

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

222



FROM: Economic Development Agency / Facilities Management

SUBMITTAL DATE:

June 7, 2012

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

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. Find that the project is exempt from The California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, Existing Facilities.

BACKGROUND: The County of Riverside has been leasing the facility at 1373 Old Temescal Road, Corona, since 2004.

(Continued)

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY Samuel Wong 6/6/12
SAMUEL WONG

Robert Field

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ (79,400)	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ (2,644)	Budget Adjustment:	No
	Annual Net County Cost:	\$ 4,884	For Fiscal Year:	2012/13

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: Federal 51.10%; State 45.57%; County 3.33%

Positions To Be Deleted Per A-30
Requires 4/5 Vote

C.E.O. RECOMMENDATION:

APPROVE

County Executive Office Signature

BY: Jennifer Sargent
Jennifer Sargent

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Ashley 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: June 19, 2012
xc: EDA, DPSS, Auditor

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

Prev. Agn. Ref.: 3.11 of 5/4/04; 3.30 of 9/14/04; 3.12 of 1/31/06;
3.22 of 3/31/09

District: 2/2

Agenda Number:

3.17

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL
BY: Synthia M. Guinze DATE

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

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

BACKGROUND: (Continued)

The facility, occupied by the Department of Public Social Services (DPSS), continues to meet the needs of the Department and the attached Second Amendment to Lease extends the lease twenty-four months.

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

Location: 1373 Old Temescal Road
Corona, CA 92881

Lessor: The Balsamo Family Trust
c/o Strata Realty Asset Services, Inc.
2433 Pomona Road
Corona, CA 92882

Size: 7,280 square feet

Term: Two years commencing July 1, 2012.

Rent:

	<u>Current</u>	<u>New</u>
	\$ 2.23 per sq. ft.	\$ 1.50 per sq. ft.
	\$ 16,219.04 per month	\$ 10,920.00 per month
	\$194,528.48 per year	\$131,040.00 per year
Savings per month:	\$ 5,299.04	
Savings per year:	\$63,588.48	

Rent Adjustment: None

Option to Terminate: For reduced funding after 12 months with 90 days' notice.

Utilities: County pays all utilities.

Custodial: Included in rent.

Interior/Exterior Maintenance: Included in rent.

The attached Second 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 Second Amendment to Lease will be fully funded through the DPSS budget. DPSS has budgeted these costs in FY 2012/13. While the Economic Development Agency (EDA) will front the costs for the Lease Amendment with the property owners, DPSS will reimburse the EDA for all associated lease costs. The amount of the cost decrease is not material; therefore DPSS and the Economic Development Agency (EDA) are not requesting budget adjustments at this time. The EDA is monitoring its budget closely and any budget adjustments associated with this lease agreement will be brought to the Board during the quarterly budget process.

Attachments:

Exhibit A

Exhibit B

Second Amendment to Lease

Exhibit A

DPSS Lease Cost Analysis FY 2012/13 1373 Old Temesal Road, Corona, California

Total Square Footage to be Leased:

EXPECTED AMOUNTS

Current office: 7,280 SQFT
Total Budgeted Lease Cost for FY 2012/13 \$ 207,438.00

ACTUAL AMOUNTS

Current Office: 7,280 SQFT
Approximate Cost per Sq Ft (July - June) \$ 1.50
Lease Cost per Month (July - June) \$ 10,920.00
Total Lease Cost (July - June) \$ 131,040.00
Total Actual Lease Cost for FY 2012/13 \$ 131,040.00
Total Lease Cost Variance for FY 2012/13 (\$76,398)

Estimated Additional Costs:

EXPECTED AMOUNTS

Utility Cost per Square Foot \$ 0.12
Estimated Utility Costs per Month \$ 873.60
Total Budgeted Expected Cost for FY 2012/13 \$ 10,483.20
EDA Lease Management Fee (Based @ 3.93%) \$ 8,152.31
Total Estimated Additional Cost Included in Budget for FY 2012/13 \$ 18,635.51

ACTUAL AMOUNTS

Utility Cost per Square Foot \$ 0.12
Costs per Month (July - June) \$ 873.60
Total Estimated Actual Utility Cost for FY 2012/13 \$ 10,483.20
EDA Lease Management Fee (Based @ 3.93%) \$ 5,149.87
Total Estimated Additional Actual Cost for FY 2012/13 \$15,633.07
Total Estimated Cost Variance for FY2012/13 \$ (3,002.44)
TOTAL ESTIMATED COST FOR FY 2012/13 \$ (79,400.44)
TOTAL COUNTY COST 3.33% \$ (2,644.03)

Exhibit B

DPSS Lease Cost Analysis FY 2013/14 1373 Old Temescal Road, Corona, California

Current Square Feet Occupied:

Office:	7,280 SQFT		
Cost per Square Foot:(July 1, 2013 - June 30, 2014) \$	1.50		
Lease Cost per Month (July 1, 2013 - June 30, 2014)	\$	10,920.00	
Lease Cost (July - June)		\$	131,040.00
Total Estimated Lease Cost for FY 2013/14		\$	131,040.00

Estimated Utility Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July 1, 2013 -June 30, 2014)		<u>\$</u>	<u>873.60</u>
Total Estimated Utility Cost for FY 2013/14		\$	10,483.20
EDA Lease Management Fee (Based @ 3.93%)		\$	<u>5,149.87</u>
TOTAL ESTIMATED COST FOR FY 2013/14		\$	<u>146,673.07</u>
TOTAL COUNTY COST 3.33%		\$	4,884.21

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

3 **1. Term.** Section 1 of the First Amendment to Lease shall be amended as
4 follows: The term of this Lease shall be extended for a period of two years
5 commencing July 1, 2012, and expiring June 30, 2014.

6 **2. Rent During Extended Term.** Section 2 of the First Amendment to
7 Lease shall be amended as follows: The rent during the two year extended term shall
8 be \$10,920.00 per month with no increases.

9 **3. Use.** Section 3 of the Lease shall be deleted in its entirety and replaced
10 with the following: County shall use and occupy the Premises for the purpose of
11 providing office space for use by the Department of Public Social Services, but the
12 Premises may be used for any official business of County government or any other
13 legal use which is reasonably comparable thereto. Nothing contained in this Lease
14 shall be construed to require County to occupy the Premises continuously. The parties
15 agree and acknowledge that the Premises, including without limitation the maximum
16 twenty nine (29) reserved parking spaces and ingress/egress aspects of the Premises
17 are only suited to office and administrative low-traffic/invitee volume tenants, and that
18 other intensity uses are inappropriate and prohibited in that they will likely violate
19 applicable governmental approvals, laws and restrictions, and violate the rights of other
20 Project tenants. Neither County, nor any County employee or invitee shall park in any
21 area within the Project other than in County's allotted parking areas, and Lessor shall
22 have the immediate right to tow any parking violators at violator's expense. Without
23 limiting the generality of the foregoing, County and Lessor agree and acknowledge that
24 the Building containing the Premises is designed to be used only for office and
25 administrative uses.

26 **4. Holding Over.** Section 4.4 of the Lease shall be deleted in its entirety
27 and replaced with the following: Any holding over by County after the expiration of said
28

1 term or any extension thereof shall be deemed a month-to-month tenancy upon the
2 same terms and conditions of this Lease.

3 **5. Base Rent; Payment.** Section 5.2 of the Lease shall be amended as
4 follows: The monthly Base Rent for the Extended Term to be paid by County to
5 Lessor, without offset or deduction (except as expressly authorized by this Lease) shall
6 be \$10,920.00 per month, payable, in advance, on the first day of each calendar month
7 during the Term, with pro ration for any partial months based on the actual days in
8 such month. Payment of Rent shall be in United States dollars, and made to Lessor as
9 its address stated herein or to such other persons or place as Lessor may from time to
10 time designate in writing. Acceptance of payment which is less than the amount then
11 due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of
12 Lessor's endorsement of any check so stating. In the event that any check, draft, or
13 other instrument of payment given by County to Lessor for any amount due under this
14 Lease is dishonored for any reason, County agrees to pay to Lessor the sum equal to
15 the lesser of six percent (6%) of the amount due or \$1,000.00 as a "Bad Check Fee".
16 The parties hereby agree that any such Bad Check Fee represents a fair and
17 reasonable estimate of costs Lessor will incur by reason of any such dishonored
18 check. Acceptance of any Bad Check Fee by Lessor shall in no event constitute a
19 waiver of County's Default or Breach with respect to such overdue amount, nor
20 prevent the exercise of any of the other rights and remedies granted hereunder, or
21 under applicable law.

22 **6. Payment of Excess Real Property Taxes or Assessments.** Section
23 5.3 of the Lease shall be deleted in its entirety.

24 **7. Base Rent Increases.** Section 5.4 of the Lease shall be deleted in its
25 entirety.

26 **8. Custodial Services.** Section 5.7 of the Lease shall be deleted in its
27 entirety.

28

1 **9. Continued Effect of Lease Terms.** Section 6.1.4 of the Lease shall be
2 deleted in its entirety.

3 **10. One-Time County Right of Early Termination.** Section 6.2 of the
4 Lease shall be deleted in its entirety and replaced with the following:

5 **6.2 County's Right to Early Termination.** The Parties hereto
6 recognize and understand that the rental consideration hereunder originates from
7 County, State, and/or Federal sources, and therefore County shall have the right to
8 terminate this Lease after the twelfth month of the extended term under this Second
9 Amendment to Lease (a) if such funding is reduced or otherwise becomes unavailable,
10 based on County's annual fiscal budget, or (b) if any law, rule or regulation precludes,
11 prohibits or materially adversely impairs County's ability to use the Premises for the
12 use permitted herein.

