

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

618



SUBMITTAL DATE:
February 16, 2011

FROM: EDA/FACILITIES MANAGEMENT

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

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify the attached Second 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 adjustments as shown on Schedule A, attached.

BACKGROUND: (Commences on Page 2)

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLR
BY Samuel Wong 2/14/11
SAMUEL WONG

Robert Field
Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 354	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 17	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 3,953	For Fiscal Year:	2010/11

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: 85.24% Federal, 9.83% State, 4.93% 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

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: Kecia Harper-Ihem
Deputy

Prev. Agn. Ref.: 3.9 of 5/11/99; 3.23 of 7/27/04

District: 5

Agenda Number: **3.15**

FORM APPROVED COUNTY COUNSEL
BY: Synthia M. Gunzel 1-31-11
SYNTHIA M. GUNZEL
Departmental Concurrence DATE

By: Susan Loew
Susan Loew, Director
Department of Public Social Services

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD
Per Exec. Ofc.: Consent Policy

BACKGROUND: (Continued)

The County and Diba Real Estate Investments, LLC, desire to extend the lease agreement for the facility located at 14-201 Palm Drive, #109a - 112, Desert Hot Springs, California. The Department of Public Social Services (DPSS) has utilized this office since May 11, 1999, for its CalWORKS Greater Avenue to Independence (GAIN) program. This facility continues to meet the needs and requirements of the department and a lease extension has been negotiated by the Economic Development Agency's (EDA) Real Estate Division reflecting a 1% increase in the rent.

Lessor: Diba Real Estate Investments, LLC
 28008 Harrison Parkway
 Valencia, California 91355

Premises Location: 14-201 Palm Drive, #109a, 110 - 112, Desert Hot Springs, California

Term: Two years commencing February 1, 2011

Size: 3,546 square feet

Rent:	<u>Old</u>	<u>New</u>
	\$ 1.68 per sq. ft.	\$ 1.70 per sq. ft.
	\$ 5,960.00 per month	\$ 6,028.20 per month
	\$71,520.00 per year	\$72,338.40 per year

<u>Increase</u>	
Per Sq. Ft.	\$.02
Per Month	\$ 68.20
Per Year	\$ 818.40

Rental Adjustment: N/A (Flat Rate Entire Term)

Utilities: County pays electric, gas and telephone, Landlord pays all others.

Maintenance: Provided by Landlord

Custodial: Provided by Landlord

Improvements: N/A

RCIT Costs: N/A

Market Data:	13-947 Palm Drive, Desert Hot Springs	\$2.25
	14080 Palm Drive, Ste. A, Desert Hot Springs	\$1.30

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

FINANCIAL DATA: (Commences on Page 3)

FINANCIAL DATA:

The associated costs for this Second Amendment will be fully funded through the DPSS' budget. The DPSS has budgeted these costs in FY 2010/11. While EDA will front the costs for the Second Amendment to Lease with the property owners, the DPSS will reimburse EDA for all associated costs. (Exhibits A & B).

Attachments:

Schedule A
Exhibit A
Exhibit B
Second Amendment to Lease

Schedule A

Increase Appropriations:

47220-7200400000-526700 – Rent/Lease Buildings	\$341
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Increase Estimated Revenue:

47220-7200400000-777330 – Leasing Services	\$341
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Exhibit A

DPSS Lease Cost Analysis FY 2010/11

14201 Palm Drive, Suites 109(A), 110 - 112, Desert Hot Springs, California

Total Square Footage to be Leased:

BUDGETED AMOUNTS

Current office:	3,546 SQFT	
Cost Per Sq. Ft:	\$ 1.68	
Lease Cost per Month	\$ 5,960.00	
Total Lease Cost included in Budget for FY 2010/11	\$ 71,520.00	

ACTUAL AMOUNTS

Current office:	3,546 SQFT	
Approximate Cost per SQFT (July - Jan)	\$ 1.68	
Approximate Cost per SQFT (Feb - June)	\$ 1.70	
Lease Cost per Month (July - Jan)	\$ 5,960.00	
Lease Cost per Month (Feb - June)	\$ 6,028.20	
Total Lease Cost (July - Jan)	\$ 41,720.00	
Total Lease Cost (Feb - June)	\$ 30,141.00	
Total Lease Cost for FY 2010/11	\$ 71,861.00	
TOTAL LEASE COST INCREASE FOR FY 2010/11	\$ 341.00	

