

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



FROM: Economic Development Agency / Facilities Management

SUBMITTAL DATE:

February 27, 2014

SUBJECT: Fifth Amendment to Lease – Department of Public Social Services, Riverside, 3-year lease extension, CEQA Exempt, District 1, [\$1,853,447], DPSS Budget 96.67%; County General Fund 3.33%

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from The California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, Existing Facilities; and
2. Approve the Fifth Amendment to Lease and authorize the Chairman of the Board to execute the same on behalf of the County.

BACKGROUND:

Summary

(Commences on page 2)

FISCAL PROCEDURES APPROVED
RAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: *[Signature]* 3/5/14

[Signature]
Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 250,385	\$ 607,893	\$ 1,853,447	\$ 0.	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 8,338	\$ 20,243	\$ 61,720	\$ 0.	
SOURCE OF FUNDS: DPSS Budget: 96.67%; County General Fund: 3.33%				Budget Adjustment: No	
				For Fiscal Year: 2013/14	

C.E.O. RECOMMENDATION:

APPROVE
BY: *[Signature]*
Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Stone, Benoit and Ashley
Nays: None
Absent: Tavaglione
Date: March 18, 2014
xc: EDA, DPSS

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

Prev. Agn. Ref.: 3.25 of 8/15/00; 3.18 of 3/13/12 District: 1/1 Agenda Number:

3-10

FORM APPROVED COUNTY COUNSEL
BY: PATRICIA MUNROE
DATE: 2/27/14

By: *[Signature]*
Susan Loew
Director, Department of Public Social Services

- A-30
- Positions Added
- 4/5 Vote
- Change Order

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

Economic Development Agency / Facilities Management

FORM 11: Fifth Amendment to Lease – Department of Public Social Services, Riverside, 3-year lease extension, CEQA Exempt, District 1, [\$1,853,447], DPSS Budget 96.67% County General Fund 3.33%

DATE: February 27, 2014

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BACKGROUND:

Summary

On August 15, 2000, the County entered into a lease agreement on behalf of the Department of Public Social Services (DPSS) for the facility located at 10769 Hole Avenue, Riverside. The facility continues to meet the needs of the Department for their Self Sufficiency and related programs. The attached Fifth Amendment to Lease extends the lease three years. The Lessor, at Lessor's expense, shall provide new flooring and paint. The details of the Lease are as follows:

- Location: 10769 Hole Avenue
Riverside, CA 92505
- Lessor: B.H. Properties, LLC
11111 Santa Monica Blvd., Suite 1800
Los Angeles, CA 90025
- Size: Approximately 30,188 square feet.
- Term: Three years commencing February 1, 2014.
- Rent:

<u>Current</u>	<u>New</u>
\$ 1.48 per sq. ft. modified gross	\$ 1.48 per sq. ft. modified gross
\$ 44,715.12 per month	\$ 44,715.12 per month
\$536,581.44 per year	\$536,581.44 per year
- Rent Adjustment: Three percent annually.
- Option to Extend: One, two-year option.
- Utilities: County pays for electric. Lessor pays for all other utilities.
- Custodial: Included in rent.
- Interior/Exterior Maintenance: Included in rent.
- Tenant Improvements: Included, at Lessor's expense, is flooring replacement and interior painting.

The attached lease has been reviewed and approved by County Counsel as to legal form.

Impact on Residents and Businesses

There will be no foreseeable negative impact on residents and local businesses. DPSS will utilize the office space for staff support of their Self Sufficiency program.

(Continued)

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SUPPLEMENTAL:

Additional Fiscal Information

See attached Exhibits A, B and C.

DPSS will budget these costs in FY2013/14 and will reimburse the Economic Development Agency for all lease costs on a monthly basis.

Contract History and Price Reasonableness

Original lease was executed on August 15, 2000. The lease rate is consistent with market rates for the area.

