

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

637



FROM: Economic Development Agency / Facilities Management

SUBMITTAL DATE:
February 28, 2013

SUBJECT: Second Amendment to Lease, Riverside County Department of Mental Health, Riverside

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Second Amendment to Lease and authorize the Chairman of the Board to execute same on behalf of the County;
2. Approve and direct the Auditor-Controller to adjust the Economic Development Agency's FY 2012/13 budget as outlined on Schedule A; and
3. Find that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, Existing Facilities.

BACKGROUND: (Procedures on Page 2)

PAUL ANGLIO, CPA, AUDITOR-CONTROLLER

Robert Field

Robert Field
Assistant County Executive Officer/EDA

BY: *Lisette Rose*
Lisette Rose
2/27/13

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 243,949	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2012/13

COMPANION ITEM ON BOARD AGENDA: No

SOURCE OF FUNDS: State 65%, Federal 35%	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 Ashley, seconded by Supervisor Stone and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: March 12, 2013
xc: EDA, Mental Health, CIP, EO, Auditor

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

Prev. Agn. Ref.: 3.11 of 11/4/03; 3.46 of 9/29/09. **District:** 1/1 **Agenda Number:** 3-19

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL
 DATE: 2/5/13
 BY: PATRICIA MUNROE
 REVIEWED BY CLIP
 Christopher Hans
 Riverside County Department of Mental Health
 By: Terry Wengerd

BACKGROUND:

This Second Amendment to Lease represents a request from the Riverside County Department of Mental Health (RCDMH) to extend the lease for its office located at 769 Blaine Street, Riverside, California, extending the term through December 31, 2017. The square footage will increase from 20,900 to 29,120 square feet which will include Suites 771 and 741. This expansion is required due to the increased needs of the community for the services provided at this facility. The total cost of the improvements is approximately \$432,500.00. The Department will reimburse Landlord for \$223,500.00 of the total cost, and Landlord will pay for the balance.

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

This Second Amendment to Lease is summarized below:

Lessor:	B. H. Properties, LLC 11111 Santa Monica Blvd., #1800 Los Angeles, California 90025	
Premises Location:	769, 771 and 741 Blaine Street, Riverside, CA 92507	
Size:	Existing 20,900 square feet	Expansion 8,220 square feet, effective June 1, 2013
	\$ 1.48 per sq. ft. \$ 30,831.29 per month \$369,975.48 per year	\$ 1.25 per sq. ft. \$ 10,275.00 per month \$123,300.00 per year
Term:	Extended through December 31, 2017	
Rent Adjustment:	Three percent annual increase	
Utilities:	County pays for telephone and electrical services, Landlord pays for all others services	
Custodial Services:	Landlord	
Maintenance:	Landlord	
RCIT Costs:	\$39,230.00	
Tenant Improvements:	County shall pay \$223,500 of the total cost of the improvements	
Option to Terminate:	Termination for any reason after twenty-four months with one hundred-twenty days' notice	

(Continued)

BACKGROUND: (Continued)

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

FINANCIAL DATA:

All associated costs for this Second Amendment to Lease will be fully funded through the RCDMH budget. The RCDMH has budgeted these costs in FY 2012/13, however, the Economic Development Agency (EDA) requires a budget adjustment to its FY 2012/13 budget to cover related transactional costs with the property owner. While EDA will front the costs for the Second Amendment to Lease with the property owners, the RCDMH will reimburse EDA for all associated costs.

