

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

624



**FROM:** Economic Development Agency / Facilities Management

**SUBMITTAL DATE:**  
August 4, 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 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:** The County holds a leasehold interest, as Lessee, under a lease between the County and Banning #169, LP, a California limited partnership, for the facility located at 63 South 4<sup>th</sup> Street, Banning.

(Continued)  
FISCAL PROCEDURES APPROVED  
PAUL ANGULO, CPA, AUDITOR-CONTROLLER  
BY: Samuel Wong 7/28/11  
SAMUEL WONG

Robert Field  
Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 60,216	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 2,698	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 25,992	For Fiscal Year:	2011/12

**COMPANION ITEM ON BOARD OF DIRECTORS AGENDA:** No

**SOURCE OF FUNDS:** 60.45% Federal; 35.07% State; 4.48% 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 J. Sargent  
County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Buster, seconded by Supervisor Stone 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: August 16, 2011  
xc: EDA; DPSS, Auditor, EO

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

**Prev. Agn. Ref.:** 3.8 of 5/11/99; 3.6 of 11/9/99; 3.20 of 7/2710

**District:** 5

**Agenda Number:**

**3.38**

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL  
 BY: Synthia M. Gunzel 7-18-11  
 SYNTHIA M. GUNZEL  
 DATE: 7-18-11  
 Departmental Concurrence

By: Patricia Reynolds  
 Patricia Reynolds, Asst. Director  
 Department of Public Social Services

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

**BACKGROUND: (Continued)**

The Department of Public Social Services (DPSS) has occupied this location for the Self Sufficiency Division since 1999. This office and location continues to meet the needs of DPSS and this Third Amendment to Lease represents an expansion of 3,636 square feet. Tenant improvements will be completed in both the existing office space and expansion area to provide improved space utilization and to accommodate additional staff scheduled to occupy by September 2011.

Location: 63 S. Fourth Street  
Banning, CA 92220

Lessor: Banning #169, LLC  
B.A.G. Investments, Inc.  
8665 South Wilshire, Suite 302  
Beverly Hills, CA 90211

Size: Increasing from 19,500 to 23,136 square feet

Rent:	Current	New
	\$ 1.48 per sq. ft.	\$ 1.48 per sq. ft.
	\$ 28,888.16 per month	\$ 34,269.44 per month
	\$346,657.92 per year	\$411,233.28 per year

Term: Estimated effective date September 1, 2011 through June 30, 2013

Tenant Improvements: Not to exceed \$310,000.00 to be reimbursed in three payments over three fiscal years.

RCIT: \$49,320.00

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

**FINANCIAL DATA:**

All associated costs for this lease will be fully funded through the DPSS budget. DPSS has budgeted for these costs in FY 2011/12; however, the Economic Development Agency (EDA) requires a budget adjustment to its FY 2011/12 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

Increase Appropriations:

47220-7200400000-526700	Rent/Lease Buildings	\$53,813
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Increase Estimated Revenue:

47220-7200400000-777330	Leasing Services	\$53,813
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Increase Appropriations:

10000-7200600000-529540	Utilities	\$ 4,363
10000-7200600000-573800	Intra-Utilities	(\$ 4,363)

# Exhibit A

## DPSS Lease Cost Analysis FY 2011/12 63 South Fourth Street, Banning, California

**Total Square Footage to be Leased:**

**BUDGETED AMOUNTS**

Current office:	1,950	SQFT	
Cost Per Sq. Ft:	\$	1.48	
Lease Cost per Month		\$	28,888.16
<b>Total Lease Cost included in Budget for FY 2011/12</b>			<b>\$ 346,657.92</b>

**ACTUAL AMOUNTS**

Current Office:	19,500	SQFT	
Proposed Office:	23,136	SQFT	
Approximate Cost per SQFT (July - Aug)	\$	1.48	
Approximate Cost per SQFT (Sept - June)	\$	1.48	
Lease Cost per Month (July - Aug)	\$	28,888.16	
Lease Cost per Month (Sept - June)	\$	34,269.44	
Total Lease Cost (July - Sept)		\$	57,776.32
Total Lease Cost (Oct - June)		\$	342,694.40
<b>Total Lease Cost for FY 2011/12</b>			<b>\$ 400,470.72</b>
<b>TOTAL ADDITIONAL LEASE COST FOR FY 2011/12</b>			<b>\$ 53,812.80</b>

