

FORM APPROVED COUNTY COUNSEL 3/23/15
 BY: GREGORY P. PRIAMOS DATE

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

731



FROM: Economic Development Agency

SUBMITTAL DATE:
 April 16, 2015

SUBJECT: Second Amendment to Lease with State Street, LLC, for the Department of Mental Health, Hemet, 2 – Year Extension, CEQA Exempt, District 3, [\$571,311]; Federal 39%, State 61%

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;
2. Ratify the attached Second Amendment to Lease;
3. Authorize the Chairman of the Board to execute the same on behalf of the County; and
4. Direct the Clerk of the Board to file the Notice of Exemption with the County Clerk within five (5) days of approval by the Board.

BACKGROUND:

Summary

(Commences on Page 2)

FISCAL PROCEDURES APPROVED
 PAUL ANGULO, CPA, AUDITOR-CONTROLLER
 BY: Esteban Hernandez 4/15/15

Robert Field
 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	\$ 119,023	\$ 285,656	\$ 571,311	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: Federal 39%, State 61%

Budget Adjustment: No
For Fiscal Year: 2014/15-2016-17

C.E.O. RECOMMENDATION:

APPROVE

BY: Rohini Dasika
 Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

By: Jerry Wengert
 Jerry Wengert
 Mental Health Director

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

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

Economic Development Agency

FORM 11: Second Amendment to Lease with State Street, LLC, for the Department of Mental Health, Hemet, 2 – Year Extension, CEQA Exempt, District 3, [\$571,311]; Federal 39%, State 61%

DATE: April 16, 2015

PAGE: 2 of 3

BACKGROUND:

Summary

This Second Amendment to Lease represents a request from the Department of Mental Health (DMH) to extend the lease for its office located at 650 N. State Street, Hemet, California, commencing on February 1, 2015 through January 31, 2017. This facility continues to meet the requirements of the department.

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:	State Street, LLC 41 Lexington Way Trabuco Canyon, California 92679		
Premises Location:	650 N. State Street, Hemet, California 92543		
Size:	14,400 sq. ft.		
Term:	Two Years, February 1, 2015 through January 31, 2017		
Rent:	<u>Current</u>		<u>New</u>
	\$ 1.48 per sq. ft.		\$ 1.48 per sq. ft.
	\$ 21,250.00 per month		\$ 21,250.00 per month
	\$255,000.00 per year		\$255,000.00 per year
Rental Adjustments:	None		
Utilities:	County pays for electricity, telephone and gas, Landlord pays for all others services.		
Custodial Services:	Landlord		
Maintenance:	Landlord		
Option to Terminate:	Termination for any reason after twelve months with sixty days' notice		
Improvements:	None		
RCIT Costs:	None		

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

(Continued)

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

Economic Development Agency

FORM 11: Second Amendment to Lease with State Street, LLC, for the Department of Mental Health, Hemet, 2 – Year Extension, CEQA Exempt, District 3, [\$571,311]; Federal 39%, State 61%

DATE: April 16, 2015

PAGE: 3 of 3

Impact on Residents and Businesses

This facility will continue to provide important mental health services for the residents and community of Hemet. The continued occupancy of this facility provides a positive economic impact to this area's residents and businesses.

SUPPLEMENTAL:

Additional Fiscal Information

See attached Exhibit A, B, & C

The DMH has budgeted these costs in FY 2014/15 and will reimburse Economic Development Agency for all lease costs on a monthly basis.

Contract History and Price Reasonableness

This is a two year renewal. This contract has been in place since April 20, 1999.