Attachments:
Second Amendment to Lease
Schedule A
Exhibit A

SCHEDULE A

Increase Appropriations:

47220-7200400000-526700	Rent-Lease Bldgs	\$ 10,275.00
47220-7200400000-522410	Maint Tenant Improvement	\$223,500.00

Increase Estimated Revenue:

47220-7200400000-777330	Leasing Services	\$ 10,275.00
47220-7200400000-781360	Other Misc Revenue	\$223,500.00

Exhibit A

Department of Mental Health Lease Cost Analysis FY 2012/13 769, 771 and 741 Blaine Street, Riverside, California

Total Square Footage to be Leased:

EXPECTED AMOUNTS

Current office:	20,900 SQFT	
Total Expected Lease Cost for FY 2012/13		\$ 369,975.48

ACTUAL AMOUNTS

Current Office:	20,900 SQFT	
Expansion Office:	8,220 SQFT	
Approximate Cost per SQFT (Current lease)	\$ 1.48	
Approximate Cost per SQFT (Expansion lease)	\$ 1.25	
Lease Cost per Month (Current lease)	\$ 30,831.29	
Lease Cost per Month (Expansion lease)	<u>\$ 10,275.00</u>	
Total Lease Cost (Current lease)	\$ 339,144.19	
Total Lease Cost (Expansion lease - June)	<u>\$ 41,106.29</u>	
Total Actual Lease Cost for FY 2012/13		<u>\$ 380,250.48</u>
Total Lease Cost Variance for FY 2012/13		\$ 10,275.00

Estimated Additional Costs:

EXPECTED AMOUNTS

Utility Cost per Square Foot	\$ 0.12	
Estimated Utility Costs per Month	\$ 2,508.00	
Total Expected Additional Cost for FY 2012/13		\$ 30,096.00
RCIT		\$ 39,230.00
Tenant Improvements		\$ -
EDA Lease Management Fee (Based @ 3.93%)	<u>\$ 14,540.04</u>	
Total Estimated Expected Cost for FY 2012/13		\$ 83,866.04

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$ 0.12	
Costs per Month (Current lease)	\$ 2,508.00	
Costs per Month (Expansion lease)	\$ 3,494.40	
Total Estimated Actual Utility Cost for FY 2012/13	\$ 31,082.40	
RCIT	\$ 39,230.00	
Tenant Improvements	\$ 223,500.00	
EDA Lease Management Fee (Based @ 3.93%)	<u>\$ 23,727.39</u>	
Total Estimated Actual Cost for FY 2012/13		<u>\$ 317,539.79</u>
Total Estimated Cost Variance for FY 2012/13		<u>\$ 233,673.76</u>
TOTAL ESTIMATED COST FOR FY 2012/13		<u>\$ 243,948.76</u>

1 **SECOND AMENDMENT TO LEASE**

2 **769, 771 and 741 Blaine Street, Riverside, California**

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4 This **SECOND AMENDMENT TO LEASE** ("Second Amendment"), dated as of
5 MARCH 12, 2013, is entered by and between the **COUNTY OF RIVERSIDE**, a political
6 subdivision of the State of California, ("Lessee"), and **B.H. PROPERTIES, L.L.C.** a California
7 limited liability company ("Lessor"), sometimes collectively referred to as the "Parties."

8 **1. Recitals.**

9 a. Lessor and County entered into a lease dated November 4, 2003, pursuant to
10 which Lessor has agreed to lease to County and County has agreed to lease from Lessor a
11 portion of that certain building located at 769 Blaine Street, Riverside, California (Building), as
12 more particularly described in the lease.

13 b. The Lease has been amended by:

14 i. The First Amendment to Lease dated September 29, 2009.

15 ii. The leases dated November 4, 2003, together with its
16 amendments, shall be collectively referred to as the "Lease."

17 c. The Parties now desire to amend the Lease with this Second Amendment to
18 extend the term period, the rental amounts, modify the rentable square footage, improvements
19 and the option to terminate.

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. Lease Term.** Section 4, subsection 4.1 of the Lease is hereby amended to
23 extend the lease for a period of five years.

