

FORM APPROVED COUNTY COUNSEL
 BY: GREGORY P. PRIAMOS
 DATE: 5/19/15

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



FROM: Economic Development Agency

SUBMITTAL DATE:
 June 18, 2015

SUBJECT: Fourth Amendment to Lease, Department of Public Social Services, Corona, 3-Year Lease Extension, CEQA Exempt, District 2, [\$563,139]; 49.92% Federal; 45.93% State; 4.12% County DPSS Budget; 0.03% Other

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 and Section 15061(b)(3);
2. Approve the attached Fourth Amendment to Lease and authorize the Chairman of the Board to execute the same on behalf of the County; and
3. Direct the Clerk of the Board to file the Notice of Exemption with the County Clerk within 5 days of approval by the Board.

BACKGROUND:

Summary

(Commences on Page 2)

FISCAL PROCEDURES APPROVED
 PAUL ANGULO, CPA, AUDITOR-CONTROLLER
 BY: Susana Garcia-Bocanegra

[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	\$ 0	\$ 184,215	\$ 563,139	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 7,590	\$ 23,201	\$ 0	

SOURCE OF FUNDS: 49.92% Federal; 45.93% State; 4.12% County DPSS Budget; 0.03% Other
Budget Adjustment: No
For Fiscal Year: 2014/15-2017/18

C.E.O. RECOMMENDATION:

APPROVE
 BY: *[Signature]*
 Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

By: Susan von Zabern 5/26/15
 Susan von Zabern, Director
 Department of Public Social Services

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

BACKGROUND:
Summary

The County of Riverside has been under lease at this location since May 4, 2004. The Department of Public Social Services (DPSS) will continue to utilize this location for MediCal staff of their Self Sufficiency Division. The office space continues to meet the needs of the department, and a three year lease renewal is being presented for approval. The negotiated rent reflects the current market conditions and includes the cost of replacement of carpet by the Lessor.

Pursuant to the California Environmental Quality Act (CEQA), the Lease Amendment was reviewed and determined to be categorically exempt from CEQA under CEQA Guidelines Section 15301 Class 1-existing facilities and Section 15061 (b)(3) Common Sense Exemption. The proposed project is the extension of letting of property involving existing facilities with minor tenant improvement alterations and negligible expansion of an existing use will occur.

Lessor: The Balsamo Family Trust
c/o Strata Realty Asset Services, Inc
2433 Pomona Road
Corona, CA 92882

Premises Location: 1373 Old Temescal Road
Corona, CA

Size: 7,280 square feet.

Rent:	<u>Current</u>	<u>New</u>
	\$1.75 per sq.ft. modified gross	\$1.91 per sq.ft. modified gross
	\$12,740.00 per month	\$13,904.80 per month
	\$152,880.00 per year	\$166,857.60 per year

Term: Extended 3 years commencing July 1, 2015, and ending June 30, 2018

Rent Adjustment: 2.0% annually.

Utilities: County pays electric, Lessor to pay all other utilities.

Custodial: Included in rent.

Interior/Exterior Maintenance: Included in rent.

Improvements: Lessor will replace carpet, costs will be included in the rent.

Impact on Citizens and Businesses

The public benefit continues with this location serving clients in the community and region.

(Continued)

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
Economic Development Agency
FORM 11 Fourth Amendment to Lease, Department of Public Social Services, Corona, 3-Year Lease Extension, CEQA Exempt, District 2, [\$563,139]; 49.92% Federal; 45.93% State; 4.12% County DPSS Budget; 0.03% Other
DATE: June 18, 2015
PAGE: 3 of 3

SUPPLEMENTAL:
Additional Fiscal Information

There are no costs for FY 2014/15, costs for FY 2015/16 are \$184,215.83, costs for FY 2016/17 are \$187,689.98, and costs for FY 2017/18 are \$191,234.11 (see attached Exhibits A, B, & C).

DPSS will budget these costs in FY2015/16 thru FY2017/18 and will reimburse EDA for all lease costs on a monthly basis.

Contract History and Price Reasonableness

This is a 3-year lease extension. The lease rate is competitive based on the current real estate market.

