

FORM APPROVED COUNTY COUNSEL
4/28/15
DATE
BY: GREGORY P. PRIAMOS
Department of Finance

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

922



FROM: Economic Development Agency

SUBMITTAL DATE:
May 7, 2015

SUBJECT: Third Amendment to Lease with the City of Riverside for the Department of Mental Health, Riverside, 5 – Year Extension, CEQA Exempt, District 1, [\$649,770]; 100% State

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 Third 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 upon approval by the Board.

BACKGROUND:

Summary (Commences on Page 2)

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: Esteban Hernandez 5/6/15

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	\$ 49,169	\$ 120,575	\$ 649,770	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: 100% State

Budget Adjustment: No

For Fiscal Year: 2014/15-2019/20

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
Department of Mental Health

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

Prev. Agn. Ref.: 3.23 of 1/27/09; 3.18 of 1/24/12

District: 1

Agenda Number:

3-12

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

Economic Development Agency

FORM 11: Third Amendment to Lease with the City of Riverside for the Department of Mental Health, Riverside, 5 – Year Extension, CEQA Exempt, District 1, [\$649,770]; 100% State

DATE: May 7, 2015

PAGE: 2 of 3

BACKGROUND:

Summary

This Third Amendment to Lease represents a request from the Department of Mental Health (DMH) to extend the lease term for its office located at 2800 Hulen Place, Riverside, California. The term will be extended from February 1, 2015 through January 31, 2020. This facility is occupied by the DMH Safe Haven Homeless Shelter and continues to meet the requirements of the department. The rate has increased from \$1.85 to \$1.91 to include custodial and security services. Also, landlord will provide at landlords sole cost and expense new flooring in the living room, kitchen, and bedroom, paint building exterior, repair window awning and slurry parking lot.

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.

Lessor:	City of Riverside General Services Department Property Management Division 8095 Lincoln Avenue Riverside, California 92504																
Premises Location:	2800 Hulen Place, Riverside, California 92507																
Size:	4,680 sq. ft.																
Term:	February 1, 2015 through January 31, 2020																
Rent:	<table><thead><tr><th><u>Current</u></th><th></th><th><u>New</u></th><th></th></tr></thead><tbody><tr><td>\$ 1.85</td><td>per sq. ft.</td><td>\$ 1.91</td><td>per sq. ft. (includes custodial and security services)</td></tr><tr><td>\$ 8,676.72</td><td>per month</td><td>\$ 8,925.00</td><td>per month</td></tr><tr><td>\$104,120.64</td><td>per year</td><td>\$107,100.00</td><td>per year</td></tr></tbody></table>	<u>Current</u>		<u>New</u>		\$ 1.85	per sq. ft.	\$ 1.91	per sq. ft. (includes custodial and security services)	\$ 8,676.72	per month	\$ 8,925.00	per month	\$104,120.64	per year	\$107,100.00	per year
<u>Current</u>		<u>New</u>															
\$ 1.85	per sq. ft.	\$ 1.91	per sq. ft. (includes custodial and security services)														
\$ 8,676.72	per month	\$ 8,925.00	per month														
\$104,120.64	per year	\$107,100.00	per year														
Rental Adjustments:	Year 1: \$8,925; Year 2: \$9,371.25; Year 3: \$9,839.81; Year 4: \$10,331.80; Year 5: \$10,848.39																
Utilities:	County pays for electrical services; Landlord pays for all others services																
Custodial Services:	Landlord																
Maintenance:	Landlord																
Security:	Landlord																
RCIT:	None																

The attached Third 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: Third Amendment to Lease with the City of Riverside for the Department of Mental Health, Riverside, 5 – Year Extension, CEQA Exempt, District 1, [\$649,770]; 100% State

DATE: May 7, 2015

PAGE: 3 of 3

Impact on Residents and Businesses

There will be no foreseeable impact on residents and local businesses. The security guard on site will provide a much safer environment.

SUPPLEMENTAL:

Additional Fiscal Information

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 Lease has been in place since September 1, 2006.