**Estimated Additional Costs:**

**BUDGETED AMOUNTS**

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month	\$	2,340.00	
<b>Total Budgeted Utility Cost for FY 2011/12</b>		<b>\$</b>	<b>28,080.00</b>
RCIT	\$	49,320.00	
Tenant Improvements = \$310,000.00 / 3 yrs.	\$	103,333.34	
<b>Total Budgeted RCIT and Tenant Improvements</b>		<b>\$</b>	<b>152,653.34</b>
<b>EDA Lease Management Fee (Based @ 3.79%)</b>		<b>\$</b>	<b>17,054.67</b>
<b>Total Estimated Additional Cost Included in Budget for FY 2011/12</b>			<b>\$ 197,788.01</b>

**ACTUAL AMOUNTS**

Utility Cost per Square Foot	\$	0.12	
Costs per Month (July - Aug)	\$	2,340.00	
Costs per Month (Sept - June)	\$	2,776.32	
<b>Total Estimated Actual Utility Cost for FY 2011/12</b>		<b>\$</b>	<b>32,443.20</b>
RCIT	\$	49,320.00	
Tenant Improvements = \$310,000.00 / 3 yrs.	\$	103,333.34	
<b>Total Actual RCIT and Tenant Improvements</b>		<b>\$</b>	<b>152,653.34</b>
<b>EDA Lease Management Fee (Based @ 3.79%)</b>		<b>\$</b>	<b>19,094.17</b>
<b>Total Estimated Additional Actual Cost for FY 2011/12</b>			<b>\$ 204,190.71</b>

**TOTAL ESTIMATED ADDITIONAL COST FOR FY 2011/12** **\$ 6,402.70**

**TOTAL ESTIMATED COSTS FOR FY 2011/12** **\$ 60,215.50**

**TOTAL COUNTY COST 4.48%** **\$ 2,697.65**

# Exhibit B

## DPSS Lease Cost Analysis FY 2012/13 63 South Fourth Street, Banning, California

### Current Square Feet Occupied:

Office:		23,136 SQFT	
Cost per Square Foot:	\$	1.53	
Lease Cost per Month (July 1, 2012 - June 30, 2013)		<u>\$ 35,297.52</u>	
<b>Total Estimated Lease Cost for FY 2012/13</b>			<b>\$ 423,570.24</b>

### Estimated Utility Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July 1, 2012 - June 30, 2013)		<u>\$ 2,776.32</u>	
<b>Total Estimated Utility Cost for FY 2012/13</b>			<b>\$ 33,315.84</b>
Tenant Improvements - 2nd payment			<b>\$103,333.34</b>
EDA Lease Management Fee (Based @ 3.79%)			<u>\$ 19,969.65</u>
<b>Total Estimated Lease Cost FY 2012/13:</b>			<b>\$ 580,189.07</b>
<b>TOTAL COUNTY COST 4.48%</b>			<b>\$ 25,992.47</b>

1 **THIRD AMENDMENT TO LEASE**

2 (Department of Public Social Services,  
3 63 S. Fourth Street, Banning, California)  
4

5 This THIRD AMENDMENT to Lease ("Third Amendment") is made as of  
6 August 16, 2011, by and between the **COUNTY OF RIVERSIDE**, a political  
7 subdivision of the State of California, ("County"), and **BANNING #169, LP**, a California  
8 limited partnership, ("Lessor").

9 **1. Recitals**

10 a. **BANNING #169, LLC**, as Lessor, predecessor-in-interest to  
11 **Banning #169, LP**, and County, have entered into that certain Lease dated May 11,  
12 1999, ("Original Lease") pertaining to the premises located at 63 S. Fourth Street,  
13 Banning, California, as more particularly described in the Lease.

14 b. The Original Lease has been amended by:

15 i. That certain First Amendment to Lease dated, November 9,  
16 1999, by and between County of Riverside and Banning #169, LLC, ("First  
17 Amendment").

18 ii. That certain Second Amendment to Lease dated July 27, 2010,  
19 by and between County of Riverside and Banning #169, LP, ("Second Amendment").

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

22 d. County and Lessor desire to further amend the Lease by  
23 increasing the square footage and modifying the premises with tenant improvements  
24 defined herein.

