

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

742



SUBMITTAL DATE:
March 3, 2011

FROM: Economic Development Agency/ Facilities Management

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

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve 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: This Second Amendment to Lease represents a request from the Community Health Agency to extend the lease for its Women Infant and Children (WIC) clinic currently located at 1005 N. State Street, Hemet, California.

(Continued)

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: Samuel Wong 3/2/11
SAMUEL WONG

Robert Field
Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 37,579	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

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: 100 % Federal Funding (WIC)	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

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Buster, seconded by Supervisor Stone 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: March 15, 2011
xc: EDA, Public Health, Auditor, EO

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

FORM APPROVED COUNTY COUNSEL
BY: Suzanne M. Gurel 1-31-11
DATE: _____
DEPARTMENTAL APPROVAL

By: Susan D. Harrington
Susan Harrington, Director
Public Health

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

BACKGROUND: (Continued)

Community Health Agency (CHA) WIC has outgrown its current location at 1005 North State Street. This is primarily due to the increased demand for public services as a result of the current economic conditions. Therefore, CHA WIC will relocate its clinic from 1005 North State Street and expand into 1055 North State Street in March 2011. The expansion space at 1055 North State Street consists of 9,679.9 square feet. The additional square footage has pre-existing classrooms for nutritional training purposes, and a larger lobby for mothers to safely maneuver strollers with children in tow.

The Real Estate division has negotiated a five year lease renewal with a 15% rental rate reduction and \$200,000 in tenant improvements. The tenant improvements shall be at the landlord's sole cost and expense.

Lessor: State Street Building I
5055 Canyon Crest Drive
Riverside, CA

Premises Location: 1055 North State Street
Hemet, CA 92543-1474

Size: Current New
3,750 sq. ft. 9,679.9 sq. ft.

Term: Five (5) years, March 1, 2011 through February 28, 2016.

Rent: Current New
\$ 1.57 per sq. ft. \$ 1.33 per sq. ft.
\$ 5,879.10 per month \$ 12,874.27 per month
\$70,549.20 per year \$154,491.24 per year

Rental Adjustments: 3% annually.

Utilities: County pays electric and phone, Lessor pays for all other utility services.

Custodial: Lessor

Maintenance: Lessor

Option to Terminate: 90 days written notice due to loss of funding.

Improvements: \$200,000 at Landlord's sole cost and expense.

RCIT Costs: None

Market Data: 650 State Street, Hemet \$1.48
800 Sanderson, Hemet \$1.44

Financial Data: (Commences on Page 3)

FINANCIAL DATA:

All associated costs for this Second Amendment to Lease will be fully funded through the CHA budget. CHA has budgeted these costs in FY 2010/11. While the Economic Development Agency (EDA) will front the costs for the Second Amendment to Lease with the property owners, CHA will reimburse EDA for all associated costs.

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

ATTACHMENTS:

- Schedule A
- Exhibit A
- Second Amendment to Lease

Schedule A

Increase Appropriations:

47220-7200400000- 526700 - Rent/Lease Buildings	\$27,981
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Increase Estimated Revenue:

47220-7200400000-777330 - Leasing Services	\$27,981
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Exhibit A

Community Health Agency Lease Cost Analysis FY 2010/11 1055 State Street, Hemet, California

Square Footage-Current & New:

BUDGETED AMOUNTS

Current office:		3,750 SQFT	
Cost Per Sq. Ft:	\$	1.57	
Lease Cost per Month		<u>\$ 5,879.10</u>	
Total Lease Cost included in Budget for FY 2010/11			\$ 70,549.20

ACTUAL AMOUNTS

Current office:		3,750 SQFT	
Proposed Office:		9,679 SQFT	
Approximate Cost per SQFT (July - Feb)	\$	1.57	
Approximate Cost per SQFT (Mar - June)	\$	1.33	
Lease Cost per Month (July - Feb)	\$	5,879.10	
Lease Cost per Month (Mar - June)	\$	12,874.27	
Total Lease Cost (July - Feb)		<u>\$ 47,032.80</u>	
Total Lease Cost (Mar - June)		<u>\$ 51,497.08</u>	
Total Lease Cost for FY 2010/11			\$ 98,529.88
TOTAL ADDITIONAL LEASE SQFT COST FOR FY 2010/11			\$ 27,980.68

Estimated Additional Costs:

