

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

401



FROM: Economic Development Agency

SUBMITTAL DATE:
June 24, 2015

SUBJECT: Second Amendment to Lease – Department of Child Support Services – Five Year Term Extension, Rent Reduction, Tenant Improvements, District 2, CEQA Exempt, [\$547,586] 34% State, 66% Federal

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 15061(b)(3);
2. Approve the attached Second 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 attached Notice of Exemption with the County Clerk for posting within five days of approval by the Board.

BACKGROUND:

Summary

Commences on Page 2

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA
COUNTY AUDITOR-CONTROLLER

Robert Field

Robert Field
Assistant County Executive Officer/EDA

BY Musley Wang

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 103,590	\$ 102,696	\$ 547,586	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: 34% State, 66% Federal

Budget Adjustment: No
For Fiscal Year: 2015/16-2019/20

C.E.O. RECOMMENDATION:

APPROVE

BY: Rohini Dasika
Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

FORM APPROVED COUNTY COUNSEL
DATE 6/2/15
BY: GREGORY P. PRIAMOS
Departmental Concurrence

By: David Kilgore, Director

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

3-4

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

Economic Development Agency

FORM 11: Second Amendment to Lease – Department of Child Support Services – Five Year Term Extension, Rent Reduction, Tenant Improvements, District 2, CEQA Exempt, [\$547,586] 34% State, 66% Federal

DATE: June 24, 2015

PAGE: 2 of 3

BACKGROUND:

Summary

On May 6, 2008 the County entered into a lease agreement on behalf of the Department of Child Support Services (DCSS) for the facility located at 3760 12th Street, Riverside. This facility continues to meet the needs and requirements of DCSS and this Second Amendment to Lease represents a five year extension of the current lease agreement commencing on September 1, 2015. Landlord will complete tenant improvements at its sole cost and expense as outlined below, in addition a fifteen percent rent reduction has been negotiated.

Pursuant to the California Environmental Quality Act (CEQA), the lease agreement was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15301, Class 1 – Existing facilities and 15061(b)(3). The proposed project, the lease amendment, is the letting of property involving minor alterations to existing facilities where no or negligible expansion of an existing use will occur.

Location: 3760 12th Street
Riverside, California

Lessor: ELS Investments & Smith, a Partnership
5281 Avondale Way
Riverside, California 92506

Size: 4,000 sq. ft.

Term: Five years commencing September 1, 2015, expiring August 31, 2020

Rent:	Current	New
	\$2.24 per sq. ft.	\$1.90 per sq. ft.
	\$8,979.27 per month	\$7,600.00 per month
	\$107,751.24 per year	\$91,200.00 per year

Utilities: Provided by Lessor, County pays electricity, gas and telephones

Custodial: Provided by Lessor

Maintenance: Provided by Lessor

Improvements: Paint entire suite, replace carpet within twenty four months upon County's request, remove lettering from back door awning, reinforce AC platform behind building, repair/replace wooden vent/spokes above back door, cap off exterior electrical outlet adjacent to back door, and provide locking trash enclosure.

Impact on Citizens and Businesses

This facility provides a valuable service to the residents of the County and this lease extension will insure that this assistance continues.

(Continued)

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

Economic Development Agency

FORM 11: Second Amendment to Lease – Department of Child Support Services – Five Year Term Extension, Rent Reduction, Tenant Improvements, District 2, CEQA Exempt, [\$547,586] 34% State, 66% Federal

DATE: June 24, 2015

PAGE: 3 of 3

Contract History and Price Reasonableness

This is a Second Amendment to Lease; the lease rate is a competitive fair market rate for this facility.

ATTACHMENTS:

Exhibits A, B & C

Second Amendment to Lease with Exhibit B

Notice of Exemption

Exhibit A

FY 2015/16

Department of Child Support Services Lease Cost Analysis

3760 12th Street, Riverside, CA

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	4,000	SQFT		
Approximate Cost per SQFT (July - Aug)	\$	2.24		
Approximate Cost per SQFT (Sept - June) Second Amend	\$	1.90		
Lease Cost per Month (July - Aug)			\$	8,979.27
Lease Cost per Month (Sept-June) Second Amendment			\$	7,600.00
Total Lease Cost (July - Aug)			\$	17,958.54
Total Lease Cost (Sept - June) Second Amendment			\$	76,000.00
Total Estimated Lease Cost for FY 2015/16			\$	93,958.54

