

604



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

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

**SUBMITTAL DATE:**  
January 19, 2012

**SUBJECT:** First Amendment to Lease – Wildomar Office Space

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

**BACKGROUND:** The County entered into a three-year lease agreement in December 2008, under the signature authority of the Assistant County Executive Officer/EDA for satellite office space for use by Supervisorial District 1. The office continues to serve the needs of the District office and community, and this First Amendment to Lease represents a two-year lease renewal at a 39% reduced rent rate.

(Continued)

Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ (6,751)	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ (6,751)	Budget Adjustment:	No
	Annual Net County Cost:	\$ 24,051	For Fiscal Year:	2011/12

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

<b>SOURCE OF FUNDS:</b> 100% General Fund	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:** APPROVE

**County Executive Office Signature**

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Stone, seconded by Supervisor Benoit 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: January 31, 2012  
xc: EDA, Auditor

Kecia Harper-Ihem  
Clerk of the Board  
By:   
Deputy

Prev. Agn. Ref.: N/A | District: 1 | Agenda Number: 3.12

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

FISCAL PROCEDURES APPROVED  
PAUL ANGULO, CPA, AUDITOR-CONTROLLER  
BY: Samuel Wong 1/18/12  
FORM APPROVED COUNTY COUNSEL  
DATE: 12-29-11  
BY: Cynthia M. Gunzel  
Departmental Concurrence  
SAMUEL WONG

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

**BACKGROUND: (Continued)**

Pursuant to the California Environmental Quality Act (CEQA), the Lease was reviewed and determined to be categorically exempt from CEQA Guidelines 15301, Class 1 – Existing Facilities. The proposed project, the Lease, is the letting of property involving existing facilities. No expansion of an existing use will occur.

Location: 32100 Clinton Keith Road  
Wildomar, CA 92595

Lessor: CK-HS Partners, LLC  
c/o D.H. Holdings, Inc.  
1800 Century Park East, Suite 600  
Los Angeles, CA 90067

Size: 900 Square Feet

Term: Two years commencing January 1, 2012

Rent:	Current	New
	\$ 3.30 per sq. ft.	\$ 2.00 per sq. ft.
	\$ 2,970.52 per month	\$ 1,800.00 per month
	\$35,646.24 per year	\$21,600.00 per year
	Savings per month:	\$ 1,170.52
	Savings per year:	\$14,046.24

Rent Adjustment: 3 percent annually

Options to Extend: One, 1-year option to renew.

Option to Terminate: For reduced funding with sixty day notice

Utilities: County pays for electric. Lessor pays for all other utilities.

Custodial: Included in the rent

Interior/Exterior  
Maintenance: Included in the rent

The attached 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 First Amendment to Lease will be fully funded through Supervisorial District 1's budget. Supervisorial District 1 has budgeted for these costs in FY 2011/12. While the Economic Development Agency (EDA) will front the costs for the Lease Amendment with the property owner, Supervisorial District 1 will reimburse EDA for all associated lease costs.

**Attachments:**

Exhibit A

Exhibit B

First Amendment to Lease

# Exhibit A

## Lease Cost Analysis FY 2011/12 32100 Clinton Keith Road, Wildomar, California

### Total Square Footage to be Leased:

#### **EXPECTED AMOUNTS**

Current office: 900 SQFT  
Total Budgeted Lease Cost for FY 2011/12 \$ 35,127.12

#### **ACTUAL AMOUNTS**

Current Office: 900 SQFT

Approximate Cost per Sq Ft (July - Dec) \$ 3.30

Approximate Cost per Sq Ft (Jan-June) \$ 2.00

Lease Cost per Month (July - Dec) \$ 2,970.52

Lease Cost per Month (Jan-June) \$ 1,800.00

Total Lease Cost (July - Dec) \$ 17,823.12

Total Lease Cost (Jan - June) \$ 10,800.00

Total Actual Lease Cost for FY 2011/12 \$ 28,623.12

Total Lease Cost Variance for FY 2011/12 \$ (6,504.00)

### Estimated Additional Costs:

#### **EXPECTED AMOUNTS**

Utility Cost per Square Foot \$ 0.12

Estimated Utility Costs per Month \$ 108.00

Total Budgeted Additional Cost for FY 2011/12 \$ 1,296.00

EDA Lease Management Fee (Based @ 3.79%) \$ 1,331.32

Total Estimated Additional Cost Included in Budget for FY 2011/12 \$ 2,627.32

#### **ACTUAL AMOUNTS**

Utility Cost per Square Foot \$ 0.12

Costs per Month (July - June) \$ 108.00

Total Estimated Actual Utility Cost for FY 2011/12 \$ 1,296.00

EDA Lease Management Fee (Based @ 3.79%) \$ 1,084.82

Total Estimated Additional Actual Cost for FY 2011/12 \$ 2,380.82

Total Estimated Additional Cost Variance for FY 2011/12 \$ (246.50)

TOTAL ESTIMATED COST SAVINGS FOR FY 2011/12 \$ (6,750.50)

TOTAL COUNTY COST 100% \$ (6,750.50)