Attachment:

Exhibits A, B & C

Third Amendment to Lease

Notice of Exemption

Exhibit A

Department of Mental Health Lease Cost Analysis FY 2014/15 2800 Hulen Place, Riverside, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office: 4,680 SQFT

Approximate Cost per SQFT (July - Jan) 2nd Amendment \$ 1.85

Approximate Cost per SQFT (Feb - Jun) 3rd Amendment \$ 1.91

Lease Cost per Month (July - Jan) 2nd Amendment \$ 8,676.72

Lease Cost per Month (Feb - June) 3rd Amendment \$ 8,925.00

Total Lease Cost (July - Jan) 2nd Amendment \$ 60,737.04

Total Lease Cost (Feb - June) 3rd Amendment \$ 44,625.00

Total Estimated Lease Cost for FY 2014/15 \$ 105,362.04

Estimated Additional Costs:

Utility Cost per Square Foot \$ 0.12

Estimated Utility Costs per Month (July - Jan) \$ 3,931.20

Estimated Utility Costs per Month (Feb - June) \$ 2,808.00

Total Estimated Utility Cost \$ 6,739.20

RCIT \$ -

Tenant Improvement \$ -

EDA Lease Management Fee (Based @ 3.89%) - 2nd Amendment \$ 2,362.67

EDA Lease Management Fee (Based @ 3.89%) - 3rd Amendment \$ 1,735.91

Total EDA Lease Management Fee \$ 4,098.58

TOTAL ESTIMATED COST FOR FY 2014/15 \$ 116,199.82

Amount Previously approved in 2nd Amendment \$ 67,030.91

Amount of FY14/15 for 3rd Amendment **\$ 49,168.91**

Exhibit B

Department of Mental Health Lease Cost Analysis FY 2015/16 2800 Hulen Place, Riverside, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office: 4,680 SQFT

Approximate Cost per SQFT (July - Jan)	\$	1.91
Approximate Cost per SQFT (Feb - Jun)	\$	2.00

Lease Cost per Month (July - Jan)	\$	8,925.00
Lease Cost per Month (Feb - June)	\$	9,371.25

Total Lease Cost (July - Jan)	\$	62,475.00
Total Lease Cost (Feb - June)	\$	46,856.25
Total Estimated Lease Cost for FY 2015/16	\$	109,331.25

Estimated Additional Costs:

Utility Cost per Square Foot	\$	0.12
Estimated Utility Costs per Month (July - June)	\$	561.60

Total Estimated Utility Cost	\$	6,739.20
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EDA Lease Management Fee (Based @ 4.12%)	\$	4,504.45
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TOTAL ESTIMATED COST FOR FY 2015/16	\$	120,574.90
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Exhibit C

Department of Mental Health Lease Cost Analysis FY 2015/16 to FY 2020 2800 Hulen Place, Riverside, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office: 4,680 SQFT

	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Approximate Cost per SQFT (July - Jan)	\$ 2.00	\$ 2.10	\$ 2.21	\$ 2.32
Approximate Cost per SQFT (Feb - Jun)	\$ 2.10	\$ 2.21	\$ 2.32	\$ -
Lease Cost per Month (July - Jan)	\$ 9,371.25	\$ 9,839.81	\$ 10,331.80	\$ 10,848.39
Lease Cost per Month (Feb - June)	\$ 9,839.81	\$ 10,331.80	\$ 10,848.39	
Total Lease Cost (July - Jan)	\$ 65,598.75	\$ 68,878.67	\$ 72,322.60	\$ 75,938.73
Total Lease Cost (Feb - June)	\$ 49,199.05	\$ 51,659.00	\$ 54,241.95	\$ -
Total Estimated Lease Cost for FY 2016/17 to FY 2019/20	\$ 114,797.80	\$ 120,537.67	\$ 126,564.55	\$ 75,938.73

Estimated Additional Costs:

Utility Cost per Square Foot	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12
Estimated Utility Costs per Month (July - June)	\$ 561.60	\$ 561.60	\$ 561.60	\$ 561.60
Total Estimated Utility Cost	\$ 6,739.20	\$ 6,739.20	\$ 6,739.20	\$ 3,931.20
EDA Lease Management Fee (Based @ 4.12%)	\$ 4,729.67	\$ 4,966.15	\$ 5,214.46	\$ 3,128.68
TOTAL ESTIMATED COST FOR FY 2016/17 to FY 2019/20	\$ 126,266.67	\$ 132,243.02	\$ 138,518.21	\$ 82,998.61
TOTAL REMAINING COST:				\$ 480,026.51
TOTAL COST				\$ 649,770.32