Estimated Additional Costs:

BUDGETED AMOUNTS

Utility Cost per Square Foot	\$ 0.12	
Estimated Utility Costs per Month	\$ 425.52	
Total Estimated Utility Cost for FY 2010/11	\$ 5,106.24	
EDA Lease Management Fee (Based @ 3.79%)	\$ 2,710.61	
Total Estimated Additional Costs included in Budget for FY 2010/11	\$ 7,816.85	

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$ 0.12	
Estimated Utility Costs per Month	\$ 425.52	
Total Additional Estimated Utility Cost for FY 2010/11 (July - June)	\$ 5,106.24	
EDA Lease Management Fee (Based @ 3.79%)	\$ 2,723.53	
Total Estimated Additional Costs for FY 2010/11	\$ 7,829.77	
TOTAL ESTIMATED ADDITIONAL COST FOR FY 2010/11	\$ 12.92	
TOTAL FOR LEASE COST FY 2010/11	\$ 353.92	
TOTAL COUNTY COST 4.93%	\$ 17.45	

Exhibit B

DPSS Lease Cost Analysis FY 2011/12
14201 Palm Drive, Suites 109(A), 110 - 112, Desert Hot Springs, California

Current Square Feet Occupied:

Office:	3,546	SQFT		
Cost per Square Foot:	\$	1.70		
Lease Cost per Month (July 1, 2011 - June 30, 2012)			\$	<u>6,028.20</u>
Total Estimated Lease Cost for FY 2011/12			\$	72,338.40

Estimated Utility Costs:

Utility Cost per Square Foot	\$	0.12		
Estimated Utility Costs per Month (July 1, 2011 - June 30, 2012)			\$	<u>425.52</u>
Total Estimated Utility Cost for FY 2011/12			\$	5,106.24
EDA Lease Management Fee (Based @ 3.79%)			\$	2,741.63
Total Estimated Lease Cost FY 2011/12:			\$	<u>80,186.27</u>
TOTAL COUNTY COST 4.93%			\$	3,953.18

1 **SECOND AMENDMENT TO LEASE**

2 **14-201 Palm Drive, Suites 109(A), 110, 111 and 112, Desert Hot Springs, California**

3
4 This **SECOND AMENDMENT TO LEASE** ("Second Amendment") is made as of
5 March 1, 2011 by and between the **COUNTY OF RIVERSIDE**, a
6 political subdivision of the State of California ("County"), and **DIBA REAL ESTATE**
7 **INVESTMENTS, LLC**, ("Lessor") a California Limited Liability Company, as successor
8 in interest to **EUN HEE LEE, WILSHIRE STATE BANK, AND FIRST WESTERN**
9 **LAND MANAGEMENT.**

10 **RECITALS**

11 A. County and First Western Land Management, predecessor to
12 DIBA Real Estate Investments, LLC, entered into that certain lease dated May 11,
13 1999, ("Original Lease") pursuant to which County leased a portion of that certain
14 building located at 14-201 Palm Drive, Suites 109(A), 110, 111, and 112, Desert Hot
15 Springs, California ("Building"), as more particularly shown on Exhibit "A," attached
16 hereto and made a part hereof.

17 B. The Original Lease has been amended by:

18 i. That certain First Amendment to Lease dated July 27, 2004,
19 by and between First Western Land Management and County (the "First Amendment").

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

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

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

1 Lease remains in full force and effect except to the extent amended by this Second
2 Amendment.

3 **1. Lease Term.** Section 1 of the First Amendment to Lease shall be
4 amended as follows: Notwithstanding any other provisions contained herein, the term
5 of this Lease shall be extended twenty four (24) months commencing on February 1,
6 2011, and terminating on January 31, 2013.

