this Third
11 Amendment to Lease by an amount equal to two (2%) percent of the rent currently in effect.

12 **6. Option to Extend.** Section 4 of the Lease shall be amend to grant additional
13 options to extend the Term of the Lease following the Extended Term as follows: County shall
14 have the right to extend the term of this lease for two (2) separate and consecutive one (1) year
15 periods, which options shall be exercised in the following manner:

16 a. The first option shall be exercised by County giving Lessor notice of its
17 election thereof in writing, no later than sixty (60) days prior to the expiration of the initial term
18 of this lease.

19 b. The second option shall be exercised by County giving Lessor notice of
20 its election thereof, in writing, no later than sixty (60) days prior to the expiration of the first
21 extended term of this lease.

22 **7. Option Rent.** Rent payable by County during any extended term shall be
23 increased two (2%) percent annually.

24 **8. Improvements by Lessor.** Section 9, subsection (a) of the Lease shall be
25 amended as follows: Within 90 days of the commencement of the extended term, Lessor shall
26 complete the following maintenance and improvements:

27 i. Painting throughout the premises where requested by County.

28 ii. Repair and correct HVAC deficiencies within the 3rd floor reception room

1 and 5th floor to improve climate control conditions within the Leased Premises.

2 **9.** All other provisions of the Lease not otherwise affected by this third Amendment
3 shall remain the same.

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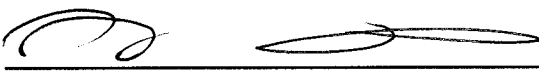
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1 **10.** This Third Amendment to Lease shall not be binding or consummated until its approval
2 by the County's Board of Supervisors.

3 Dated: _____
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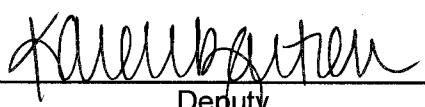
5 **B. H. CENTRAL, LLC, a California limited
6 liability company**

7
8 By: 
9 Arsalan Gozini, Manager

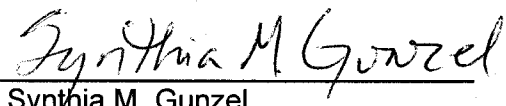
10 **COUNTY OF RIVERSIDE, a political subdivision
11 of the State of California**

12
13 By: 
14 Bob Buster, Chairman
15 Board of Supervisors

16 **ATTEST:**
17 Kecia Harper-Ihem
18 Clerk of the Board

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20 By: 
21 Deputy

22 **APPROVED AS TO FORM:**
23 Pamela J. Walls
24 County Counsel

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26 By: 
27 Synthia M. Gunzel
28 Deputy County Counsel

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