BUDGETED AMOUNTS

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month	<u>\$</u>	<u>450.00</u>	
Total Estimated Utility Cost for FY 2010/11		\$ 5,400.00	
EDA Lease Management Fee (Based @ 3.79%)		<u>\$ 2,673.81</u>	
Total Estimated Additional Costs included in Budget for FY 2010/11			\$ 8,073.81
ACTUAL AMOUNTS			
Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month	<u>\$</u>	<u>1,161.48</u>	
Total Estimated Utility Costs		\$ 13,937.76	
EDA Lease Management Fee (Based @ 3.79%)		<u>\$ 3,734.28</u>	
Total Estimated Additional Costs for FY 2010/11			<u>\$ 17,672.04</u>
TOTAL ESTIMATED ADDITIONAL COSTS FOR FY 2010/11			<u>\$ 9,598.23</u>
TOTAL ADDITIONAL LEASE COSTS FY 2010/11			<u><u>\$ 37,578.91</u></u>

1 **SECOND AMENDMENT TO LEASE**

2 **(Community Health Agency**

3 **1055 North State Street, Hemet, California 92543-1474)**

4
5 This **SECOND AMENDMENT TO LEASE** ("Second Amendment") is made as of
6 March 15, 2011, by and between **STATE STREET BUILDING I**, a Joint Venture, as
7 "Lessor", and the **COUNTY OF RIVERSIDE**, a Political Subdivision of the State of
8 California, as "County".

9 **1. Recitals**

10 a. Lessor and County have entered into that certain Lease, dated as
11 of November 4, 2004, ("Original Lease") pursuant to which Lessor has agreed to lease
12 that certain building located at 1005 North State Street, Hemet, California, in the City of
13 Hemet, State of California, ("Building"), as more particularly shown on Exhibit "A",
14 attached hereto and made a part hereof.

15 b. The Original Lease has been amended by:
16 That certain First Amendment to Lease dated June 3, 2008, by and between County of
17 Riverside, and State Street Building I (the "First Amendment").

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

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

22 **2. Capitalized Terms: Second Amendment to Prevail.** Unless defined
23 herein or the context requires otherwise, all capitalized terms herein shall have the
24 meaning defined in the Lease, as heretofore amended. The provision of this Second
25 Amendment shall prevail over any inconsistency or conflicting provision of the Lease,
26 as heretofore amended, and shall supplement the remaining provision thereof. The
27 Lease remains in full force and effect except to the extent amended by this Second
28 Amendment.

1 **3. Term:** Section 1 of the First Amendment to Lease shall be amended as
2 follows: The term of this Lease shall be extended sixty (60) months commencing on
3 March 1, 2011 and terminating February 28, 2016 ("Extended Term"). February 28,
4 2016 shall hereafter be the "Expiration Date".

5 a. **Description:** Section 1 of the Lease shall be amended as follows:
6 The Leased Premises shall hereby consist of 9,679.9 square feet located within that
7 certain building located at 1055 North State Street, Hemet, California, in the City of
8 Hemet, State of California, ("Building"), as more particularly shown on Exhibit "A",
9 attached hereto and made a part hereof.

10 **4. Rent During Extended Term:** Section 2 of the First Amendment to
11 Lease shall be amended as follows: County shall pay to Lessor the monthly sums as
12 rent for the Leased premises during the term of this Lease as indicated below:

<u>Amount</u>	<u>Year</u>
\$12,874.27	03/01/11 to 02/28/12
\$13,260.50	03/01/12 to 02/28/13
\$13,658.32	03/01/13 to 02/28/14
\$14,068.07	03/01/14 to 02/28/15
\$14,490.12	03/01/15 to 02/28/16

21 **5. Tenant Improvements by Lessor:** Section 9 of the Lease shall be
22 amended as follows: Lessor, at its sole cost and expense, shall complete the Tenant
23 Improvements, as more particularly shown on Exhibit "B" and "B-1" attached to the
24 lease.

25 a. Lessor recognizes and understands that any tenant improvements
26 requested by the County during the term of this Second Amendment shall be
27 undertaken according to Exhibit "C", general construction Specifications for Leased

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1 Facilities, and Exhibit "C", approved floor plan, attached hereto and by this reference
2 made a part of the Second Amendment.

3 b. Lessor recognizes and understands that any tenant improvements
4 requested by the County may be subject to the provisions contained in the California
5 Labor code (commencing with Section 1720) relating to general prevailing wage rates
6 and other pertinent provisions therein.

7 c. Lessor shall comply and stay current with all applicable building
8 standards, which may change from time to time, including but not limited to, the
9 Americans with Disabilities Act, in providing the County with any requested tenant
10 improvements.

11 **6. Custodial Services:** Exhibit "B" Section "D" of the Lease shall be
12 amended as follows:

13 a. On a quarterly basis Custodial shall move furniture, strip, seal and
14 apply floor finish to all resilient and hard floor surfaces. And in addition, Shampoo the
15 carpets including any play area rugs located inside the clinic.

16 **7.** Except as modified or supplemented by this Second Amendment to
17 Lease, all provisions of the Lease remain in full force and effect.