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

27 **2. Capitalized Terms: Third Amendment to Prevail.** Unless defined  
28 herein or the context requires otherwise, all capitalized terms herein shall have the

1 meaning defined in the Lease, as heretofore amended. The provisions of this Third  
2 Amendment shall prevail over any inconsistency or conflicting provisions of the Lease,  
3 as heretofore amended, and shall supplement the remaining provisions thereof. The  
4 Lease remains in full force and effect except to the extent amended by this Third  
5 Amendment.

6 **3. Description.** Section 1(a) shall be amended as follows: The premises  
7 leased hereby consists of approximately 23,136 square feet, located at 63 South  
8 Fourth Street, Banning, California, as more particularly shown on Exhibit "E", attached  
9 hereto and by this reference made a part of this Lease.

10 **4. Rent During Extended Term.** Section 4 of the Second Amendment to  
11 Lease shall be amended as follows:

12 County shall pay to Lessor the monthly sum as rent for the Leased  
13 premises during the extended term of this Lease as indicated below:

14 a. Effective July 1, 2011 the monthly rent payable shall be  
15 \$28,888.16 and shall be payable through June 30, 2012, except in the event Lessor  
16 completes the tenant improvements as set forth in section 5 of this Third Amendment  
17 to Lease, upon completion and acceptance of the improvements by County the  
18 monthly rent shall be adjusted to \$34,269.44, and shall be payable through June 30,  
19 2012.

20 b. Effective July 1, 2012 through June 30, 2013, the monthly rent  
21 payable shall be \$35,297.52.

22 **5. Improvements.** Section 9 shall be amended to add subsection 9 (j) as  
23 follows:

24 9 (j). **Additional Improvements by Lessor.** Lessor, at its  
25 expense, subject to reimbursement of the total cost by County, shall complete tenant  
26 improvements per the attached Exhibit "F". Remodel work within the existing space  
27 shall be performed after hours and on weekends. Tenant improvements in the  
28 expansion space can be performed either during regular hours, after hours, or on

1 weekends. Cost of the tenant improvements as paid for by Lessor shall not exceed  
2 \$310,000.00, which includes a County contingency amount of \$5,000.00 for change  
3 orders requested and approved by County. Upon completion of the tenant  
4 improvements, Lessor shall provide County with updated plans based on field changes  
5 during construction. In addition, Lessor shall provide County with an itemized statement  
6 of the actual costs incurred accompanied by vendor, contractor, subcontractor, material  
7 man invoices if requested by County. County shall not reimburse Lessor an amount in  
8 excess of actual costs, nor in excess of \$310,000.00.

9 County shall reimburse Lessor as follows:

10                   9j.i One third (1/3) of the reimbursement amount shall be paid  
11 within sixty (60) days after completion of the Leasehold Improvements and receipt of  
12 invoicing with appropriate backup documents.

13                   9j.ii One half (1/2) of the remaining balance, together with  
14 interest thereon at the rate of six percent (6%) per annum, from the date of Substantial  
15 Completion until the date of payment, shall be paid no later than the month of October  
16 of the County fiscal year following the fiscal year in which the initial payment referenced  
17 in Section 9j.i above was paid.

18                   9j.iii The remaining balance, together with interest thereon at the  
19 rate of six percent (6%) per annum, from the date of Substantial Completion until the  
20 date of payment, shall be paid no later than the month of October of the County fiscal  
21 year following the fiscal year in which the payment referenced in Section 9j.ii above  
22 was paid.

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

4           **COUNTY:**

5           County of Riverside  
6           Economic Development Agency  
7           3403 Tenth Street, Suite 500  
8           Riverside, California 92501  
9           Attn: Deputy Director of Real Estate  
10          Telephone: (951) 955-4820

**LESSOR:**

          Banning #169, LP  
          c/o B.A.G. Investments, Inc.  
          8665 South Wilshire, Suite 302  
          Beverly Hills, CA 90211  
          (310) 289-0446

11          **7. County's Representative.** Section 19 of the Lease shall be amended as  
12 follows: County hereby appoints the Assistant County Executive Officer of the  
13 Economic Development Agency as its authorized representative to administer this  
14 Lease.

15          **8.** Except as modified or supplemented by this Third Amendment to Lease,  
16 All other provisions of the Lease remain the same and shall remain in full force and  
17 effect.