Attachments:
Exhibits A, B & C
Fourth Amendment to Lease
Notice of Exemption

Exhibit A

FY 2014/15

**DPSS Lease Cost Analysis
1373 Old Temescal Road**

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	7,280	SQFT	
Approximate Cost per SQFT (July-June)	\$	1.75	
Lease Cost per Month (July-June)		\$	12,740.00
Total Lease Cost (July-June)			\$ 152,880.00
Total Estimated Lease Cost for FY 2014/15			\$ 152,880.00

Estimated Additional Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July - June)		\$	873.60
Total Estimated Utility Cost			\$ 10,483.20
RCIT			\$ -
Tenant Improvement			\$ -
Total EDA Lease Management Fee 3.89%			\$ 5,947.03
TOTAL ESTIMATED COST FOR FY 2014/15			\$ 169,310.23
Amount Previously approved in previous Agreement			\$ 169,310.23
Amount of FY14/15			\$ -
TOTAL COUNTY COST 4.12%			\$ -

Exhibit B

FY 2015/16

DPSS Lease Cost Analysis 1373 Old Temescal Road

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	7,280	SQFT	
Approximate Cost per SQFT (July - June)- 4th Amendment	\$	1.91	
Lease Cost per Month (July - June) - 4th Amendment		\$	13,904.80
Total Lease Cost (July - June) - 4th Amendment		\$	166,857.60
Total Estimated Lease Cost for FY 2015/16		\$	166,857.60
 <u>Estimated Additional Costs:</u>			
Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July - June)		\$	<u>873.60</u>
Total Estimated Utility Cost		\$	10,483.20
EDA Lease Management Fee - 4.12%		\$	<u>6,874.53</u>
TOTAL ESTIMATED COST FOR FY 2015/16		\$	<u>184,215.33</u>
TOTAL COUNTY COST 4.12%		\$	7,589.67

Exhibit C

FY 2016/17 to FY 2017/18 DPSS Lease Cost Analysis 1373 Old Temescal Road

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	7,280 SQFT	
	FY 2016/17	FY 2017/18
Approximate Cost per SQFT (July - June)- 4th Amendment	\$ 1.95	\$ 1.99
Lease Cost per Month (July - June) - 4th Amendment	\$ 14,182.90	\$ 14,466.55
Total Lease Cost (July - June) - 4th Amendment	\$ 170,194.75	\$ 173,598.65
Total Estimated Lease Cost for FY 2016/17 to FY 2017/18	\$ 170,194.75	\$ 173,598.65

Estimated Additional Costs:

Utility Cost per Square Foot	\$ 0.12	\$ 0.12
Estimated Utility Costs per Month (July - June)	\$ 873.60	\$ 873.60
Total Estimated Utility Cost	\$ 10,483.20	\$ 10,483.20
RCIT	\$ -	\$ -
Tenant Improvement	\$ -	\$ -
EDA Lease Management Fee - 4.12%	\$ 7,012.02	\$ 7,152.26
TOTAL ESTIMATED COST FOR FY 2016/17 to FY 2017/18	\$ 187,689.98	\$ 191,234.11
TOTAL COUNTY COST 4.12%	\$ 7,732.83	\$ 7,878.85

F11: Cost - Total Cost \$ 563,139.42
F11: Net County Cost - Total Cost \$ 23,201.34

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FOURTH AMENDMENT TO LEASE
(Department of Public Social Services)
1373 Old Temescal Road, Corona, California

This FOURTH AMENDMENT to Lease ("Fourth Amendment"), dated as of _____, 2015, is entered by and between the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California ("County"), as Lessee, and **STEPHEN A. BALSAMO AND MARIE C. LEMMON-BALSAMO, TRUSTEES OF THE BALSAMO FAMILY TRUST DATED JUNE 9, 2004**, ("Lessor") and, sometimes collectively referred to as the Parties.

RECITALS

A. Lessor and County have entered into that certain Lease dated May 4, 2004, ("Original Lease") pursuant to which Lessor has agreed to lease to County and County has agreed to lease from Lessor of that certain building located at 1373 Old Temescal Road, Corona, California (the "Building"), as more particularly described in the Original Lease (the "Original Premises").

B. The Original Lease has been amended by:

1. That certain First Amendment to Lease dated March 31, 2009, by and between Stephen A. Balsamo and Marie C. Lemmon-Balsamo, Trustees of the Balsamo Family Trust Dated June 9, 2004, and County of Riverside, a political subdivision of the State of California (the "First Amendment") whereby the Parties amended the Lease to extend the term period and the rental amounts.