Attachment:

Exhibits A, B & C

Second Amendment to Lease

Notice of Exemption

Exhibit A

FY 2014/15

Department of Mental Health Lease Cost Analysis
650 N. State Street, Hemet, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	14,400 SQFT		
Approximate Cost per SQFT (July - Jan) - 1st Amendment	\$	1.48	
Approximate Cost per SQFT (Feb - June) - 2nd Amendment	\$	1.48	
Lease Cost per Month (July - Jan) - 1st Amendment	\$		21,250.00
Lease Cost per Month (Feb - June) - 2nd Amendment	\$		21,250.00
Total Lease Cost (July - Jan) - 1st Amendment			\$ 148,750.00
Total Lease Cost (Feb - June) - 2nd Amendment			\$ 106,250.00
Total Estimated Lease Cost for FY 2014/15			\$ 255,000.00

Estimated Additional Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July - Jan) - 1st Amendment	\$		12,096.00
Estimated Utility Costs per Month (Feb - June) - 2nd Amendment	\$		8,640.00
Total Estimated Utility Cost			\$ 20,736.00
RCIT			\$ -
Tenant Improvements Costs			\$ -
EDA Lease Management Fee - 3.89% - 1st Amendment	\$		5,786.38
EDA Lease Management Fee - 3.89% - 2nd Amendment	\$		4,133.13
Total EDA Lease Management Fee			\$ 9,919.50
TOTAL ESTIMATED COST FOR FY 2014/15			\$ 285,655.50
Amount Previously approved in 1st Amendment			\$ 166,632.38
Amount of FY14/15 for 2nd Amendment			\$ 119,023.13
TOTAL COUNTY COST 0.00%			

Exhibit B

FY 2015/16

Department of Mental Health Lease Cost Analysis
650 N. State Street, Hemet, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	14,400	SQFT	
Approximate Cost per SQFT (July - June)	\$	1.48	
Lease Cost per Month (July - June)		\$	21,250.00
Total Lease Cost (July - June)			\$ 255,000.00
Total Estimated Lease Cost for FY 2015/16			\$ 255,000.00

Estimated Additional Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month		\$	<u>1,728.00</u>
Total Estimated Utility Cost			\$ 20,736.00
EDA Lease Management Fee - 3.89%			\$ <u>9,919.50</u>
TOTAL ESTIMATED COST FOR FY 2015/16			\$ <u>285,655.50</u>

Exhibit C

FY 2016/17

Department of Mental Health Lease Cost Analysis
650 N. State Street, Hemet, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office: 14,400 SQFT

FY 2016/17

Approximate Cost per SQFT (July - Jan) \$ 1.48

Lease Cost per Month (July - Jan) \$ 21,250.00

Total Lease Cost (July - Jan) \$ 148,750.00

Total Estimated Lease Cost for FY 2016/17 \$ 148,750.00

Estimated Additional Costs:

Estimated Utility Costs per Month (July - Jan) - 1st Amendment \$ 0.12

Estimated Utility Costs per Month (Feb - June) - 2nd Amendment \$ -

Estimated Utility Costs per Month \$ 1,728.00

Total Estimated Utility Cost \$ 12,096.00

EDA Lease Management Fee - 3.89% \$ 5,786.38

TOTAL ESTIMATED COST FOR FY 2016/17 \$ 166,632.38

TOTAL COUNTY COST 0.00% \$ -

F11: Cost - Total Cost \$ 571,311.00
F11: Net County Cost - Total Cost \$ -

**SECOND AMENDMENT TO LEASE
650 N. State Street, Hemet, California**

THIS SECOND AMENDMENT TO LEASE ("Second Amendment"), dated as of _____, 2015, is entered into by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California, ("Lessee"), and STATE STREET, LLC, ("Lessor").

RECITALS

a. Lessor and County have entered into that certain Lease dated April 27, 1999, pursuant to which Lessor has agreed to lease to County and County has agreed to lease from Lessor that certain building located at 650 N. State Street, Hemet, as more particularly described in the Lease.

b. The Lease has been amended by:

i. The First Amendment to Lease dated May 4, 2010.

c. The lease dated April 27, 1999, together with its amendments, shall collectively referred to as the "Lease."

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

1. **TERM.** Section 3 (a) is hereby deleted in its entirety and replaced with the following language:

The term of this lease shall be extended for two (2) years commencing February 1, 2015 and shall expire January 31, 2017 ("Extended Term").