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

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4 Dated: _____

5 **STATE STREET BUILDING I, a joint venture**

6
7
8 By: W.D. Bell
 W.D. Bell, Managing Partner

9
10 By: Carol A. Stratford
 Carol A. Stratford, aka Carol Anne Blake
 Trustee, Milton W. Stratford and Margaret
 Hoyt Stratford Trust

11 **COUNTY OF RIVERSIDE**

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15 By: Bob Buster
 Bob Buster, Chairman
 Board of Supervisors

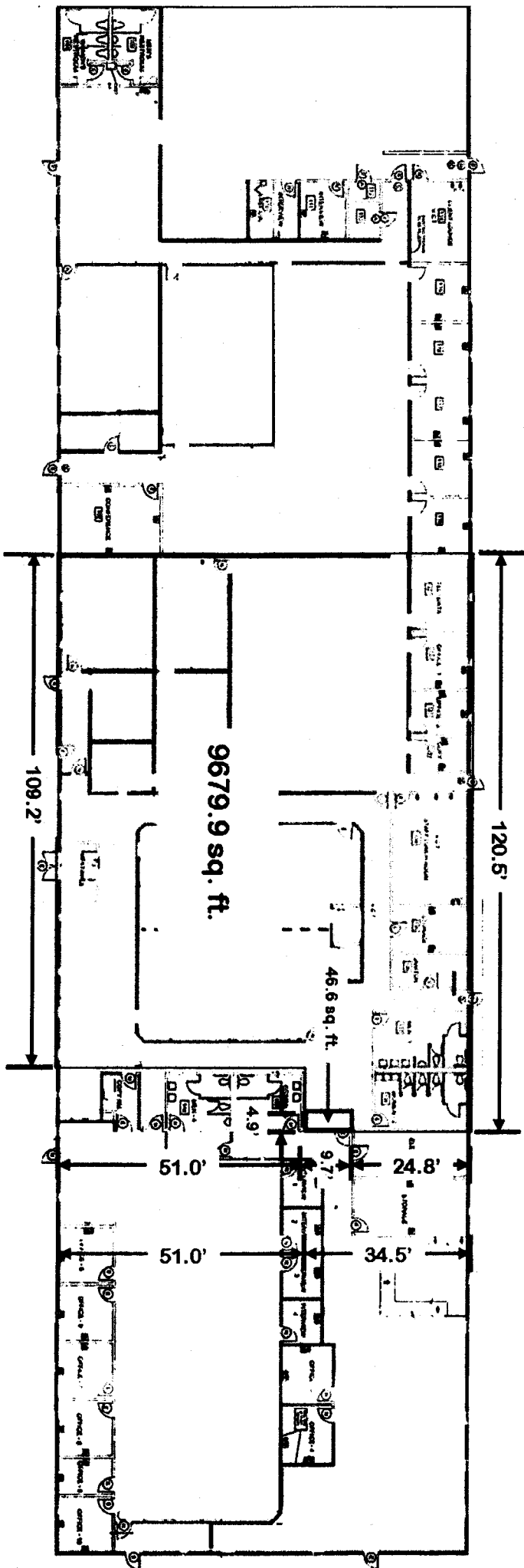
16 **ATTEST:**
17 Kecia Harper-Ihem
18 Clerk of the Board

19 By: Kecia Harper-Ihem
 Deputy

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

24 By: Synthia M. Gunzel
25 Synthia M. Gunzel
26 Deputy County Counsel

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1025 N. State Street, Hernet

1055 N. State Street, Hernet

1075 N. State Street, Hernet

EXHIBIT "A"

Exhibit B
Tenant Improvements for 1055 N. State Street, Hemet, CA

The following improvements are a condition of the lease between The County of Riverside (for the Women, Infants, and Children (WIC)) and the State Street Building, a joint venture. Improvements are also shown in the attached plans.

LOBBY/PUBLIC AREA

1. Remove portion of walls separating existing lobby and halls.
2. Remove room partition dividing existing conference rooms.
3. Add t-bar ceiling transition between lobby/hall ceiling and conference room ceiling.
4. Add VCT border between existing VCT in lobby/hall and new lobby area.
5. Replace existing carpet in conference room area with VCT of County's choice.
6. Clean and repair existing carpet in receptionist area.
7. Clean and repair existing VCT throughout.
8. Add printing room with windows and doors.
9. Add 2 walls and secure doors to divide lobby from staff areas.
10. Add secure door between lobby and staff area with electronic controls at reception.
11. Add window in secure doors or adjacent to doors.
12. Add breastfeeding room.
13. Close wall openings to north and south ends of building.
14. Add 2 television hangars, one from ceiling and one on wall.
15. Add electrical mast for receptionist stations.
16. Move toilets, sink, and privacy partition in men's restroom to accommodate staff restroom.

