

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

849



SUBMITTAL DATE:
September 12, 2013

FROM: Economic Development Agency / Facilities Management
SUBJECT: First Amendment to Lease – Fire Department, Perris

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached First Amendment to Lease and authorize the Chairman of the Board to Execute the same on behalf of the County; and
2. Find that the lease of the building and improvements are exempt from CEQA pursuant to the CEQA guidelines section 1561 (b) (3) as it can be seen with certainty that there is no possibility the activity in questions may have a significant effect on the environment; and section 15301, Class 1, as the project involves eligible or no expansion of an existing use or alterations.

BACKGROUND: (Commences on Page 2)

FISCAL PROCEDURES APPROVED

PAUL ANGULO, Clerk

BY: Lisette Rose 9/13

[Signature]

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ (46,499)	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ (13,950)	Budget Adjustment:	No
	Annual Net County Cost:	\$ 71,087	For Fiscal Year:	2013/14

COMPANION ITEM ON BOARD AGENDA: No

SOURCE OF FUNDS: 52% Structural Fire Taxes; 30% General Fund; 18% City Revenue Contract	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

[Signature]
BY: Jennifer L. Sargent

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Stone, seconded by Supervisor Ashley 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: September 24, 2013

Kecia Harper-Ihem
Clerk of the Board

By: *[Signature]*
Deputy

cc: BW S: SI EDA, Fire, Auditor

Prev. Agn. Ref.: 3.26 of 1/9/2007

District: 5/5

Agenda Number: **3-30**

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL
DATE: 9/14/13
BY: PATRICIA MUNROE
Departmental Concurrence

By: Glenn Patterson, Deputy Chief Administration
Riverside County Fire Department

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

2013 09 25 11:51 AM

BACKGROUND: The original Lease was approved by the Board of Supervisors on December 4, 2007. This office and the Communication Unit continue to meet the requirements for the Fire Department.

In an effort to assist the Fire Department in achieving their goals and reducing the rent, the Real Estate Division has negotiated a five year lease renewal at a reduced rate of \$1.35 per square foot. This results in an annual savings of \$91,509.96 per year. In addition, the annual increase escalator has been reduced from 4% to 2.5%, thereby provided additional savings for the department. A portion of the current rent included a tenant improvement reimbursement in the amount of \$15,800.92, or \$1.23 psf. This tenant improvement reimbursement payment will be paid in full with the December 2013 rent. The tenant improvement cost was not included in the annual savings mentioned above.

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 with minor tenant improvements alterations and no expansion of an existing use will occur.

Lessor: KEIKO1.LLC, CHICAGO BABC II, LLC, 3050 FTK, LLC, RWR-PERRIS VENTURES LLC, E.S.1 INVESTMENTS, LLC

Location: 88 Rider Street
Perris, CA 92503

Size: Approximately 12,822 Square Feet

Rent:	Current: (does not include TI)	New:
	\$ 1.94 psf.	\$ 1.35 psf
	\$ 24,935.53 per month	\$ 17,309.70 per month*
	\$299,226.36 per year	\$207,716.40 per year

*New rent effective January 1, 2014

Rental Adjustment: Reduced from 4% to 2.5% percent annually

Utilities: County pays for electricity and phone, Lessor pays for all other utility services

Custodial: Lessor provides custodial service

Maintenance: Lessor provides maintenance

RCIT: None

The attached Lease has been reviewed and approved by County Counsel as to form

FINANCIAL DATA: The Fire Department has budgeted these costs in FY 2013/14 and will reimburse EDA for all lease costs on a monthly basis.