2. **RENT.** Section 5 of the Lease is hereby deleted in its entirety and replaced with the following:

County shall pay the sum of \$21,250.00 per month to Lessor as rent for the leased Premises.

1 3. OPTION TO TERMINATE. Section 12 of the Lease is hereby deleted in
2 its entirety and replaced with the following:

3 County shall have the right to terminate this lease after one (1) year by giving
4 Lessor sixty days advance written notice.

5 4. SECOND AMENDMENT TO PREVAIL. The provisions of this Second
6 Amendment shall prevail over any inconsistency or conflicting provisions of the Lease.
7 Any capitalized terms shall have the meaning defined in the Lease, unless defined
8 herein or context requires otherwise.

9 5. MISCELLANEOUS. Except as amended or modified herein, all terms of
10 the Lease shall remain in full force and effect. If any provisions of this Second
11 Amendment shall be determined to be illegal or unenforceable, such determination
12 shall not affect any other provision of the Lease. Neither this Second Amendment nor
13 the Lease shall be recorded by the County.

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

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

6
7 LESSEE:
8 COUNTY OF RIVERSIDE

LESSOR:
STATE STREET, LLC

9
10 By: _____
11 Marion Ashley, Chairman
12 Board of Supervisors

By:  _____
Mark Minkoff, Owner

13 ATTEST:
14 Kecia Harper-Ihem
15 Clerk of the Board

16 By: _____
17 Deputy

18
19 APPROVED AS TO FORM:
20 Gregory P. Priamos
21 County Counsel

22 By:  _____
23 Patricia Munroe
24 Deputy County Counsel



NOTICE OF EXEMPTION

April 1, 2015

Project Name: County of Riverside, Second Amendment to Lease, Department of Mental Health, Hemet

Project Number: FM042310002700

Project Location: 650 North State Street, Hemet, California; Assessor Parcel Number: 443-060-022 (see attached exhibits)

Description of Project: County of Riverside (County) on behalf of the Department of Mental Health (DMH), proposes to amend and extend the term of the lease with State Street, LLC (Lessor) through January 31, 2017. The premises consists of an existing building located at 650 North State Street, Hemet, California, providing important mental health services for the residents and community of Hemet. The original lease, dated April 27, 1999, has been amended by the First Amendment to Lease dated May 4, 2010. The lease dated April 27, 1999, together with its amendments, shall collectively be referred to as the "Lease." The leased facility consists of approximately 14,400 square feet for the purpose of providing program services to the community. The premises will continue to be utilized by DMH and shall not be used for any other purpose. The Project does not allow for any tenant improvements, internal/external upgrades, or substantive changes to the facility. The operation of the facility will continue to be similar to ongoing uses and will not result in an increase in the intensity of the use of the site. No additional direct or indirect physical environmental impacts are anticipated.

Name of Public Agency Approving Project: County of Riverside, Economic Development Agency

Name of Person or Agency Carrying Out Project: County of Riverside, Economic Development Agency

Exempt Status: State California Environmental Quality Act (CEQA) Guidelines, Section 15301, Class 1, Existing Facilities Exemption; Section 15061(b)(3), General Rule or "Common Sense" Exemption.

Reasons Why Project is Exempt: The Project is exempt from the provisions of CEQA specifically by the State CEQA Guidelines as identified below. The Project will not result in any specific or general exceptions to the use of the categorical exemption as detailed under State CEQA Guidelines Section 15300.2. The Project will not cause any impacts to scenic resources, historic resources, or unique sensitive biological environments. Further, no unusual circumstances or potential cumulative impacts would occur that may reasonably create an environmental impact. The extension of the term of the lease and minor tenant improvement alterations is not anticipated to result in any significant physical environmental impacts. The option to extend the lease is not anticipated to result in any significant physical environmental impacts.