NOTICE OF EXEMPTION

April 24, 2015

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

Project Number: FM042611035100

Project Location: 2800 Hulen Place, Riverside, California; Assessor Parcel Number: 210-130-025 (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 City of Riverside (Lessor), from February 1, 2015 through January 31, 2020. The premises consists of an existing building located at 2800 Hulen Place, Riverside, California, providing a public benefit to the community and region through DMH's Safe Haven Homeless Shelter program. The original lease, dated September 1, 2006, wherein County leased a portion of a building from Lessor, has been amended by the First Amendment to Lease dated January 27, 2009, whereby the parties agreed to extend the term and amend the monthly rent; and by the Second Amendment to Lease dated January 24, 2012, whereby the parties agreed to extend the term of the Lease to January 31, 2015, amended the monthly rent, Option to Terminate and the Notification and County's Representative sections. The lease dated September 1, 2006, together with its amendments, shall collectively be referred to as the "Lease." The parties now desire to amend the Lease to extend the term five years and minor tenant improvements. Landlord at its sole cost and expense shall install new flooring in the living room, kitchen, and bedroom, paint building exterior, repair window awning and slurry parking lot. The existing structure is located in a developed portion of the City of Riverside, and any future interior improvements would have no impacts on biological or cultural resources. Further, the size and scale of such interior and exterior improvements would not result in traffic, noise, or air quality impacts during construction. The proposed project is the letting of property involving existing facilities; no expansion of an existing use will occur. The leased premises consist of approximately 4,680 square feet for the purpose of providing services through DMH's Safe Haven Homeless Shelter program and shall not be used for any other purpose.

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

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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.

- 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 with minor tenant improvements. Any proposed or additional future improvement made would not involve any changes to land use, the existing building, or environment. The option to extend 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 minor 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: _____

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

1 **THIRD AMENDMENT TO LEASE**

2 (Department of Mental Health

3 2800 Hulen Place, Riverside, California)

4
5 THIS THIRD AMENDMENT TO LEASE ("3rd Amendment"), dated as of _____,
6 is entered by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of
7 California, as County, and CITY OF RIVERSIDE, a California charter city and municipal
8 corporation, Lessor, sometimes collectively referred to as the "Parties".

9 **RECITALS**

10 A. Lessor and County have entered into that certain Lease, dated September 1,
11 2006, (the "Original Lease") pursuant to which Lessor has agreed to lease to County and
12 County has agreed to lease from Lessor a portion of that certain building located at 2800 Hulen
13 Place, Riverside, California (the "Building"), as more particularly described in the Lease (the
14 "Original Premises").

15 B. The Original Lease has been amended by:

16 1. That certain First Amendment to Lease dated February 26, 2009, by and
17 between the COUNTY OF RIVERSIDE, a political subdivision of the State of California and
18 CITY OF RIVERSIDE, a California charter city and municipal corporation (the 1st First
19 Amendment), whereby the Parties amended the Lease to extend the term and amend the
20 monthly rent.

21 2. That certain Second Amendment to Lease dated March 23, 2012, by and
22 between the COUNTY OF RIVERSIDE, a political subdivision of the State of California and
23 CITY OF RIVERSIDE, a California charter city and municipal corporation (the 2st First
24 Amendment), whereby the Parties amended the Lease to extend term, amend the monthly
25 rent, the option to terminate and Notification and County's Representative sections.

26 C. The Original Lease together with this Amendment are collectively referred to
27 herein as the "Lease."

28 D. The Parties now desire to amend the Lease to extend the term, amend the

1 rental amounts and have Lessor provide janitorial and security services.

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

4 1. **Term.** Section 3 (a) of the Original Lease is hereby amended by the following:
5 The term of this Lease shall be extended for five years commencing on February 1, 2015 and
6 terminating on January 31, 2020.

7 2. **Rent.** Section 5 of the Original Lease is hereby amended in its entirety to add
8 security and janitorial services.

9 County shall pay to Lessor the monthly sums as rent for the leased premises during
10 the term of this Lease as indicated below:

<u>Monthly Amount</u>	<u>Year</u>
\$8,925	February 1, 2015 to January 31, 2016
\$9,371.25	February 1, 2016 to January 31, 2017
\$9,839.81	February 1, 2017 to January 31, 2018
\$10,331.80	February 1, 2018 to January 31, 2019
\$10,848.39	February 1, 2019 to January 31, 2020

17 The Lessor will provide the janitorial services identified in Exhibit A, attached hereto and
18 incorporated herein. The day-to-day cleaning of the facility will be at the sole responsibility of
19 the County.

20 The Lessor will replace the living room carpet with carpet tile, replace kitchen VCT tile,
21 replace bedroom VCT tiles as needed, paint building exterior, repair window awning, and slurry
22 parking lot when the Riverside Homeless Service Campus project has been funded and
23 implemented.