7 **2. Rent.** Section 2 of the First Amendment to Lease shall be amended as
8 follows: County shall pay to Lessor the monthly rent during the extended term as
9 follows:

10 \$6,028.20 per month February 1, 2011 through January 31, 2013

11 **3. Options.** Section 4 of the Lease shall be deleted in its entirety and
12 replaced as follows:

13 4. Options. Lessor grants the following rights to County:

14 (a) Option to Exend Term. Lessor grants to County one (1)
15 option to extend the Lease term ("Extension Option(s)"). The Extension Option shall
16 be for a period of two (2) years ("Extended Term"), subject to the conditions described
17 in this Section 4.

18 (i) Exercise of Option. The Extension Option shall be
19 exercised by County delivering to Lessor written notice thereof no later than sixty (60)
20 days prior to the expiration of the extended term ending on January 31, 2013.

21 (ii) Option Rent. The rent payable by County during any
22 Extended Term shall be at the annual increase rate of 2.5% during the term.

23 (iii) County's Right to Early Termination Option. The
24 Extension Option shall be exercised and parties hereto agree to the County's Right to
25 Early Termination if County in its sole discretion determines that the Premises are no
26 longer suitable for its use for any reason during the Extended Term. Said Early
27 Termination shall be exercised by the County serving the Lessor ninety (90) days
28 written notice of its intention.

1 (b) Right of First Refusal to Lease Additional Space. Lessor
2 hereby grants to County a right of first refusal to lease the other premises in the
3 building containing the leased Premises ("Adjacent Premises"), in the event Lessor
4 received a bona fide offer from a third party to lease any portion of the Adjacent
5 Premises, which offer is acceptable to Lessor. Lessor shall promptly notify County in
6 writing of the offer, including the square footage of the portion of the Adjacent Premises
7 proposed to be let and other terms and conditions of the offer. County shall have thirty
8 (30) days within which to notify Lessor in writing whether County agrees to lease the
9 portion of the Adjacent Premises under such offer upon the terms and conditions set
10 forth in such offer. In the event County fails to give written notice of its election to lease
11 the proposed additional space, Lessor shall be free to accept the bona fide offer and
12 lease the Adjacent Premises to the third party. If the third party fails to lease such
13 portion of the Adjacent Premises and the Adjacent Premises (or remaining portion of
14 the Adjacent Premises) remains available, County shall have the same right of first
15 refusal granted herein with regard to any future offer to lease such portion of the
16 Adjacent Premises.

17 (c) All terms and conditions of this Lease with exception of
18 Rent, Lease Term, and Early Termination shall remain in full force and effect during the
19 Extended Term.

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

23
24 COUNTY:
25 Economic Development Agency
26 County of Riverside
3403 Tenth Street, Suite 500
Riverside, CA 92501

LESSOR:
Diba Real Estate Investments, LLC
c/o Mountain Woods
28008 Harrison Parkway
Valencia, CA 91355

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1 **5. County's Representative.** Section 19 of the Lease is hereby deleted in
2 its entirety and replaced as follows:

3 County hereby appoints the Assistant Chief Executive Office of the Economic
4 Development Agency as its authorized representative to administer this Lease.

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

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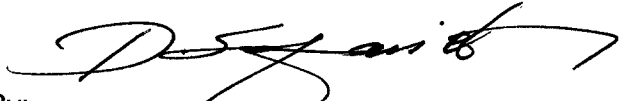
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1 7. This Second Amendment to Lease shall not be binding or consummated
2 until its approval by the Board of Supervisors of Riverside County.

3
4 Dated: _____

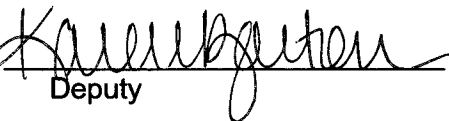
DIBA REAL ESTATE INVESTMENTS, LLC

5
6 
7 By: _____
8 Mehrdad Daniel Safavieh, Manager

9
10 
11 By: _____
12 Mehran Michael Banayan, Manager

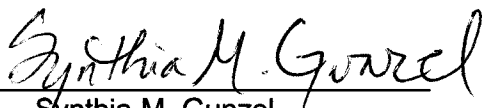
11 **ATTEST:**
12 Kecia Harper-Ihem
13 Clerk of the Board