2. That certain Second Amendment to Lease dated June 19, 2012, by and between Stephen A. Balsamo and Marie C. Lemmon-Balsamo, Trustees of the Balsamo Family Trust Dated June 9, 2004, and County of Riverside, a political subdivision of the State of California (the "Second Amendment") whereby the Parties amended the Lease to extend the term and the rental amounts.

3. That certain Third Amendment to Lease dated September 9,

1 2014, by and between Stephen A. Balsamo and Marie C. Lemmon-Balsamo, Trustees
2 of the Balsamo Family Trust Dated June 9, 2004, and County of Riverside, a political
3 subdivision of the State of California (the "Third Amendment") whereby the Parties
4 amended the Lease to extend the term and the rental amounts.

5 **C.** The Original Lease, together with this Fourth Amendment, are collectively
6 referred to as the "Lease."

7 **D.** The Parties now desire to amend the Lease by extending the term,
8 modifying the rent and minor tenant improvements.

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

11 **1. Term.** Section 4.1 of the Original Lease is hereby amended by the
12 following:

13 The term of this Lease shall be extended for a period of three (3) years
14 commencing on July 1, 2015, and terminating on June 30, 2018.

15 **2. Rent.** Section 5.2 of the Original Lease is hereby amended by the
16 following:

17 County shall pay to Lessor the monthly sum of \$13,904.80, for the period of July
18 1, 2015, through June 30, 2016, and shall increase two percent (2%) over the previous
19 year's Rent for the second and third year of the Lease.

20 **3. Rent Increases.** Section 5.4 of the Original Lease is hereby amended by
21 the following:

22 The Rent shall increase commencing on the first day of each year of the Term of
23 this Lease, commencing with the date that is one year after the Commencement Date.
24 Each Rent increase shall be two percent (2%) over the Rent in effect for the
25 immediately preceding year.

26 **4. Option to Extend Term.** Section 6.1 of the Original Lease is hereby
27 amended by the following:

28 Lessor grants to County one option to extend the Lease term (the "Extension

1 Option"). The Extension Option shall be for a period of three years ("Extended Term"),
2 and is subject to terms and conditions described in this Section 6.1 of the Original
3 Lease.

4 **5. County's Right to Early Termination.** Section 6.2 of the Original Lease
5 is hereby amended by the following:

6 Provided County is not in Default under this Lease, County shall provide Lessor
7 with written notice of election to terminate Lease after 18 months of lease extension at
8 least 90 days prior to the effective date of termination. County's notice shall state the
9 reason for its termination of this Lease. County's obligation to pay Rent shall continue
10 through the termination date.

11 **6. Improvements by Lessor.** Section 11 of the Original Lease shall be
12 amended to add subsection 11.1.6 and 11.1.7 by the following:

13 **11.1.6 Additional Improvements by Lessor during the extended term.**
14 Lessor, shall replace carpet with carpet tiles per DPSS specifications. In addition,
15 Lessor shall clean the existing hard surface flooring and paint premises where needed
16 and as determined by Lessor. Work to commence within sixty (60) days after receipt of
17 notice from County during the extended term.

18 **11.1.7 Carpet Allowance.** Lessor shall provide an allowance in the amount
19 of \$16,750.00, (the "Allowance") toward the cost of carpet replacement in the
20 Premises. County shall pay all costs associated with replacing the carpet in excess of
21 the Allowance. Such work shall be commenced within sixty (60) days after receipt of
22 notice from County.

23 **7. Fourth Amendment to Prevail.** The provisions of this Fourth
24 Amendment shall prevail over any inconsistency of conflicting provisions of the Lease,
25 as heretofore amended, and shall supplement the remaining provisions thereof.