Estimated Additional Costs

Utility Cost per Square Foot	\$	0.12		
Estimated Utility Costs per Month (July - June)			\$	<u>480.00</u>
Total Estimated Utility Cost			\$	5,760.00
RCIT			\$	-
Tenant Improvement			\$	-
EDA Lease Management Fee - 4.12%			\$	<u>3,871.09</u>
TOTAL ESTIMATED COST FOR FY 2015/16			\$	<u>103,589.63</u>

Exhibit B

FY 2016/17

Department of Child Support Services Lease Cost Analysis

3760 12th Street, Riverside, CA

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	4,000	SQFT		
Approximate Cost per SQFT (July - Aug)	\$	1.90		
Approximate Cost per SQFT (Sept - June)	\$	1.95		
Lease Cost per Month (July - Aug)			\$	7,600.00
Lease Cost per Month (Sept-June)			\$	7,790.00
Total Lease Cost (July - Aug)			\$	15,200.00
Total Lease Cost (Sept-June)			\$	77,900.00
Total Estimated Lease Cost for FY 2016/17			\$	93,100.00

Estimated Additional Costs

Utility Cost per Square Foot	\$	0.12		
Estimated Utility Costs per Month (July - June)			<u>\$</u>	<u>480.00</u>
Total Estimated Utility Cost			\$	5,760.00
RCIT			\$	-
Tenant Improvement			\$	-
EDA Lease Management Fee - 4.12%			<u>\$</u>	<u>3,835.72</u>
TOTAL ESTIMATED COST FOR FY 2016/17			<u>\$</u>	<u>102,695.72</u>

Exhibit C

FY 2017/18 to FY 2020/21

Department of Child Support Services Lease Cost Analysis

3760 12th Street, Riverside, CA

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:

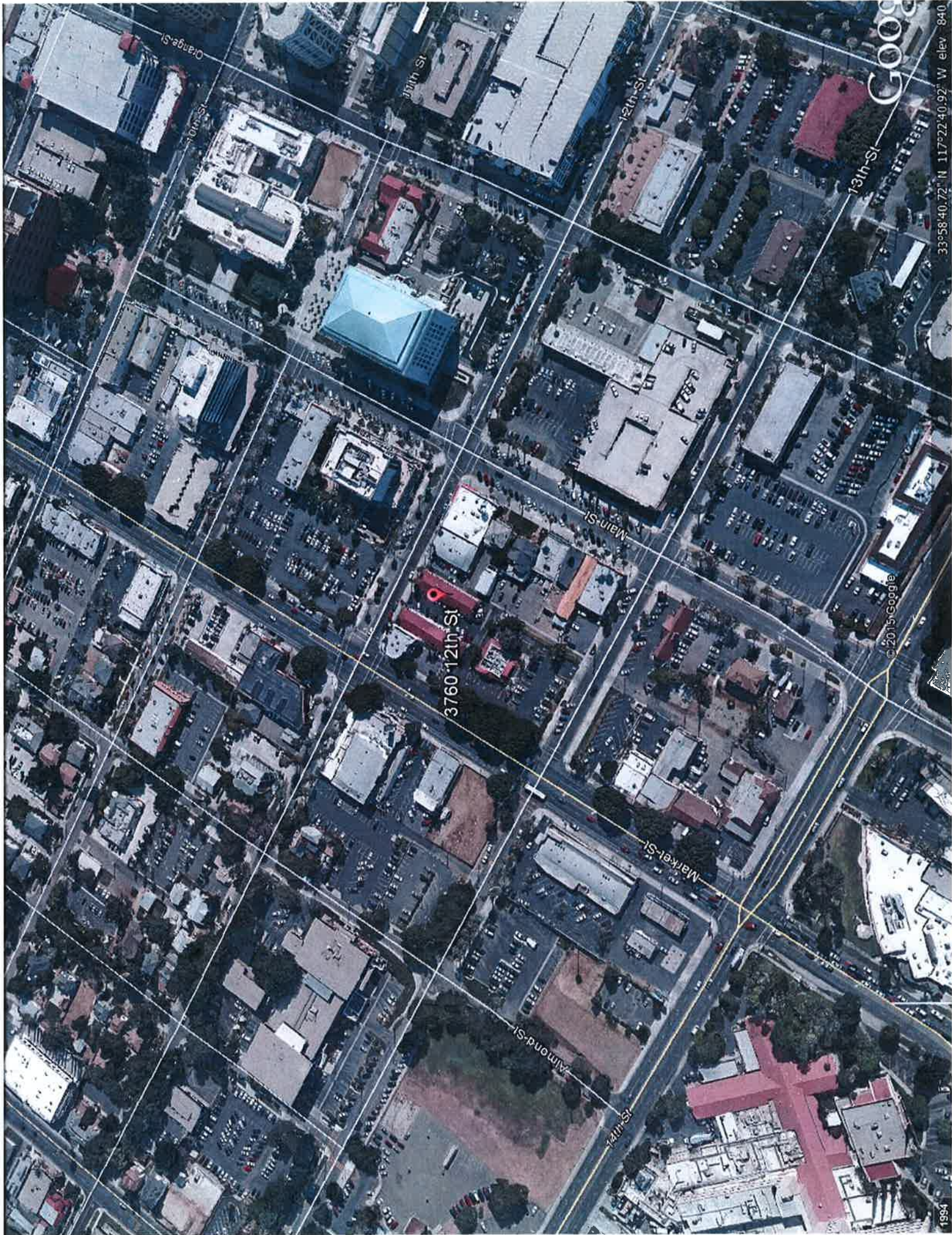
4,000 SQFT

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Approximate Cost per SQFT (July - Aug)	\$ 1.95	\$ 2.00	\$ 2.05	\$ 2.10
Approximate Cost per SQFT (Sept - June)	\$ 2.00	\$ 2.05	\$ 2.10	\$ -
Lease Cost per Month (July - Aug)	\$ 7,790.00	\$ 7,984.75	\$ 8,184.37	\$ 8,388.98
Lease Cost per Month (Sept - June)	\$ 7,984.75	\$ 8,184.37	\$ 8,388.98	
Total Lease Cost (July - Aug)	\$ 15,580.00	\$ 15,969.50	\$ 16,368.74	\$ 16,777.96
Total Lease Cost (Sept - June)	\$ 79,847.50	\$ 81,843.69	\$ 83,889.78	
Total Estimated Lease Cost for FY 2017/18 to FY 2020/21	\$ 95,427.50	\$ 97,813.19	\$ 100,258.52	\$ 16,777.96

Estimated Additional Costs

Utility Cost per Square Foot	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12
Estimated Utility Costs per Month (July - June)	\$ 480.00	\$ 480.00	\$ 480.00	\$ 480.00
Total Estimated Utility Cost	\$ 5,760.00	\$ 5,760.00	\$ 5,760.00	\$ 960.00
RCIT	\$ -	\$ -	\$ -	\$ -
Tenant Improvement	\$ -	\$ -	\$ -	\$ -
EDA Lease Management Fee - 4.12%	\$ 3,931.61	\$ 4,029.90	\$ 4,130.65	\$ 691.25
TOTAL ESTIMATED COST FOR FY 2017/18 to FY 2020/21	\$ 105,119.11	\$ 107,603.09	\$ 110,149.17	\$ 18,429.21

F11: Cost - Total Cost \$ 547,585.93



GOOGLE

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33°58'40.72" N 117°22'40.92" W elev 840

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NOTICE OF EXEMPTION

May 6, 2015

Project Name: County of Riverside, Second Amendment to Lease, Department of Child Support Services, Riverside

Project Number: FM042611037100

Project Location: 3760 12th Street, Riverside, California 92501; Assessor Parcel Number: 215-262-004
(See attached exhibit)

Description of Project: County of Riverside (County), on behalf of the Department of Child Social Services (DCSS), proposes to amend and extend the term of the lease with ELS Investments and Smith (Lessor) commencing on September 1, 2015 through August 31, 2020. The facility currently consists of an existing building located at 3760 12th Street, Riverside, California, and continues to meet the needs and requirements of DCSS. This five year lease extension will insure the continued operation of services. The original lease, dated May 6, 2008, has been amended by that certain First Amendment to Lease dated July 29, 2008 by and between County and Lessor (collectively the Lease). The parties now desire to amend the Lease to extend the term five years, modifying the rent and minor tenant improvements. Lessor at its sole cost and expense shall paint entire suite, replace carpet within twenty four months upon County's request, remove lettering from back door awing, reinforce AC platform behind building, repair/replace wooden vent/spokes above back door, cap off exterior electrical outlet adjacent to back door, and provide locking trash enclosure. The tenant improvements will not involve any changes to the ongoing use of the site and will be substantially limited to the interior of the structure. The existing structure is located in a developed portion of the City of Riverside. 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 4,000 square feet for the purpose of providing child social services for the residents of the County 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 impacts to scenic resources, historic resources, or unique sensitive biological environments. Further, no unusual circumstances or

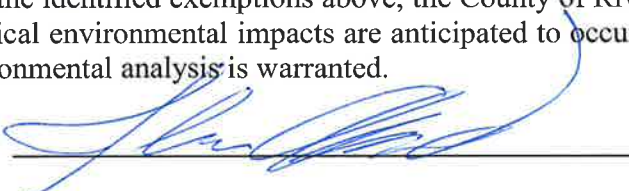
potential cumulative impacts would occur that may reasonably create an environmental impact. The option to extend the lease and minor tenant improvement alterations is not anticipated to result in any direct or reasonably foreseeable indirect physical environmental impacts.