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AC

1 **3. Rent.** Section 5, subsection 5.1 and 5.2 of the Lease are hereby amended by
2 the following:

3 County shall pay to Lessor the following monthly sums upon completion and acceptance of the
4 tenant improvements:

<u>Period</u>	<u>Existing Premises</u>	<u>Expansion Premises</u>	<u>Total</u>
1/1/13-8/31/13	\$30,831.29	\$10,275.00	\$41,106.29
9/1/13-8/31/14	\$31,756.23	\$10,583.25	\$42,339.48
9/1/14-12/31/15	\$27,716.02	\$10,900.75	\$38,616.77
1/1/16-12/31/16	\$28,547.50	\$11,227.77	\$39,775.27
1/1/17-12/31/17	\$29,403.93	\$11,564.60	\$40,968.53

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9 **4. Premises.** Section 2, subsection 2.2 of the Lease is hereby amended by the
10 following:

11 a. The square footage of the premises shall increase from 20,900 to 29,120
12 square feet to include Suites 771 and 741, as more particularly shown on Exhibit "A," attached
13 hereto and incorporated herein.

14 b. Exhibit "A" of the Original Lease is hereby deleted in its entirety and
15 replaced with Exhibit A attached hereto and incorporated herein by this reference.

16 **5. Improvements by Lessor.** Section 11 of the Lease shall be amended by
17 adding subsection 11.1.7 through 11.1.9 to the Lease as follows:

18 11.1.7. Lessor understands and agrees not to make any
19 modifications to the specifications as set forth in Exhibit "A," without first obtaining written
20 approval from County. Any changes to these specifications without first acquiring written
21 approval will be at the expense of the Lessor and not the County of Riverside.

22 11.1.8. The total cost of the improvements is approximately
23 \$432,500.00. The County will reimburse Landlord for \$223,500.00 of the total cost and
24 Landlord will pay for the balance. Lessor shall provide an itemized statement of the actual cost
25 of the tenant improvements, upon completion. The Riverside County Department of Mental
26 Health (RCDMH) will reimburse Lessor within thirty (30) days of receipt of itemized statement,
27 or as soon thereafter as a warrant can be issued.
28

PM

1 11.1.9. Lessor shall submit to County a complete set of approved "As-
2 Built" drawings.

3 **6. County's Right to Early Termination.** A new Section 4.5 will be added as
4 follows:

5 Early Termination. County shall have the right to terminate this Lease for any reason
6 after twenty-four months by providing Lessor one hundred and twenty (120) days advance
7 written notice.

8 **7. Second Amendment to Prevail.** The provisions of this Second Amendment
9 shall prevail over any inconsistency or conflicting provisions of the Lease.

10 **8. Miscellaneous.** Except as amended or modified herein, all the terms of the
11 Lease shall remain in full force and effect and shall apply with the same force and effect. If any
12 provision of this Second Amendment or the Lease shall be determined to be illegal or
13 unenforceable, such determination shall not affect any other provision of the Lease and all
14 such other provisions shall remain in full force and effect. Neither this Second Amendment, nor
15 the Lease, nor any notice nor memorandum regarding the terms hereof, shall be recorded by
16 County.

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PL

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

4 IN WITNESS WHEREOF, the parties have executed this Second Amendment as of the
5 date first written above.

6 Dated: _____

7 **LESSOR:**
8 **B.H. PROPERTIES L.L.C.**

9 By: _____
10 Name: Arsalan Gozini
11 Its: General Member

12 **LESSEE:**
13 **COUNTY OF RIVERSIDE**

14 By: _____
15 *John J. Benoit*
16 John J. Benoit, Chairman
 Board of Supervisors

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

19 By: _____
20 *Kecia Harper-Ihem*
 Deputy

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

24 By: _____
25 *Patricia Munroe*
26 Patricia Munroe
 Deputy County Counsel

27 MH:s/121212/RV310/15.546 S:\Real Property\TYPING\Docs-15.500 to 15.999\15.546.doc

DESIGN STUDIO META, INC.
 1000 W. 14TH AVENUE, SUITE 200
 DENVER, CO 80202
 PHONE: (303) 733-1888
 FAX: (303) 733-1889
 WWW: WWW.DSMTA.COM