CLASSROOMS

1. Remove interior walls dividing rooms.
2. Add new wall to divide classrooms.
3. Add door between classroom 1 and staff area.
4. Add television hangars in each classroom on opposite sides of common wall.
5. Replace existing carpet with VCT of County's choice.

STAFF

1. Remove concrete ramp and level floor.
2. Add 3 electrical masts for workstations.
3. Clean and repair existing carpet.
4. Add window in office 1 and 2 doors or adjacent to doors.
5. Add new counter in staff lunch room.
6. Add garbage disposer to sink.
7. Clean and repair existing VCT.
8. Create staff restroom, with entry from secure area, from existing men's restroom.

ALL

1. Repaint with County selected colors
2. Add electrical service and electrical conduits and boxes for television and data.
3. Reuse existing doors, frames, windows, carpet, ceiling tiles, VCT, framing, and hardware where possible.

1055 N. State Street, Hemet

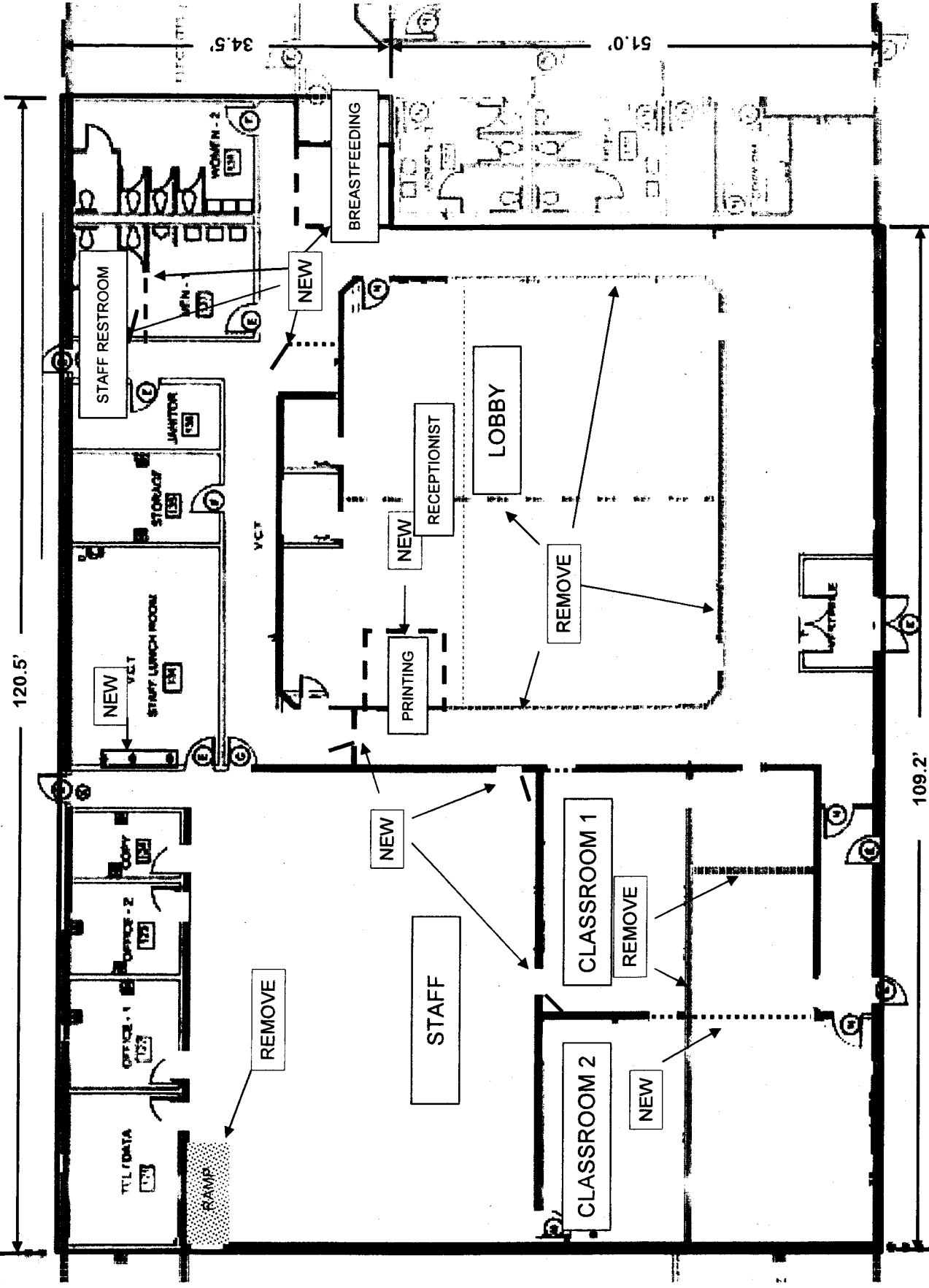


EXHIBIT 'C'

1055 N. State Street, Hemet

