

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

418



FROM: Economic Development Agency / Facilities Management

SUBMITTAL DATE:

June 21, 2012

SUBJECT: Third Amendment to Lease – Riverside County Fire Department

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Third 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 office located at 2300 Market Street, Suite 150, Riverside, since December, 2006.

(Continued)

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: Samuel Wong 6/20/12
SAMUEL WONG

Robert Field
Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ (29,647)	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ (29,647)	Budget Adjustment:	No
	Annual Net County Cost:	\$ 208,463	For Fiscal Year:	2012/13

COMPANION ITEM ON BOARD AGENDA: No

SOURCE OF FUNDS: General Fund: Plan Review Fees 50%, Inspection Fees 50%

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY: Jennifer V. Sargent
Jennifer V. Sargent

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Stone, seconded by Supervisor Benoit and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone and Benoit
Nays: None
Absent: Ashley
Date: July 3, 2012
xc: EDA, Fire, Auditor

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

Prev. Agn. Ref.: 3.36 of 8/29/06; 3.24 of 6/30/09; 3.31 of 1/11/11; 3.32 of 1/11/11

District: 2/2

Agenda Number:

3.17

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL
BY: [Signature] 6/29/12
SYNTHIA M. GUNZEL
Departmental Concurrence DATE

[Signature]
John Hawkins, Fire Chief
Riverside County Fire Department

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

BACKGROUND: (Continued)

The office, occupied by Riverside County Fire Department (County Fire), continues to meet the needs of the Department. The attached Third Amendment to Lease extends the lease three years with a 16% reduction in rent.

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:

Lessor: MEF Realty, LLC, a Delaware limited liability company
c/o The Muller Company
23521 Paseo de Valencia, Suite 200
Laguna Hills, CA 92653

Premises: 2300 Market Street
Suite 150
Riverside, CA 92501

Size: 8,772 square feet

Term: Three years commencing July 1, 2012

Rent:	<u>Current</u>	<u>New</u>
	\$ 2.21 per sq. ft.	\$ 1.85 per sq. ft.
	\$ 19,380.43 per month	\$ 16,228.20 per month
	\$232,565.04 per year	\$194,738.40 per year

Savings per month: \$ 3,152.23
Savings per year: \$37,826.64

Rent Adjustment: 3% annually

Option to Terminate: For funding with sixty days notice

Utilities: Included in rent

Custodial: Included in rent

Interior/Exterior
Maintenance: Included in rent

The attached Third 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 Third Amendment to Lease will be fully funded through County Fire's budget. County Fire 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, County Fire will reimburse EDA for all associated lease costs. The amount of the cost decrease is not material; therefore, County Fire and EDA are not requesting budget adjustments at this time.

Attachments:

Exhibit A
Exhibit B
Third Amendment to Lease

Exhibit A

Fire Lease Cost Analysis FY 2012/13 2300 Market Street, Suite 150, Riverside, California

Total Square Footage to be Leased:

EXPECTED AMOUNTS

Current office: 8,772 SQFT
Total Budgeted Lease Cost for FY 2012/13 \$ 223,264.00

ACTUAL AMOUNTS

Current Office: 8,772 SQFT
Approximate Cost per Sq Ft (July - June) \$ 1.85
Lease Cost per Month (July - June) \$ 16,228.20
Total Lease Cost (July - June) \$ 194,738.40
Total Actual Lease Cost for FY 2012/13 \$ 194,738.40
Total Lease Cost Variance for FY 2012/13 \$ (28,525.60)

Estimated Additional Costs:

EXPECTED AMOUNTS

EDA Lease Management Fee (Based @ 3.93%) \$ 8,774.28
Total Estimated Additional Cost Included in Budget for FY 2012/13 \$ 8,774.28

ACTUAL AMOUNTS

EDA Lease Management Fee (Based @ 3.93%) \$ 7,653.22
Total Estimated Additional Actual Cost for FY 2012/13 \$ 7,653.22
Total Estimated Cost Variance for FY2012/13 \$ (1,121.06)
TOTAL ESTIMATED COST FOR FY 2012/13 \$ (29,646.66)

TOTAL COUNTY COST 100% \$ (29,646.66)

Exhibit B

Fire Lease Cost Analysis FY 2013/14 2300 Market Street, Suite 150, Riverside, California

Current Square Feet Occupied:

Office:	8,772 SQFT		
Cost per Square Foot: (July 1, 2013 - June 30, 2014 \$	1.91		
Lease Cost per Month (July 1, 2013 - June 30, 2014)	\$	16,715.05	
Lease Cost (July - June)		\$	200,580.60
Total Estimated Lease Cost for FY 2013/14		\$	200,580.60
EDA Lease Management Fee (Based @ 3.93%)		\$	7,882.82
TOTAL ESTIMATED COST FOR FY 2013/14		\$	208,463.42
TOTAL COUNTY COST 100%		\$	208,463.42

1 **THIRD AMENDMENT TO LEASE**

2 **2300 Market Street, Suite 150**

3 **Riverside, California**

4
5 This **THIRD AMENDMENT TO LEASE** ("Third Amendment") is made as of
6 July 3, 2012 by and between **MEF REALTY, LLC**, a Delaware
7 limited liability company ("Lessor") and the **COUNTY OF RIVERSIDE**, a political
8 subdivision of the State of California ("County"), as Lessee, sometimes collectively
9 referred to as the Parties.