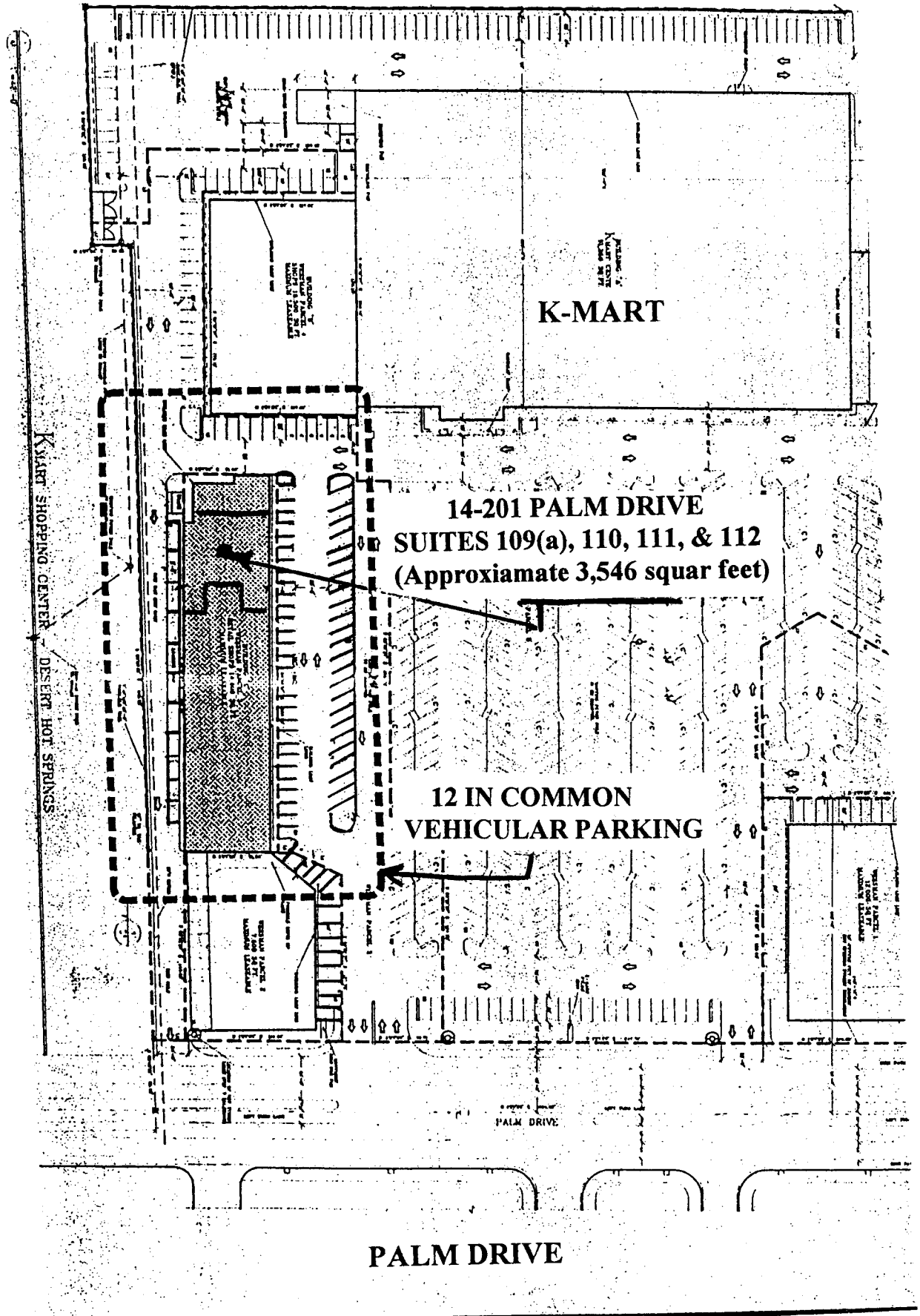
COUNTY OF RIVERSIDE

14 By: 
15 Deputy

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

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

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28 By: 
 Synthia M. Gunzel
 Deputy County Counsel



PALM DRIVE

EXHIBIT "A"