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

3 Dated: 6-16-11

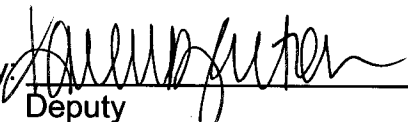
4                   **BANNING #169, LP**, a California limited  
5 partnership

6  
7 By:   
8 Alan J. Dindi, President of B.A.G.  
9 Investments, Inc.  
10 General Partner

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

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

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

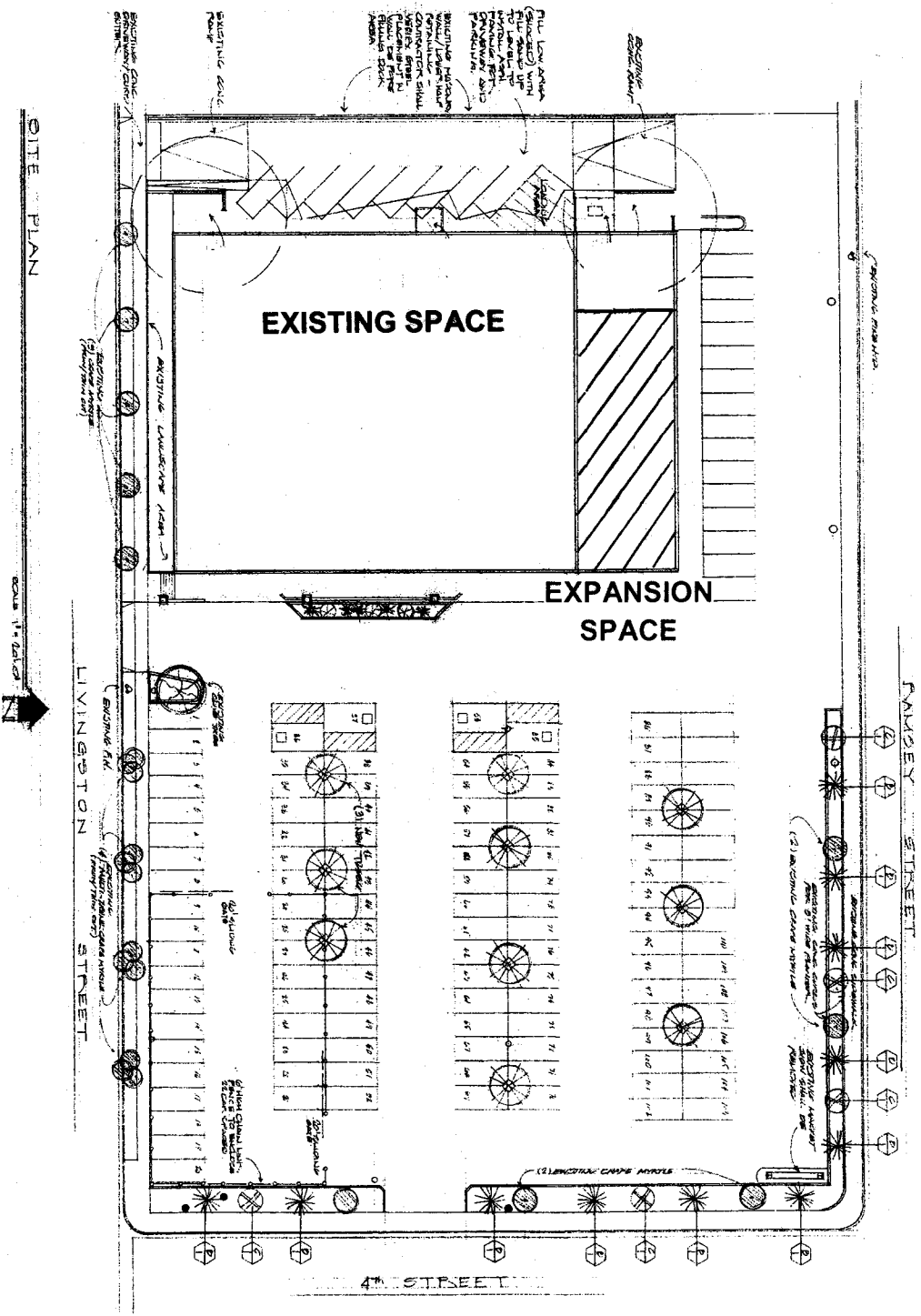
18 By:   
19 Deputy

20  
21 **APPROVED AS TO FORM:**  
22 PAMELA J. WALLS, County Counsel

23  
24 By:   
25 Synthia M. Gunzel, Deputy

26  
27  
28 HR:jg/061411/BA019/13.951 S:\Real Property\TYPING\Docs-13.500 to 13.999\13.951.doc BA019