PROJECT: MENTAL HEALTH OFFICE
 771 BLAINE ST. RIVERSIDE, CA

CONSTRUCTION DOCUMENT
 SHEET NO. 4

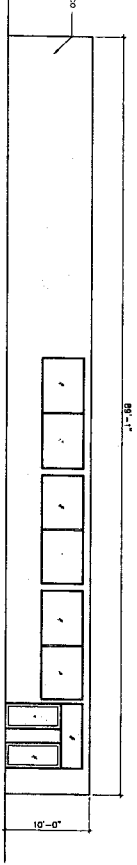
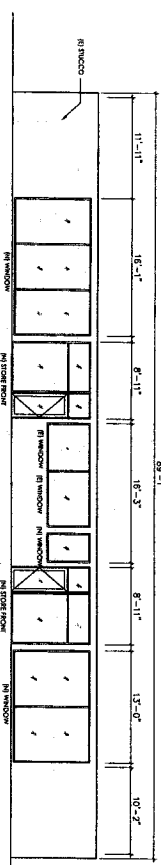
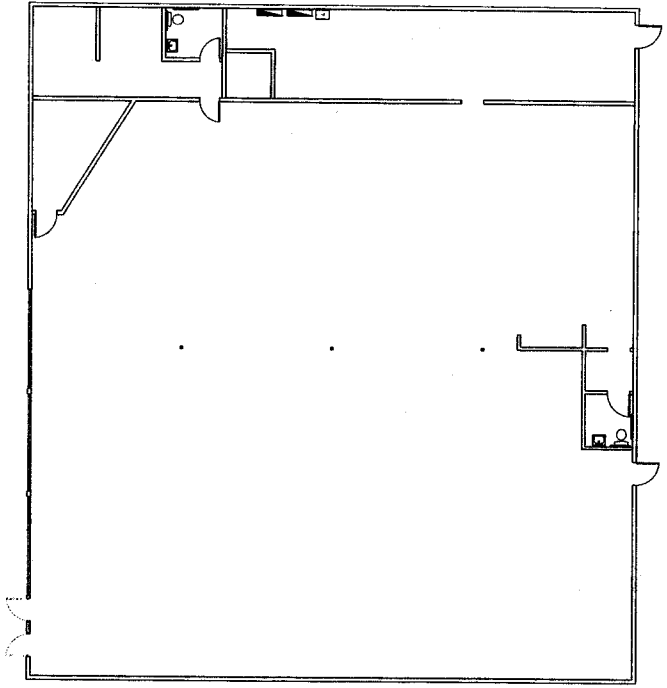
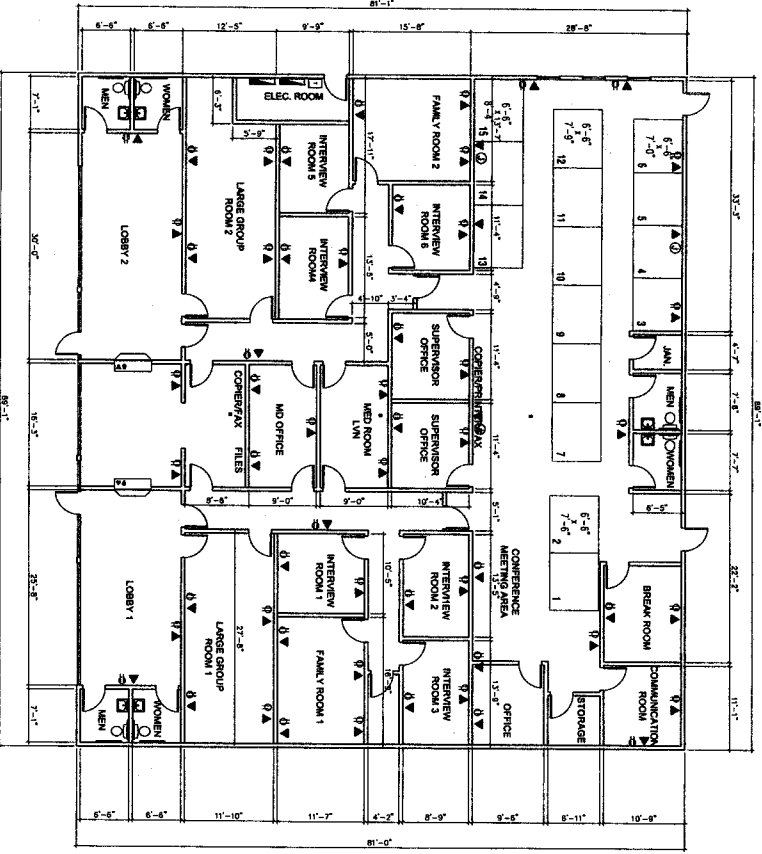
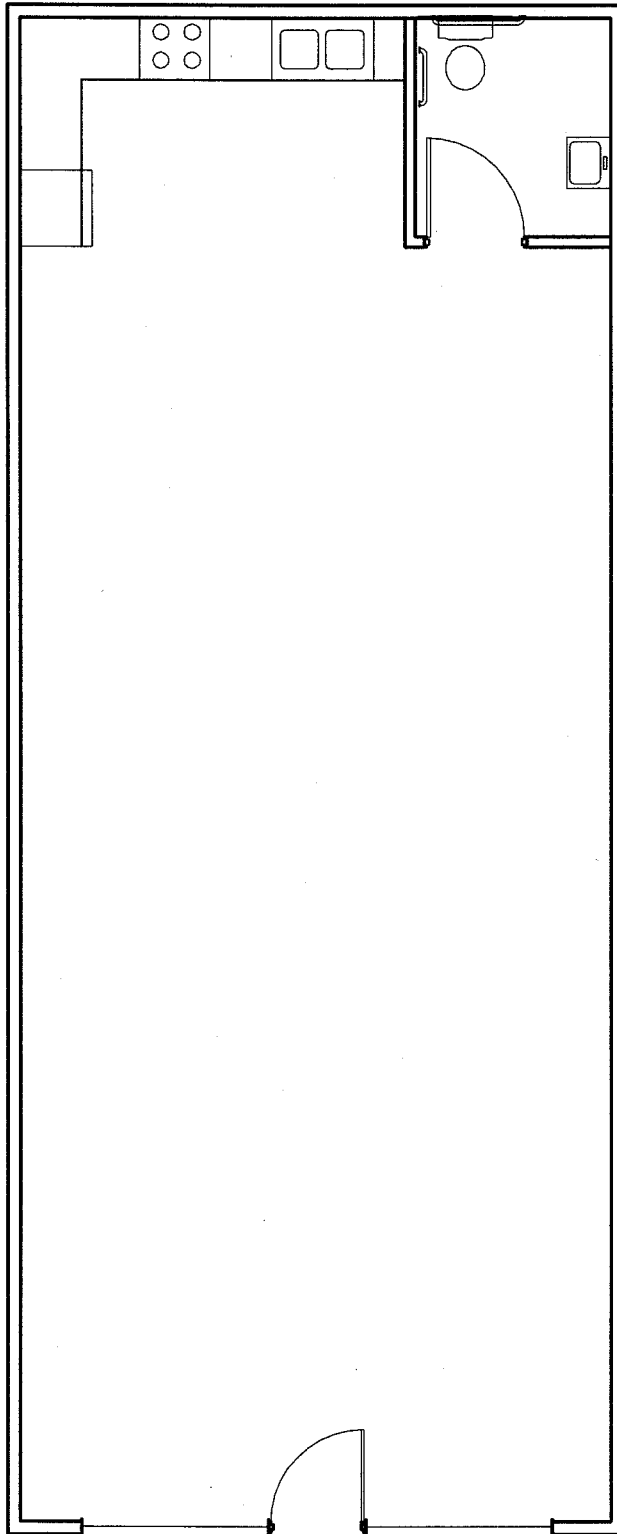


EXHIBIT "A"



UNIT 741
FLOOR PLAN

AV
EXHIBIT "A"