Attachments: Lease, Exhibits A and B

Exhibit A

County Fire Department Lease Cost Analysis FY 2013/14 88 E. Rider Street, Perris CA

Total Square Footage to be Leased:

EXPECTED AMOUNTS

Current office:	12,822 SQFT	
Total Expected Lease Cost for FY 2013/14		\$ 299,226.36

ACTUAL AMOUNTS

New Office:	12,822 SQFT	
	SQFT	

Approximate Cost per SQFT (July - Nov)	\$	1.94
Approximate Cost per SQFT (Dec)	\$	2.02
Approximate Cost per SQFT (Jan-June)	\$	1.35

Lease Cost per Month (July - Nov)	\$	24,935.53
Lease Cost per Month (Dec)	\$	25,932.95
Lease Cost per Month (Jan-June)	\$	<u>17,309.70</u>

Total Lease Cost (July - Nov)	\$	124,677.65	
Total Lease Cost (Dec)	\$	25,932.95	
Total Lease Cost (Jan-June)	\$	<u>103,858.20</u>	
Total Actual Lease Cost for FY 2013/14			\$ 254,468.80
Total Lease Cost Variance for FY 2013/14			\$ (44,757.56)

Estimated Additional Costs:

EXPECTED AMOUNTS

Utility Cost per Square Foot	\$	0.12
Estimated Utility Costs per Month	\$	1,538.64

Total Estimated Utility Cost for FY 2013/14	\$	18,463.68
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RCIT	\$	-
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Tenant Improvements	\$	-
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EDA Lease Management Fee (Based @ 3.89%)	\$	<u>11,639.91</u>	
Total Estimated Expected Cost for FY 2013/14			\$ 30,103.59

ACTUAL AMOUNTS

Utility Cost per Square Foot	\$	0.12
Costs per Month	\$	1,538.64
	\$	<u>-</u>

Total Estimated Actual Utility Cost for FY 2013/14	\$	18,463.68
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RCIT	\$	-
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Tenant Improvements	\$	-
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EDA Lease Management Fee (Based @ 3.89%)	\$	<u>9,898.84</u>	
Total Estimated Actual Cost for FY 2013/14			\$ 28,362.52

Total Estimated Cost Variance for FY 2013/14			\$ (1,741.07)
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TOTAL ESTIMATED COST FOR FY 2013/14			\$ (46,498.63)
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TOTAL COUNTY COST: 30%			\$ (13,949.59)
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Exhibit B

County Fire Department Lease Cost Analysis FY 2014/15 88 E. Rider Street, Perris, CA

Current Square Feet Occupied:

Current Office:	12,822	SQFT	
Approximate Cost per SQFT (July-Dec)	\$	1.35	
Approximate Cost per SQFT (Jan-June)	\$	1.39	
Lease Cost per Month (July-Dec)		\$	17,309.70
Lease Cost per Month (Jan-June)		\$	17,742.44
Total Lease Cost (Jan-Dec)			\$ 103,858.20
Total Lease Cost (Jan-June)			\$ 106,454.66
Total Expected Lease Cost for FY 2014/15			\$ 210,312.86
 <u>Estimated Additional Costs:</u>			
Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month		\$	<u>1,538.64</u>
Total Estimated Utility Cost for FY 2014/15			\$ 18,463.68
EDA Lease Management Fee (Based @ 3.89%)			\$ <u>8,181.17</u>
TOTAL ESTIMATED COST FOR FY 2014/15			\$ <u>236,957.71</u>
TOTAL COUNTY COST: 30%			\$ 71,087.31

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**FIRST AMENDMENT TO LEASE
88 E. RIDER STREET, PERRIS, CALIFORNIA**

This **FIRST AMENDMENT TO LEASE** (First Amendment), dated as of September 24, 2013 is entered by and between the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California, (County), and **KEIKO 1. LLC, CHICAGO CABE II, LLC, 3050 FTK, LLC, RWR-PERRIS VENTURES LLC, E.S.1 INVESTMENTS, LLC**, a California limited partnership, (Lessor), sometimes collectively referred to as the "Parties."

1. Recitals.

a. Lessor and County entered into that certain lease dated December 4, 2007 (the "Lease"), pursuant to which Lessor agreed to lease to County and County agreed to lease from Lessor a portion of that certain building located at 88 East Rider Street, Perris, California, (the "Building"), as more particularly described in the Lease.

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

2. Lease Term. Section 4.1 of the Lease is hereby deleted in its entirety and amended by the following:

4.1 The term of this Lease shall be extended for a period of five (5) years effective as of January 1, 2014 and terminating December 31, 2019.