SITE PLAN



EXISTING SPACE

EXPANSION SPACE

LIVINGSTON STREET

FAWCETT STREET

4th STREET

DATE	APRIL 25
BY	ASD
PROJECT	REPAIR
SCALE	AS SHOWN
NO.	51

**Ray Strebe / Architect**  
 PLANNING • ARCHITECTURE • PROJECT MANAGEMENT • LANDSCAPE DESIGN  
 666 W. Gilman St., Suite A, Berkeley, CA 94720 (909) 849-2836

**EXHIBIT "E"**

DATE	APRIL 25
BY	ASD
PROJECT	REPAIR
SCALE	AS SHOWN
NO.	51

**ABRAMSON TEIGER ARCHITECTS**  
 8924 LINDBLADE STREET, CULVER CITY, CA 90232  
 TELEPHONE (310) 838-8998 FAX (310) 838-8332

**63 South 4th Street**

Banning, CA 92220

**Project Costs**

8-Jun-11

<b>Consultant Fees</b>	<b>Cost</b>
Consultants	\$16,000.00
Reimbursables	\$2,000.00
<b>Sub Total - Consultant Fees</b>	<b>\$18,000.00</b>

<b>Construction Costs</b>	<b>Cost</b>
Permit Fees	\$2,775.00
Construction Cost	\$264,500.00
Fire Protection	\$6,500.00
Audio Video	By County of Riverside
Security / Alarm	By County of Riverside
Tel - Data - PA - Clocks - Bells	By County of Riverside
FF&E - estimated	By County of Riverside
Contingency 5%	\$13,225.00
<b>Sub Total</b>	<b>\$287,000.00</b>

<b>Total</b>	<b>\$305,000.00</b>
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6/8/2011

Construction Costs  
63 South 4th Street  
Banning, CA 92220

CSI Code	Item	Amount
01740	Cleaning	\$ 350.00
02220	Site Demolition	\$ 1,400.00
08460	Automatic entrance door and metal framed storefront	\$ 17,500.00
09250	Non-Load Bearing Wall/ Framing and Gypsum	\$ 870.00
09300	Tile Flooring	\$ 1,400.00
09510	Acoustical Tile Ceilings	\$ 285.00
09680	Carpet	\$ 2,300.00
09910	Painting	\$ 1,250.00
13930	Wet-pipe Fire Suppression Spinkler	\$ 1,000.00
15730	Mechanical	\$ 950.00
16050	Electrical Materials and Methods	\$ 2,130.00
	General Conditions and Supervision	<u>\$ 1,471.75</u>
	Subtotal	\$ 30,906.75
	<u>Contractor's Fee</u>	<u>\$ 3,090.68</u>
	Total	\$ 33,997.43