26 **8. Miscellaneous.** Except as amended or modified herein, all the terms of
27 the Original Lease shall remain in full force and effect and shall apply with the same
28 force and effect. Time is of the essence in this Amendment and the Lease and each

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

11 **9. Effective Date.** This Fourth Amendment to Lease shall not be binding or
12 consummated until its approval by the Riverside County Board of Supervisors and fully
13 executed by the Parties


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

3
4 **LESSEE:**
5 **COUNTY OF RIVERSIDE**

LESSOR:
6 **STEPHEN A. BALSAMO AND MARIE C.**
7 **LEMMON-BALSAMO, TRUSTEES OF THE**
8 **BALSAMO FAMILY TRUST DATED JUNE 9, 2004**

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

9 By:  _____
10 Stephen A. Balsamo, Trustee

10 By:  _____
11 Marie C. Lemmon-Balsamo, Trustee

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

14 By: _____
15 Deputy

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

19 By:  _____
20 **SYNTHIA M. GUNZEL**
21 **Deputy County Counsel**



NOTICE OF EXEMPTION

May 6, 2015

Project Name: County of Riverside, Fourth Amendment to Lease, Department of Public Social Services, Corona

Project Number: FM042166001700

Project Location:

1373 Old Temescal Road, Corona, California; Assessor Parcel Number 107-170-057 (See attached exhibits)

Description of Project: County of Riverside (County), on behalf of the Department of Public Social Services (DPSS), proposes to amend and extend the term of the lease with The Balsamo Family Trust (Lessor), commencing on July 1, 2015 and ending June 30, 2018. The premise currently consists of an existing building located at 1373 Old Temescal Road, Corona, California, providing a location for MediCal staff and DPSS's Self Sufficiency Division. This three year lease extension will insure that this assistance continues. The original lease dated May 4, 2004, entered into by predecessor-in-interest to Lessor Otr Corona, LLC, has been amended by that certain First Amendment to Lease, dated March 31, 2009 by and between County and Lessor; the Second Amendment to Lease, dated June 19, 2012 by and between County and Lessor; and the Third Amendment to Lease, dated September 9, 2014 by and between County and Lessor. The lease dated May 4, 2004 together with its amendments are collectively referred to as the "Lease". The parties now desire to amend the Lease to extend the term three years, modifying the rent and minor tenant improvements. County shall have the option to extend the Lease term for a period of three years. Lessor at its sole cost and expense shall replace carpet with carpet tiles, per DPSS specifications. The tenant improvements will not involve any changes to the ongoing use of the site and will be limited to the interior of the structure. The existing structure is located in a developed area. The size and scale of the interior improvements will be minor and will not change the future operation of the site. The proposed project is the letting of property involving existing facilities; no expansion of an existing use will occur. The leased premise consists of approximately 7,280 square feet and the operation of the facility will continue to provide public social services 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

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Workforce Development

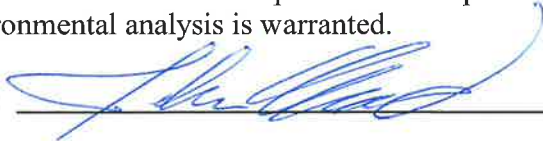
categorical exemption as detailed under State CEQA Guidelines Section 15300.2. The Project will not cause any impacts to scenic resources, historic resources, or unique sensitive biological environments. Further, no unusual circumstances or potential cumulative impacts would occur that may reasonably create an environmental impact. The option to extend the lease and minor tenant improvement alterations is not anticipated to result in any direct or reasonably foreseeable indirect 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 option to extend an existing lease with minor tenant improvements. Any current proposed or additional future improvement made would not involve any changes to land use, the existing building, or environment and any future tenant improvements would be limited to the interior of the structure. 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. The tenant improvements will be limited to the interior of the structure and based upon their limited scope will not result in any noise, air quality, or traffic impacts. 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 option to extend the lease 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. The site is highly developed, and no impacts to biological, cultural, or historical resources would occur. 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



1373 Old Temescal Road, Corona, California 92881
Assessor Parcel Number: 107-170-057

RIVERSIDE COUNTY CLERK & RECORDER

**AUTHORIZATION
TO BILL
BY JOURNAL VOUCHER**

Project Name: Fourth Amendment to Lease, Department of Public Social Services,
Corona

Accounting String: **Fund: 524830-47220-7200400000- FM042166001700**

DATE: May 6, 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: Yoland King, Real Property Agent, Economic Development Agency

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: -

DATE: -

RECEIPT # (S) -



Date: May 6, 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 # FM042166001700**
Fourth Amendment to Lease, Department of Public Social Services, Corona

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