3. Rent. Section 5.1 is hereby deleted in its entirety and amended by the following:

Effective as of January 1, 2014, the monthly rent shall be \$17,309.70.

4. Percentage Increase. Section 5.2 is hereby deleted in its entirety and amended by the following:

The monthly rent shall be increased on each anniversary of the First Amendment to Lease by an amount equal to (2.5%) of such monthly rental.

5. County's Right to Early Termination. Section 6.3 is hereby amended as follows:

1 The Parties hereto recognize and understand that the rental consideration hereunder
2 originates from County, State and/or Federal sources, and therefore County shall have the right
3 to terminate this First Amendment to Lease (a) if such funding is reduced or otherwise
4 becomes unavailable, based on County's annual fiscal budget, or (b) if any law, rule or
5 regulation precludes, prohibits or materially adversely impairs County's ability to use the
6 premises for the use permitted herein. County cannot terminate this First Amendment to Lease
7 prior to the commencement of the 48th month of this First Amendment Lease Term.

8 **6. Notice.** Section 6.3.1 of the Lease is hereby deleted in its entirety
9 and amended by the following:

10 County shall provide Lessor with written notification of its election to terminate this First
11 Amendment to Lease at least one hundred and eighty (180) days prior to the date of
12 termination. County's obligation to pay rent shall continue through the termination date.

13 **7. Capitalized Terms: First Amendment to Prevail.** The provisions of this First
14 Amendment shall prevail over any inconsistency or conflicting provisions of the Lease, as
15 heretofore amended, and shall supplement the remaining provisions thereof. Unless defined
16 herein or the context requires otherwise, all capitalized terms herein shall have the meaning
17 defined in the Lease, as heretofore amended.

18 **8. Miscellaneous.** Except as amended or modified herein, all the terms of the
19 Lease shall remain in full force and effect and shall apply with the same force and effect. This
20 is of the essence in this Amendment and the Lease and each and all of their respective
21 provisions. Subject to the provisions of the Lease as to assignment, the agreements,
22 conditions and provisions herein contained shall apply to and bind the heirs, executors,
23 administrators, successors and assigns of the parties hereto. If any provision of this
24 Amendment or the Lease shall be determined to be illegal or unenforceable, such
25 determination shall not affect any other provision of the Lease and all such other provisions
26 shall remain in full force and effect. The language in all parts of the Lease shall be construed
27 according to its normal and usual meaning and not strictly for or against either Lessor or
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1 Lessee. Neither this Amendment, nor the Lease, nor any notice nor memorandum regarding
2 the terms hereof, shall be recorded by County.

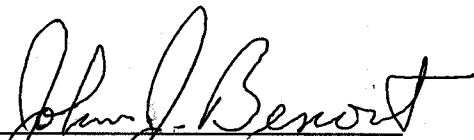
3 9. **Effective Date.** This First Amendment to Lease shall not be binding or
4 consummated until its approval by the Riverside County Board of Supervisors and fully
5 executed by the Parties.

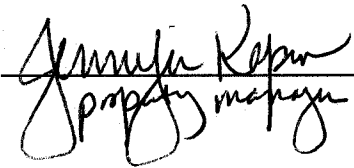
6 WITNESS WHEREOF, the parties have executed this Amendment as of the date first
7 written above.

8 Dated: SEP 24 2013

10 COUNTY:
11 COUNTY OF RIVERSIDE, a political
12 Subdivision of the State of California

LESSOR:
KEIKO 1. LLC, CHICAGO CABE II,
LLC, 3050 FTK, LLC, RWR-PERRIS
VENTURES LLC, E.S.1
INVESTMENTS, LLC, a California
partnership

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15 By: 
16 John J. Benoit, Chairman
Board of Supervisor

By: 
Property Manager

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

20 By: 
Deputy

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

24 By: 
25 Patricia Munroe
26 Deputy County Counsel

27 CC:mr/072613/PR036/16.079 S:\Real Property\TYPING\Docs-16.000 to 16.499\16.079.doc

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