# Exhibit B

## Lease Cost Analysis FY 2012/13 32100 Clinton Keith Road, Wildomar, California

### Current Square Feet Occupied:

Office:	900 SQFT		
Cost per Square Foot: (July 1, 2012 - Dec 31, 2012) \$	2.00		
Cost per Square Foot: (Jan 1, 2013 - June 30, 2013) \$	2.06		
Lease Cost per Month (July 1, 2012 - Dec 31, 2012)	\$	1,800.00	
Lease Cost per Month (Jan 1, 2013 - June 30, 2013)	\$	1,854.00	
Lease Cost (July - Dec)		\$	10,800.00
Lease Cost (Jan - June)		\$	11,124.00
<b>Total Estimated Lease Cost for FY 2012/13</b>		<b>\$</b>	<b>21,924.00</b>

### Estimated Utility Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July 1, 2012 - June 30, 2013)		<u>\$</u>	<u>108.00</u>
Total Estimated Utility Cost for FY 2012/13		\$	1,296.00
EDA Lease Management Fee (Based @ 3.79%)		\$	830.92
<b>TOTAL ESTIMATED COST FOR FY 2012/13</b>		<b>\$</b>	<b>24,050.92</b>
<b>TOTAL COUNTY COST 100%</b>		<b>\$</b>	<b>24,050.92</b>

1 **FIRST AMENDMENT TO LEASE**

2 (32100 Clinton Keith Road, Suite B, Wildomar California)

3  
4 This FIRST AMENDMENT to Lease (First Amendment) is made as of  
5 1-1, 2012, by and between the **COUNTY OF RIVERSIDE**, a political  
6 subdivision of the State of California, (County), and **CK-HS PARTNERS, LLC**, a  
7 California limited liability company, (Lessor).

8 **1. Recitals**

9 a. CK-HS Partners, LLC, as Lessor, have entered into that certain  
10 Lease dated December 9, 2008, (Original Lease) pertaining to the premises located at  
11 32100 Clinton Keith Road, Suite B, Wildomar, California, as more particularly described  
12 in the Lease.

13 b. The Original Lease, as heretofore, currently, or hereafter  
14 amended, shall hereafter be referred to as the "Lease".

15 c. County and Lessor desire to further amend the Lease by extending  
16 the term and modifying the rent.

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

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

26 **3. Term.** Section 3(a) shall be amended as follows: The term of this  
27 Lease shall be extended for a period of twenty four months commencing January 1,  
28 2012 and expiring December 31, 2013.

1           **4. Rent During Extended Term.** Section 4 of the Lease shall be amended  
2 as follows:

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

5           January 1, 2012 – December 31, 2012           \$1,800.00 per month

6           January 1, 2013 – December 31, 2013           \$1,854.00 per month

7           **5. Option to Extend Term.** Lessor grants to County one option to extend  
8 the Lease term (Extension Option). The Extension Option shall be for a period of one  
9 year (Extended Term), subject to the conditions described in this Section 5.

10           **5.1 Exercise of Option.** The Extension Option shall be exercised by  
11 County delivering to Lessor written notice thereof no later than thirty days prior to the  
12 expiration of the Extended Term.

13           **5.1.1 Option Rent.** The rent payable by County during the Extended  
14 Term shall be as follows:

15                           January 1, 2014 – December 31, 2014   \$1,909.62

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

19           **COUNTY:**

20           County of Riverside  
21           Economic Development Agency  
22           3403 Tenth Street, Suite 500  
23           Riverside, California 92501  
24           Attn: Deputy Director of Real Estate  
25           Telephone: (951) 955-4820

**LESSOR:**

                          CK-HS Partners, LLC  
                          1800 Century Park East, Suite 600  
                          Los Angeles, CA 90067  
                          (949) 678-5846

26           **7. County's Representative.** Section 19 of the Lease shall be amended as  
27 follows: County hereby appoints the Assistant County Executive Officer of the  
28


1 Economic Development Agency as its authorized representative to administer this  
2 Lease.

3 8. Except as modified or supplemented by this First Amendment to Lease,  
4 all other provisions of the Lease remain the same and shall remain in full force and  
5 effect.

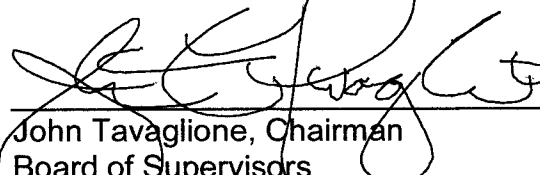
6 9. This First Amendment to Lease shall not be binding or consummated  
7 until its approval by the County's Board of Supervisors.

8 Dated: 1-1-12

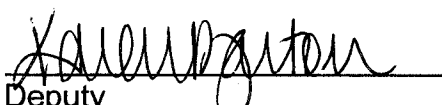
9 **CK-HS PARTNERS, LLC**, a California  
10 limited liability company

11 By:   
12 David Horenstein, Managing Member

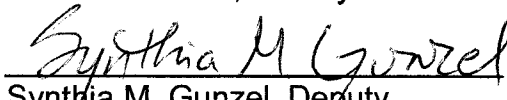
13 **COUNTY OF RIVERSIDE**, a political  
14 subdivision of the State of California

15 By:   
16 John Tavaglione, Chairman  
17 Board of Supervisors

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

20 By:   
21 Deputy

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

24 By:   
25 Synthia M. Gunzel, Deputy