P.O. Box 1180 • Riverside, California • 92502 • T: 951.955.8916 • F: 951.955.6686

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- Section 15301 – Class 1 Existing Facilities Exemption. This exemption includes the operation, repair, maintenance, leasing, or minor alteration of existing public or private structures or facilities, provided the exemption only involves negligible or no expansion of the previous site’s use. The Project as proposed is the extension to the term of an existing lease. No physical upgrades, changes in usage or tenant improvements are included as part of the Project. The extension to the term of the lease will not increase or expand the use of the site, and merely allows for the continued use of the site in a similar capacity; therefore, the Project meets the scope and intent of the Class 1 Exemption.
- Section 15061 (b)(3) – “Common Sense” Exemption. In accordance with CEQA, the use of the Common Sense Exemption is based on the “general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment.” State CEQA Guidelines, Section 15061(b)(3). The use of this exemption is appropriate if “it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” *Ibid.* This determination is an issue of fact and if sufficient evidence exists in the record that the activity cannot have a significant effect on the environment, then the exemption applies and no further evaluation under CEQA is required. See *Muzzy Ranch Co. v Solano County Airport Land Use Comm’n* (2007) 41 Cal.4th 372. With certainty, there is no possibility that the Project may have a significant effect on the environment. The proposed extension to the term of the lease and minor tenant improvements will not have an effect on the environment. The use and operation of the facility will be substantially similar to the existing uses and will not create any new environmental impacts to the surrounding area. Additionally, any upgrades to the site would only entail interior tenant improvements which would not result in any direct or indirect physical environmental impacts. Therefore, in no way would the project as proposed have the potential to cause a significant environmental impact and the project is exempt from further CEQA analysis.

Based upon the identified exemptions above, the County of Riverside, Economic Development Agency hereby concludes that no physical environmental impacts are anticipated to occur and the Project as proposed is exempt under CEQA. No further environmental analysis is warranted.

Signed:  Date: 3/31/15

John Alfred, Acting Senior Environmental Planner
County of Riverside, Economic Development Agency

443-060-022

Department of Mental Health - Hemet



Legend

□ RCLIS Parcels



0

483 967 Feet



IMPORTANT Maps and data are to be used for reference purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. The County of Riverside makes no warranty or guarantee as to the content (the source is often third party), accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for the information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.

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Notes

RIVERSIDE COUNTY CLERK & RECORDER

**AUTHORIZATION
TO BILL
BY JOURNAL VOUCHER**

Project Name: Second Amendment to Lease, Department of Mental Health, Hemet

Accounting String: Fund: 524830-47220-7200400000- FM042310002700

DATE: March 31, 2015

AGENCY: Riverside County Economic Development Agency

THIS AUTHORIZES THE COUNTY CLERK & RECORDER TO BILL FOR FILING AND HANDLING FEES FOR THE ACCOMPANYING DOCUMENT(S).

NUMBER OF DOCUMENTS INCLUDED: One (1)

AUTHORIZED BY: John Alfred, Acting Senior Environmental Planner, Economic Development Agency

Signature:  _____

PRESENTED BY: Maribel Hyer, Real Property Agent III, Economic Development Agency

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: -

DATE: -

RECEIPT # (S) -



Date: March 27, 2015

To: Mary Ann Meyer, Office of the County Clerk

From: John Alfred, Acting Senior Environmental Planner, Project Management Office

Subject: **County of Riverside Economic Development Agency Project # FM042310002700**
Second Amendment to Lease, Department of Mental Health, Hemet

The Riverside County's Economic Development Agency's Project Management Office is requesting that you post the attached Notice of Exemption. Attached you will find an authorization to bill by journal voucher for your posting fee.

After posting, please return the document to Mail Stop #1330 Attention: John Alfred, Acting Senior Environmental Planner, Economic Development Agency, 3403 10th Street, Suite 400. Riverside, CA 92501. If you have any questions, please contact John Alfred at 955-4844.

Attachment

cc: file