Attachments:

Fifth Amendment to Lease

Exhibit A, B & C

Exhibit A

FY 2013/14

Department of Public Social Services Lease Cost Analysis

10769 Hole Avenue, Riverside, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	30,188 SQFT		
Approximate Cost per SQFT (July - Jan) 4th Amendment	\$	1.48	
Approximate Cost per SQFT (Feb - June) 5th Amendment	\$	1.48	
Lease Cost per Month (July - Jan) 4th Amendment	\$	44,715.12	
Lease Cost per Month (Feb - June) 5th Amendment	\$	44,715.12	
Total Lease Cost (July - Jan) 4th Amendment			\$ 313,005.84
Total Lease Cost (Feb - June) 5th Amendment			\$ 223,575.60
Total Estimated Lease Cost for FY 2013/14			\$ 536,581.44

Estimated Additional Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July - Jan) 4th Amendment	\$	25,357.92	
Estimated Utility Costs per Month (Feb - June) 5th Amendment	\$	18,112.80	
Total Estimated Utility Cost			\$ 43,470.72
RCIT			\$ -
Tenant Improvement			\$ -
EDA Lease Management Fee - 3.89% (July - Jan) 4th Amendment	\$	12,175.93	
EDA Lease Management Fee - 3.89% (Feb - June) 5th Amendment	\$	8,697.09	
Total EDA Lease Management Fee			\$ 20,873.02
TOTAL ESTIMATED COST FOR FY 2013/14			\$ 600,925.18
Amount Previously approved in 4th Amendment			\$ 350,539.69
Amount of FY13/14 for 5th Amendment			<u>\$ 250,385.49</u>
TOTAL COUNTY COST 3.33%			\$ 8,337.84

Exhibit B

FY 2014/15

Department of Public Social Services Lease Cost Analysis

10769 Hole Avenue, Riverside, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	30,188	SQFT	
Approximate Cost per SQFT (July - Jan)	\$	1.48	
Approximate Cost per SQFT (Feb - June)	\$	1.53	
Lease Cost per Month (July - Jan)	\$	44,715.12	
Lease Cost per Month (Feb - June)	\$	46,056.57	
Total Lease Cost (July - Jan)	\$		313,005.84
Total Lease Cost (Feb - June)	\$		230,282.87
Total Estimated Lease Cost for FY 2014/15	\$		543,288.71

Estimated Additional Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July - June)		\$	<u>3,622.56</u>
Total Estimated Utility Cost	\$		43,470.72
RCIT	\$		-
Tenant Improvement	\$		-
EDA Lease Management Fee - 3.89%	\$		<u>21,133.93</u>
TOTAL ESTIMATED COST FOR FY 2014/15	\$		<u>607,893.36</u>
TOTAL COUNTY COST 3.33%	\$		20,242.85

Exhibit C

FY 2015/16 to FY 2016/17

Department of Public Social Services Lease Cost Analysis

10769 Hole Avenue, Riverside, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:

30,188 SQFT

	FY 2015/16	FY 2016/17
Approximate Cost per SQFT (July - Jan)	\$ 1.53	\$ 1.57
Approximate Cost per SQFT (Feb - June)	\$ 1.57	\$ -
Lease Cost per Month (July - Jan)	\$ 46,056.57	\$ 47,438.27
Lease Cost per Month (Feb - June)	\$ 47,438.27	
Total Lease Cost (July - Jan)	\$ 322,396.02	\$ 332,067.90
Total Lease Cost (Feb - June)	\$ 237,191.35	\$ -
Total Estimated Lease Cost for FY 2015/16 to FY 2016/17	\$ 559,587.37	\$ 332,067.90

Estimated Additional Costs:

Utility Cost per Square Foot	\$ 0.12	\$ 0.12
Estimated Utility Costs per Month (July - June)	\$ 3,622.56	\$ 3,622.56
Total Estimated Utility Cost	\$ 43,470.72	\$ 25,357.92
RCIT	\$ -	\$ -
Tenant Improvement	\$ -	\$ -
EDA Lease Management Fee - 3.89%	\$ 21,767.95	\$ 12,917.44
TOTAL ESTIMATED COST FOR FY 2015/16 to FY 2016/17	\$ 624,826.04	\$ 370,343.26
TOTAL COUNTY COST 3.33%	\$ 20,806.71	\$ 12,332.43

1 **FIFTH AMENDMENT TO LEASE**

2 (Department of Public Social Services,
3 10769 Hole Avenue, Suite 110, Riverside, California)
4

5 This FIFTH AMENDMENT to Lease (Fifth Amendment) is made as of
6 March 18, 2014, by and between the **COUNTY OF RIVERSIDE**, a political
7 subdivision of the State of California, (County), and **B.H. PROPERTIES, L.L.C.**, a
8 California limited liability company, (Lessor).