- 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 majority of 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 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 primarily 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:

5/16/15

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



3760 12th Street, Riverside, California 92501

Assessor Parcel Number: 215-262-004

RIVERSIDE COUNTY CLERK & RECORDER

**AUTHORIZATION
TO BILL
BY JOURNAL VOUCHER**

Project Name: Second Amendment to Lease, Department of Child Support Services,
Riverside

Accounting String: **Fund: 524830-47220-7200400000- FM042611037100**

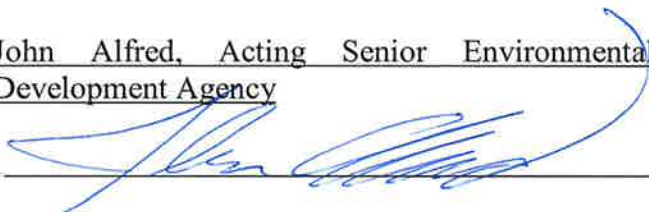
DATE: May 6, 2015

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: Trea Womack, Senior 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 # FM042611037100**
Second Amendment to Lease, Department of Child Support Services, Riverside

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

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**SECOND AMENDMENT TO LEASE
3760 12th Street, Riverside, 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, County, and **ELS INVESTMENTS AND SMITH**, a partnership, ("Lessor"), sometimes collectively referred to as the "Parties".

RECITALS

a. ELS Investments and Smith, a partnership, as Lessor and County have entered into that certain original Lease dated May 6, 2008, pursuant to which Lessor has agreed to lease to County and County has agreed to lease from Lessor approximately 4,000 square feet of office space in those certain buildings located at 3760 12th Street, Riverside, as more particularly described in the Lease.

b. The Original Lease has been amended as follows:
1. The First Amendment to Lease dated July 29, 2008 by and between County of Riverside and ELS Investments and Smith, a partnership, where the parties amended tenant improvement reimbursement and Option to Terminate provisions.

c. The original Lease together with amendments are collectively referred to herein this Third Amendment as the "Lease".

d. The Parties now desire to amend the Lease, among other things, amend the rent and annual increase amount, extend the term of the lease and provide for tenant improvements to be completed at Landlord's sole cost and expense

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

1. **TERM.** Section 3 (a) of the Lease is amended by adding the following:

1 The Term of this Lease shall be extended five (5) years commencing on
2 September 1, 2015 and terminating on August 31, 2020.

3 2. RENT. Section 5 (a) & (b) of the Lease shall be amended as follows:

4 (a) Effective September 1, 2015 the rental rate shall be reduced by
5 \$1,379.27 per month from \$8,979.27 to \$7,600.00 per month.

6 (b) The monthly rent shall be increased on each anniversary of this
7 Lease by an amount equal to two and one half (2.5%) percent.

8 3. IMPROVEMENTS BY LESSOR. Section 9 of the Lease is hereby
9 amended by adding new Subsection 9 (e).

10 (e) Lessor at its sole cost and expense shall complete tenant
11 improvements as outlined on Exhibit B attached hereto and by this reference
12 incorporated herein.

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

17 5. MISCELLANEOUS. Except as amended or modified herein, all
18 terms of the Lease shall remain in full force and effect. If any provisions of this
19 Amendment shall be determined to be illegal or unenforceable, such determination
20 shall not affect any other provision of the Lease. Neither this Amendment nor the
21 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 Supervisors
3 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 LESSEE:
7 COUNTY OF RIVERSIDE

LESSOR:
ELS INVESTMENTS AND SMITH,
a partnership

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

By: 
12 Todd Smith, Member

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

By: _____
16 Deputy

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

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

Department of Child Support Services
3760 12th Street
Riverside, California

Tenant Improvements

Scope of Work

- Paint entire suite
- Replace carpet within twenty four (24) months upon County's request
- Remove lettering from awning back door
- Reinforce AC platform behind building
- Repair/replace wooden vent/spoken above back door
- Cap off exterior electrical outlet adjacent to back door
- Provide locking trash enclosure

EXHIBIT B