13 County shall provide Lessor with written notification of its election to
14 terminate this Lease at least ninety (90) days prior to the date of termination. County's
15 notice shall state the reason for its termination of this Lease. County's obligation to
16 pay Rent shall continue through the termination date.

17 **11. Custodial Services.** Section 8 of the Lease shall be deleted in its
18 entirety and replaced with the following: Lessor shall provide, at Lessor's cost,
19 commercially reasonable office cleaning, custodial and janitorial services (collectively,
20 the "Cleaning Services"). The Cleaning Services provided shall be consistent with the
21 standard and level of such services provided to other commercial office space, and
22 shall, unless County notifies Lessor in writing to the contrary, comply with the
23 guidelines for Cleaning Services set forth in attached Exhibit "D" to the Original Lease.

24 **12. Lessor's Repair and Maintenance Obligations.** Per Section 10.1 of
25 the Lease, the maintenance and repair of HVAC systems include the Lessor installed
26 HVAC system serving the data/communications room within the premises.

27 **13. County's Representative.** Section 24.7 of the Lease shall be amended
28 as follows: County hereby appoints the Assistant County Executive Officer of the

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

3 **14. Notice.** Section 24.15 of the Lease shall be amended as follows:

4 County's Notification Address:	5 Lessor's Notification Address:
6 County of Riverside	7 The Balsamo Family Trust
8 Economic Development Agency	9 c/o Strata Realty Asset Services, Inc.
10 3403 Tenth Street, Suite 500	11 2433 Pomona Avenue
12 Riverside, CA 92501	13 Corona, CA 92882
14 Attn: Deputy Director of Real Estate	15 Attn: Timothy Hawke
16 Telephone: (951) 955-4876	17 Telephone: (951) 280-1733

18 **15. Capitalized Terms.** Second Amendment to Prevail. Unless defined
19 herein or the context requires otherwise, all capitalized terms herein shall have the
20 meaning defined in the Lease, as heretofore amended. The provisions of this Second
21 Amendment shall prevail over any inconsistency or conflicting provisions of the Lease,
22 as heretofore amended, and shall supplement the remaining provisions thereof.

23 **16. Miscellaneous.** Except as amended or modified herein, all the terms of
24 the Original Lease shall remain in full force and effect and shall apply with the same
25 force and effect. If any provisions of this Amendment or the Lease shall be determined
26 to be illegal or unenforceable, such determination shall not affect any other provision of
27 the Lease and all such other provisions shall remain in full force and effect. The
28 language in all parts of the Lease shall be construed according to its normal and usual
meaning and not strictly for or against either Lessor or Lessee. Neither this
Amendment, nor the Original Lease, nor any notice nor memorandum regarding the
terms hereof, shall be recorded by Lessee.

17. Effective Date. This Second Amendment to Lease shall not be binding
or consummated until its approval by the Riverside County Board of Supervisors and
fully executed by the Parties

1 **IN WITNESS WHEREOF**, the Parties have executed this Amendment as
2 of the date first written above.

3
4 Dated: 6-19-12

LESSOR:

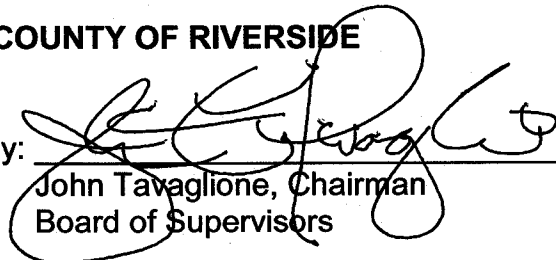
5 **STEPHEN A. BALSAMO AND MARIE C.**
6 **LEMMON-BALSAMO, TRUSTEES OF THE**
7 **BALSAMO FAMILY TRUST DATED JUNE 9, 2004**

8 By: 
9 Stephen A. Balsamo, Trustee

10 By: 
11 Marie C. Lemmon-Balsamo, Trustee

12 **LESSEE:**

13 **COUNTY OF RIVERSIDE**

14
15 By: 
16 John Tavaglione, Chairman
17 Board of Supervisors

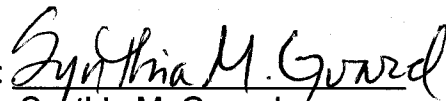
18 **ATTEST:**

19 Kecia Harper-Ihem
20 Clerk of the Board

21 By: 
22 Deputy

23 **APPROVED AS TO FORM:**

24 Pamela J. Walls
25 County Counsel

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

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