9 **1. Recitals**

10 a. B.H. Properties, L.L.C, as Lessor, and County, have entered into
11 that certain Lease dated August 15, 2000, (Original Lease) pertaining to the premises
12 located at 10769 Hole Avenue, Suite 110, Riverside, California, as more particularly
13 described in the Lease.

14 b. The Original Lease has been amended by:

15 i. That certain First Amendment to Lease dated, January 31,
16 2006, by and between County of Riverside and B.H. Properties, LLC, (First
17 Amendment).

18 ii. That certain Second Amendment to Lease dated May 23,
19 2006, by and between County of Riverside and B.H. Properties, LLC, (Second
20 Amendment).

21 iii. That certain Third Amendment to Lease dated September 18,
22 2007, by and between County of Riverside and B.H. Properties, LLC (Third
23 Amendment).

24 iv. That certain Fourth Amendment to Lease dated March 13,
25 2012, by and between County of Riverside and B.H. Properties, LLC (Fourth
26 Amendment).

27 c. The Original Lease, as heretofore, currently, or hereafter
28 amended, shall hereafter be referred to as the "Lease."

1 d. County and Lessor desire to further amend the Lease by extending
2 the term, modifying the rent and completing tenant improvements.

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

5 **2. Term.** Section 4(a) of the Lease shall be amended as follows: The term
6 of this Lease shall be extended for a period of three (3) years commencing February 1,
7 2014, and expiring January 31, 2017 (the "Extension Term").

8 **3. Rent.** Section 5 of the Lease shall be amended as follows: County shall
9 pay to Lessor the monthly sum as rent for the Leased premises during the extended
10 term of this Lease as indicated below:

11 February 1, 2014 – January 31, 2015	\$44,715.12
12 February 1, 2015 – January 31, 2016	\$46,056.57
13 February 1, 2016 – January 31, 2017	\$47,438.27

14 **4. Option.**

15 **4.1. Option to Extend Term.** Lessor grants to County one (1) option to
16 extend the Lease term ("Extension Option"). The Extension Option shall be for a
17 period of two (2) years ("Extended Term"), subject to the conditions described in this
18 Section 3.1.

19 **4.1.1 Exercise of Option.** The Extension Option shall be exercised by
20 County delivering to Lessor written notice thereof no later than ninety (90) days prior to
21 expiration of the current term under this Fifth Amendment to Lease.

22 **4.1.2 Option Rent.** The rent payable by County during the Extended
23 Term under this Fifth Amendment to Lease shall be increased three (3%) annually on
24 each anniversary.

25 **5. Improvements by Lessor.** Section 9 of the Lease shall be amended to
26 add subsection 9(i) as follows:

27 **9(i) Additional Improvements by Lessor.** Lessor, at its total cost and
28 expense, not subject to reimbursement by County, shall install new carpet in all

1 sections currently carpeted and replace hard-surface flooring where needed. Lessor's
2 responsibility shall include lifting of workstations utilizing Shaw furniture jacks, removal
3 of existing carpet, installation of Shaw carpet tiles as specified by County and new top
4 set base. In addition, Lessor shall repaint the interior premises, color selected by
5 County. County's responsibility shall include packing of files, moving of files and hard
6 walled office furniture and removal of art, etc. on walls. All work stated herein shall be
7 completed in phases, after hours or on weekends. Work to commence upon County's
8 request and completed by December 30, 2014.

9 **6. Fifth Amendment to Prevail.** The provisions of this Fifth Amendment
10 shall prevail over any inconsistency or conflicting provisions of the Lease, as heretofore
11 amended, and shall supplement the remaining provisions thereof. Unless defined
12 herein or the context requires otherwise, all capitalized terms herein shall have the
13 meaning defined in the Lease, as heretofore amended.

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

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

4
5 LESSOR:
6 COUNTY OF RIVERSIDE

LESSEE:
B.H. PROPERTIES, L.L.C.,
a California limited liability company

7
8 By: Jeff Stone
9 Jeff Stone, Chairman
Board of Supervisors

By: Steve Gozini
Steve Gozini, Manager

10
11
12 ATTEST:
13 Kecia Harper-Ihem
14 Clerk of the Board

15 By: Pamela J. Walls
16 Deputy

17
18 APPROVED AS TO FORM:
19 Pamela J. Walls
County Counsel

20
21 By: Patricia Munroe
22 Patricia Munroe
Deputy County Counsel

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27 HR:ra/121113/RV262/16.513 S:\Real Property\TYPING\Docs-16.500 to 16.999\16.513.doc

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