24 3. **Capitalized Terms:** Third Amendment to Lease to Prevail. Unless
25 defined herein or the context requires otherwise, all capitalized terms herein shall have
26 the meaning defined in the Lease, as heretofore amended. The provisions of this Fifth
27 Amendment shall prevail over any inconsistency or conflicting provisions of the Lease,
28 as heretofore amended, and shall supplement the remaining provisions thereof.

1 IN WITNESS WHEREOF, the parties have executed this Amendment as of the date
2 first written above.

3 **LESSEE:**
4 **COUNTY OF RIVERSIDE, a political and**
5 **subdivision of the State of California**

LESSOR:
CITY OF RIVERSIDE, a California charter
municipal corporation

6 By: _____
7 Marion Ashley, Chairman
8 Board of Supervisors

By: _____
City Manager

9 Dated: _____

Dated: _____

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

ATTEST:

13 By: _____
14 Deputy

By: _____
City Clerk

15
16
17 APPROVED AS TO FORM:
18 Gregory P. Priamos, County Counsel

APPROVED AS TO FORM:

19 By: Synthia M. Gunzel
20 SYNTHIA M. GUNZEL
21 Deputy County Counsel

By: _____
Deputy City Attorney

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27 MH:ra/041615/RV351/17.488 S:\Real Property\TYPING\Docs-17.000 to 17.499\17.488.doc

1 4. Miscellaneous. Except as amended or modified herein, all the terms of
2 the Original Lease shall remain in full force and effect and shall apply with the same
3 force and effect. This is of the essence in this Amendment and the Lease and each
4 and all of their respective provisions. Subject to the provisions of the Lease as to
5 assignment, the agreements, conditions and provisions herein contained shall apply to
6 and bind the heirs, executors, administrators, successors and assigns of the parties
7 hereto. If any provision of this Amendment or the Lease shall be determined to be
8 illegal or unenforceable, such determination shall not affect any other provision of the
9 Lease and all such other provisions shall remain in full force and effect. The language
10 in all parts of the Lease shall be construed according to its normal and usual meaning
11 and not strictly for or against either Lessor or Lessee. Neither this Amendment, nor the
12 Original Lease, nor any notice nor memorandum regarding the terms hereof, shall be
13 recorded by Lessor.

14 5. EFFECTIVE DATE. This Third Amendment to Lease shall not be binding or
15 consummated until its approval by the Board of Supervisors for the County of Riverside and by
16 the City Council for the City of Riverside.

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**COUNTY OF RIVERSIDE
Economic Development Agency
Real Estate Division**

**CUSTODIAL SERVICES REQUIREMENTS
FOR LEASED FACILITIES**

1. Background checks shall be performed, in a manner specified by County, of all qualified permanent and temporary employees.
2. Provide all required services and supplies.
3. Perform services during the hours of 7:00pm to 10:00pm only.
4. Provide and replace all fluorescent light tubes and incandescent light bulbs using only those types of tubes and bulbs that are energy efficient as indicated by manufacturer. Fixture reflectors shall be wiped clean with each relamping.
5. Lessor and custodial staff shall be responsible for key control. Issuing keys to workers, collecting said keys at shift end and retrieving keys at the end of custodian's employment. If keys are lost, stolen or misplaced, rekeying costs are landlord's responsibility.
6. **SPECIFIC SERVICES** – Frequency and coverage:

Quarterly:

- Spray buff resilient and hard surface floor and apply floor finish in the general areas.
- Spray buff resilient and hard surface floor and apply floor finish in the resident private rooms shall be coordinated with department as they become empty Per Room.
- Clean Interior/Exterior windows, damp clean diffuser outlets in ceiling/wall, wash waste containers, clean/dust blinds wash sanitize.
- Clean exterior walkways, exterior doors
- Check light fixtures for removal of insects and clean light covers
- Clean and sanitize drinking fountain.

Semi-Annually:

- Clean and polish all baseboards
- Damp clean furniture general areas in living room. Drop in Reception area.
- Clean carpeted surfaces-use a water extraction method
- Restroom clean and sanitize floors, clean sanitize and polish all plumbing fixtures, chrome fittings, flush rings, drain and overflow outlets.
- Sanitize restrooms and polish all plumbing fixtures, chrome fittings, flush rings, drain and overflow outlets, remove finger prints from walls, switches.

Annually:

- All resilient and hard surface floors: Move furniture , strip, seal and apply floor finish to all resilient and hard surfaces.