10 **RECITALS.**

11 **A. MEF Realty, LLC, and County** entered into that certain Lease
12 dated August 29, 2006, ("the Original Lease") pursuant to which Lessor has agreed to
13 lease to County and County has agreed to lease from Lessor that certain building
14 located at 2300 Market Street, Suite 150, Riverside, California ("the Building"), as more
15 particularly described in the Lease ("the Original Premises").

16 **B. The Original Lease has been amended by:**

17 1. That certain First Amendment to Lease dated June 30, 2009,
18 by and between MEF Realty, LLC and County of Riverside ("the First Amendment"),
19 whereby the Parties amended the Lease to abate the rent.

20 2. That certain Second Amendment to Lease dated January 11,
21 2011, by and between MEF Realty, LLC and County of Riverside ("the Second
22 Amendment"), whereby the Parties amended the Lease to extend the term period and
23 rental amounts.

24 The Parties now desire to amend the Lease to extend the term and the
25 rental amounts.

26 **C. The Original Lease, together with the First Amendment and**
27 **Second Amendment, are collectively referred to herein as the "Lease".**

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 2 of the Second Amendment shall be amended as
4 follows: The term of this Lease shall be extended for a period of three years
5 commencing July 1, 2012, and expiring June 30, 2015.

6 2. **Rent During Extended Term.** Section 3 of the Second Amendment
7 shall be amended as follows: County shall pay to Lessor the following rent per month
8 during the Extended Term under this Third Amendment to Lease:

9	<u>Amount</u>	<u>Year</u>
10	\$16,228.20	7/01/2012 – 6/30/2013
11	\$16,715.05	7/01/2013 – 6/30/2014
12	\$17,216.50	7/01/2014 – 6/30/2015

13 3. **Notice.** Section 19.18 of the Lease shall be amended as follows:

14 **County's Notification Address:**

15 County of Riverside
16 Economic Development Agency
17 3403 Tenth Street, Suite 500
18 Riverside, CA 92501
19 Attn: Deputy Director of Real Estate
20 Telephone: (951) 955-4820

21 4. **Tenant Improvements/Repairs.** Upon full execution of the Third
22 Amendment to Lease, Lessor shall paint the premises at its sole cost and expense.
23 Work to be completed after normal business hours by December 31, 2012.

24 5. **Capitalized Terms.** Third 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 Third Amendment
27 shall prevail over any inconsistency or conflicting provisions of the Lease, as heretofore
28

1 amended, and shall supplement the remaining provisions thereof. The Lease remains
2 in full force and effect except to the extent amended by this Third Amendment.

3 **6. Miscellaneous.** Except as amended or modified herein, all the terms of
4 the Original Lease shall remain in full force and effect and shall apply with the same
5 force and effect. Time is of the essence in the Amendment and Lease and each and
6 all of their respective provisions. Subject to the provisions of the Lease as to
7 assignment, the agreements, conditions and provisions herein contained shall apply to
8 and bind the heirs, executors, administrators, successors and assigns of the parties
9 hereto. If any provisions of this Amendment or the Lease shall be determined to be
10 illegal or unenforceable, such determination shall not affect any other provision of the
11 Lease and all such other provisions shall remain in full force and effect. The language
12 in all parts of the Lease shall be construed according to its normal and usual meaning
13 and not strictly for or against either Lessor or Lessee. Neither this Amendment, nor the
14 Original Lease, nor any notice nor memorandum regarding the terms hereof, shall be
15 recorded by Lessee.

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

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24 (SIGNATURES ON NEXT PAGE)

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

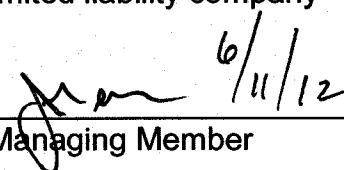
3 Dated: _____

LESSOR:

4 **MEF REALTY, LLC**
5 a Delaware limited liability company

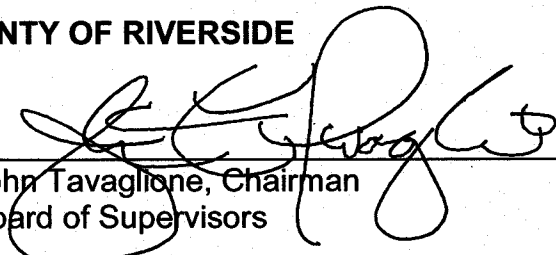
6 By: MULLER EQUITY FUND, LLC
7 a Delaware limited liability company
8 Sole Member

9 By: MEF Partners, LLC
10 a California limited liability company
11 Manager

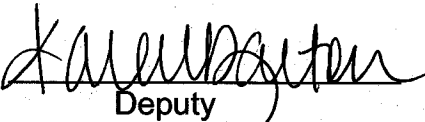
12 By:  6/11/12
13 John Muller, Managing Member

LESSEE:

14 **COUNTY OF RIVERSIDE**

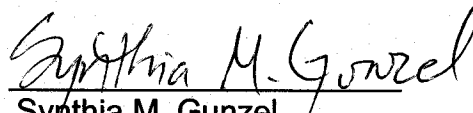
15
16 By: 
17 John Tavaglione, Chairman
18 Board of Supervisors

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

19 By: 
20 Deputy

21 **APPROVED AS TO FORM:**

22 Pamela J. Walls
23 County Counsel

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

27 HR:s/041912/RV345/14.869 S:\Real Property\TYPING\Docs-14.500 to 14.999\14.869.doc