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6/8/2011

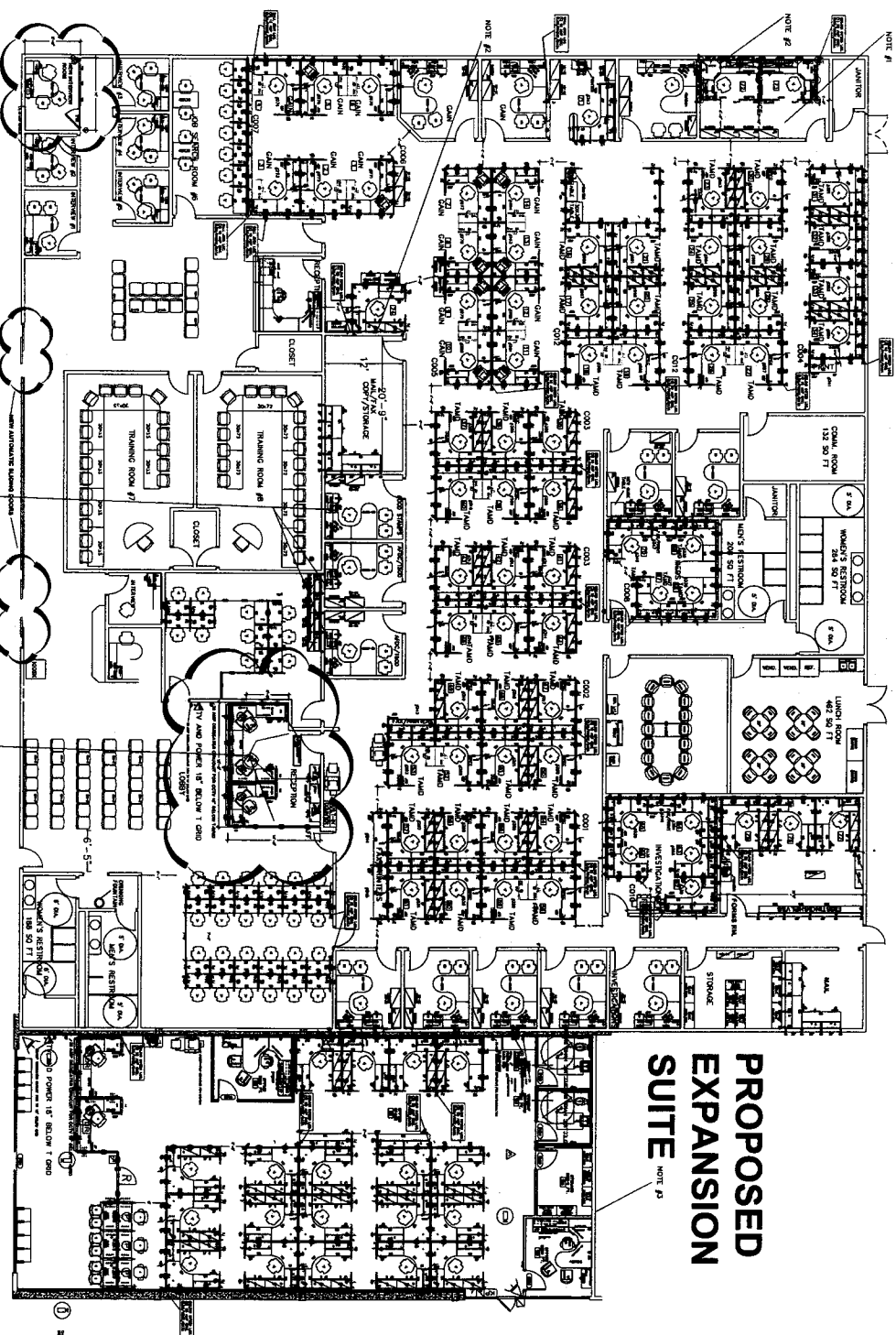
Construction Costs  
65 South 4th Street  
Banning, CA 92220

CSI Code	Item	Amount
01520	Construction Facilities	\$ 450.00
01740	Cleaning	\$ 1,200.00
02220	Site Demolition	\$ 17,500.00
03050	Concrete	\$ 7,000.00
06450	Wood Chair Rail	\$ 460.00
07210	Building Insulation	\$ 6,000.00
08100	Metal Doors and Frames	\$ 4,321.00
08460/08410	Automatic entrance door and metal framed storefront	\$ 14,057.00
08910	Metal Framed Curtain Wall	\$ 2,577.00
09110/09250	Non-Load Bearing Wall/ Framing and Gypsum	\$ 14,000.00
09210	Gypsum Plaster	\$ 1,800.00
09300	Tile	\$ 15,556.00
09510	Acoustical Tile Ceilings	\$ 5,412.00
09680	Carpet	\$ 14,945.00
09910	Painting	\$ 1,450.00
10520	Fire Protection Specialties	\$ 275.00
10810	Toilet Accessories	\$ 1,120.00

EXHIBIT "F"



11420	Food Cooking Equipment	\$ 400.00
15400	Plumbing fixtures and equipment	\$ 15,000.00
15730/15810	Unitary Air Conditioning Equipment and Ducting	\$ 40,500.00
16050	Electrical Materials and Methods	\$ 32,050.00
16210	Electrical Services	\$ 3,490.00
	General Conditions and Supervision	<u>\$ 9,978.15</u>
	Subtotal	<u>\$ 209,541.15</u>
	Contractor's Fee	<u>\$ 20,954.12</u>
		<u>\$ 230,495.27</u>



**PROPOSED  
EXPANSION  
SUITE** NOTE #3

BANNING SELF SUFFICIENCY  
63 S. FOURTH ST.  
BANNING, CA 92220

**PROPOSED LOBBY CHANGES**

1/2" = 1'-0"

1/2" = 1'-0"