

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY *Samuel Wong* 2/3/11

FORM APPROVED COUNTY COUNSEL
BY: *Synthia M. Gunzel* 7-13-10
DATE: SYNTHIA M. GUNZEL

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

524



FROM: Economic Development Agency

SUBMITTAL DATE:
February 3, 2011

SUBJECT: Fourth Amendment to Lease – Community Health Agency, Hemet

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify the attached Fourth Amendment to Lease and authorize the Chairman of the Board to execute same on behalf of the County; and
2. Approve and direct the Auditor-Controller to make the budget adjustment as shown on Schedule A.

BACKGROUND: (Commences on Page 2)

Lisa Brandl for

Robert Field
Assistant County Executive Officer/EDA
By Lisa Brandl, Assistant Director

FINANCIAL DATA	Current F.Y. Total Cost:	(\$22,803)	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010/11

SOURCE OF FUNDS: Permit and Services Fees = 100% (63% DEH-DES & 37% DEH-HM)

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

C.E.O. RECOMMENDATION:

APPROVE

BY *Jennifer L. Sargent*
County Executive Office Signature

County Executive Office Signature

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

Prev. Agn. Ref.: 3.11 of 3/28/00, 3.6 of 10/24/00, 3.13 of 4/19/05, 3.43 of 7/31/07

District: 3

Agenda Number:

3.11

BACKGROUND:

The Community Health Agency has occupied space for their Department of Environmental Health and Animal Services at 800 S. Sanderson, Hemet, California since 2000, expanding in size over the years to meet the program demands. The location continues to be well suited for the Community Health Agency. The Economic Development Agency, Real Estate Division (EDA), has renegotiated a 5 year lease renewal with a rental rate reduction of 9%, saving the Department \$21,970 per year.

Lessor:	HUB Enterprises, a California limited partnership	
Premises Location:	800 S. Sanderson Avenue, Hemet, California 92543	
Size:	13,482 sq. ft.	
Term:	Five (5) year term	
Rent:	<u>Current</u>	<u>New</u>
	\$ 1.44 per sq. ft.	\$ 1.30 per sq. ft.
	\$ 19,357.44 per month	\$ 17,526.60 per month
	\$232,289.28 per year	\$210,319.20 per year

Savings

Per Sq. Ft.	\$.14
Per Month	\$ 1,830.84
Per Year	\$21,970.08

Rental Adjustments:	3% on years 3-5
Utilities:	County pays for electricity and phone, Landlord pays for all other services.
Custodial Services:	Landlord
Maintenance:	Landlord
Improvements:	None
RCIT Costs:	None

(Continued)

Economic Development Agency
Fourth Amendment to Lease – Community Health Agency, Hemet
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BACKGROUND: (Continued)

Market Data:	2091 W. Florida Avenue, Hemet	\$1.50
	1260 E. Latham Avenue, Hemet	\$1.50

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

FINANCIAL DATA:

All associated costs for this Fourth Amendment to Lease will be fully funded through the Community Health Agency budget. While EDA will front the costs for this Lease with the property owner, the Community Health Agency will reimburse EDA for all associated lease costs.

Attachments:

Schedule A
Exhibit A
Fourth Amendment to Lease

Schedule A

Decrease Estimated Revenue:

47220-7200400000-777330 – Leasing Services	\$21,970
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Decrease Appropriations:

47220-7200400000-526700 – Rent/Lease Buildings	\$21,970
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Exhibit A

Community Health Agency Lease Cost Analysis FY 2010/11 800 S. Sanderson Avenue, Hemet, California

Square Footage-Current & New:

BUDGETED AMOUNTS

Current office: 13,482 SQFT

Cost Per Sq. Ft: \$ 1.44

Lease Cost per Month \$ 19,357.44

Total Lease Cost included in Budget for FY 2010/11 \$ 232,289.28

ACTUAL AMOUNTS

Proposed Office: 13,482

Approximate Cost per SQFT (Jul-Jun) \$ 1.30

Lease Cost per Month (Jul -Jun) \$ 17,526.60

Total Lease Cost for FY 2010/11 \$ 210,319.20

TOTAL LEASE COST SAVINGS FOR FY 2010/11 \$ (21,970.08)

Estimated Additional Costs:

BUDGETED AMOUNTS

Utility Cost per Square Foot \$ 0.12

Estimated Utility Costs per Month \$ 1,617.84

Total Estimated Utility Cost for FY 2010/11 \$ 19,414.08

EDA Lease Management Fee (Based @ 3.79%) \$ 8,803.76

Total Estimated Additional Costs included in Budget for FY 2010/11 \$ 28,217.84

ACTUAL AMOUNTS

Utility Cost per Square Foot \$ 0.12

Estimated Utility Costs per Month \$ 1,617.84

Total Additional Estimated Utility Cost for FY 2010/11 (July - June) \$ 19,414.08

EDA Lease Management Fee (Based @ 3.79%) \$ 7,971.10

Total Estimated Additional Costs for FY 2010/11 \$ 27,385.18

TOTAL ESTIMATED ADDITIONAL COST SAVINGS FOR FY 2010/11 \$ (832.66)

TOTAL SAVINGS FOR LEASE COST FY 2010/11 \$ (22,802.74)

FOURTH AMENDMENT TO LEASE
800 S. Sanderson Avenue, Hemet, California

This **FOURTH AMENDMENT TO LEASE** ("Fourth Amendment") is made as of _____, 2011 by and between the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California ("County"), and **HUB Enterprise**, a California limited partnership ("Lessor").

1. Recitals.

a. Lessor and County entered into that certain lease dated March 28, 2000, (the "Original Lease") pursuant to which County leased a portion of that certain building located at 800 S. Sanderson Avenue, Hemet, California (the "Building"), as more particularly shown on Exhibit "A", attached hereto and made a part hereof.

b. The Original Lease has been amended by:

i. That certain First Amendment to Lease dated October 24, 2000, (the "First Amendment").

ii. That certain Second Amendment to Lease dated April 19, 2005, (the "Second Amendment").

iii. That certain Third Amendment to Lease dated July 31, 2007, (the "Third Amendment").

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

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

2. Capitalized Terms: Fourth Amendment to Prevail. Unless defined herein or the context requires otherwise, all capitalized terms herein shall have the meaning defined in the Lease, as heretofore amended. The provisions of this Fourth Amendment shall prevail over any inconsistency or conflicting provisions of the Lease, as heretofore amended, and shall supplement the remaining provisions thereof. The Lease remains in full force and effect except to the extent amended by this Fourth Amendment.

3. Lease Term. Section 2 of the Second Amendment to Lease shall be amended as follows: The term of this Lease shall be extended sixty (60) months commencing on January 1, 2011 and terminating on December 31, 2015.

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1 **4. Rent.** Section 3 of the Second Amendment to Lease shall be amended as
2 follows: Monthly rent shall be paid as follows through the extended term:

<u>Monthly Amount</u>	<u>Year</u>
\$17,526.60	January 1, 2011 to December 31, 2011
\$17,526.60	January 1, 2012 to December 31, 2012
\$18,052.40	January 1, 2013 to December 31, 2013
\$18,593.97	January 1, 2014 to December 31, 2014
\$19,151.79	January 1, 2015 to December 31, 2015

6 **5. Notices.** Section 13 of the Lease shall be amended as follows. Any notices
7 required or desired to be served by either party upon the other shall be addressed to the
8 respective parties as set forth below:

8 COUNTY:

LESSOR:

9 Economic Development Agency
10 County of Riverside
11 3403 Tenth Street, Suite 500
12 Riverside, California, 92501

HUB Enterprise, a California limited partnership
29826 Haun Road, Suite 305
Menifee, California 92586

13 **6.** Except as modified or supplemented by this Fourth Amendment to Lease, all
14 provisions of this Lease shall remain in full force and effect.

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7. This Fourth Amendment to Lease shall not be binding or consummated until its approval by the Board of Supervisors of Riverside County.

Dated: _____

HUB ENTERPRISES,
a California limited partnership

By: Paul H. Harty

By: _____

COUNTY OF RIVERSIDE

By: _____

Bob Buster, Chairman
Board of Supervisors

ATTEST:

Kecia Harper-Ihem
Clerk of the Board

By: _____ Deputy

APPROVED AS TO FORM:

Pamela J. Walls
County Counsel

By: Synthia M. Gunzel
Synthia M. Gunzel
Deputy County Counsel

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