

FORM APPROVED COUNTY COUNSEL  
 BY: GREGORY P. PRIAMOS  
 DATE: 3/17/15

613



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

**FROM:** Economic Development Agency

**SUBMITTAL DATE:**

April 2, 2015

**SUBJECT:** Second Amendment to Lease for the Department of Mental Health, Riverside, 3 – Year Extension, CEQA Exempt, District 2, [\$616,088] Federal 24%, State 76%

**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 upon approval by the Board.

**BACKGROUND:**

**Summary**

(Commences on Page 2)

FISCAL PROCEDURES APPROVED  
 PAUL ANGULO, CPA, AUDITOR-CONTROLLER  
 BY: Esteban Hernandez 4/1/15

*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	\$ 85,568	\$ 205,363	\$ 616,088	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

**SOURCE OF FUNDS:** Federal 24%, State 76%  
 Budget Adjustment: No  
 For Fiscal Year: 2014/15-2017/18

**C.E.O. RECOMMENDATION:**

APPROVE

BY: *Rohini Dasika*  
 Rohini Dasika

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Ashley, seconded by Supervisor Tavaglione and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley  
 Nays: None  
 Absent: None  
 Date: April 14, 2015  
 xc: EDA, Recorder

Kecia Harper-Ihem  
 Clerk of the Board  
 By: *Kecia Harper-Ihem*  
 Deputy

Prev. Agn. Ref.: 3.25 of 2/5/08; 3.7 of 12/3/13 | District: 2 | Agenda Number:

3-7

By: *Jerry Wengert*  
 Jerry Wengert  
 Mental Health Director

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

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

**FORM 11:** Second Amendment to Lease for the Department of Mental Health, Riverside, 3 – Year Extension, CEQA Exempt, District 2, [\$616,088] Federal 24%, State 76%

**DATE:** April 2, 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 10182, 10190 and 10228 Indiana Avenue, Riverside, extending the term from February 1, 2015 through January 31, 2018. This facility continues to meet the requirements of the department. The Economic Development Agency (EDA), Real Estate Division, has negotiated a three year lease renewal with a 49% rental rate reduction.

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: Cyrus G. Etemad  
Nakissa C. Etemad  
333 Grand Avenue, Suite 709  
San Francisco, California 94108

Premises Location: 10182, 10190 and 10228 Indiana Avenue, Riverside, CA 92503

Size: 12,522 Square Feet

Rent:	Current	New
	\$ 2.38 per sq. ft.	\$ 1.20 per sq. ft.
	\$ 29,739.75 per month	\$ 15,026.40 per month
	\$356,877.00 per year	\$180,316.80 per year

Savings:

Per Sq. Ft.	\$ 1.18
Per Month	\$ 14,713.35
Per Year	\$176,560.20

Term: February 1, 2015 through January 31, 2018

Utilities: County pays for telephone and electrical services, Landlord pays for all others services.

Custodial Services: Landlord

Maintenance: Landlord

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 for the Department of Mental Health, Riverside, 3 – Year Extension,  
CEQA Exempt, District 2, [\$616,088] Federal 24%, State 76%

**DATE:** April 2, 2015

**PAGE:** 3 of 3

**Impact on Residents and Businesses**

DMH will continue to provide services to the community at this location which will benefit 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 EDA for all lease costs on a monthly basis.

**Contract History and Price Reasonableness**

This is a three year renewal with a 49% rental rate reduction. This contract has been in place since February 5, 2008.

**Attachment:**

Exhibits A, B & C

Second Amendment to Lease

Notice of Exemption

# Exhibit A

FY 2014/15

Department of Mental Health Lease Cost Analysis  
10182,10190,10228 Indiana Avenue, Riverside, Ca. 92503

## **ESTIMATED AMOUNTS**

### **Total Square Footage to be Leased:**

Current Office:	12,522	SQFT	
Approximate Cost per SQFT (July - Jan) - 1st Amendment	\$	2.38	
Approximate Cost per SQFT (Feb - June) - 2nd Amendment	\$	1.20	
Lease Cost per Month (July - Jan) - 1st Amendment	\$	29,739.75	
Lease Cost per Month (Feb - June) - 2nd Amendment	\$	15,026.40	
Total Lease Cost (July - Jan) - 1st Amendment	\$		208,178.25
Total Lease Cost (Feb - June) - 2nd Amendment	\$		75,132.00
<b>Total Estimated Lease Cost for FY 2014/15</b>	<b>\$</b>		<b><u>283,310.25</u></b>

### **Estimated Additional Costs:**

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July - Jan) - 1st Amendment	\$	10,518.48	
Estimated Utility Costs per Month (Feb - June) - 2nd Amendment	\$	7,513.20	
Total Estimated Utility Cost			\$ 18,031.68
RCIT			\$ -
Tenant Improvements Costs			\$ -
EDA Lease Management Fee - 3.89% - 1st Amendment	\$	8,098.13	
EDA Lease Management Fee - 3.89% - 2nd Amendment	\$	2,922.63	
Total EDA Lease Management Fee			\$ 11,020.77
<b>TOTAL ESTIMATED COST FOR FY 2014/15</b>	<b>\$</b>		<b><u>312,362.70</u></b>
Amount Previously approved in 1st Amendment	\$		226,794.86
Amount of FY14/15 for 2nd Amendment	\$		<u>85,567.83</u>

# Exhibit B

FY 2015/16

Department of Mental Health Lease Cost Analysis  
10182,10190,10228 Indiana Avenue, Riverside, Ca. 92503

## **ESTIMATED AMOUNTS**

### **Total Square Footage to be Leased:**

Current Office:	12,522	SQFT	
Approximate Cost per SQFT (July - June)	\$	1.20	
Lease Cost per Month (July - June)		\$	15,026.40
Total Lease Cost (July - June)			\$ 180,316.80
<b>Total Estimated Lease Cost for FY 2015/16</b>			<b>\$ 180,316.80</b>

### **Estimated Additional Costs:**

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month		\$	<u>1,502.64</u>
Total Estimated Utility Cost			\$ 18,031.68
EDA Lease Management Fee - 3.89%			\$ <u>7,014.32</u>
<b>TOTAL ESTIMATED COST FOR FY 2015/16</b>			<b>\$ <u>205,362.80</u></b>

# Exhibit C

FY 2016/17

Department of Mental Health Lease Cost Analysis  
10182,10190,10228 Indiana Avenue, Riverside, Ca. 92503

## ESTIMATED AMOUNTS

### Total Square Footage to be Leased:

Current Office:

12,522 SQFT

	FY 2016/17	FY 2017/18
Approximate Cost per SQFT (July - Jan)	\$ 1.20	\$ 1.20
Approximate Cost per SQFT (Feb - June)	\$ 1.20	\$ -
Lease Cost per Month (July - Jan)	\$ 15,026.40	\$ 15,026.40
Lease Cost per Month (Feb - June)	\$ 15,026.40	\$ -
Total Lease Cost (July - Jan)	\$ 105,184.80	\$ 105,184.80
Total Lease Cost (Feb - June)	\$ 75,132.00	\$ -
<b>Total Estimated Lease Cost for FY 2016/17</b>	<b>\$ 180,316.80</b>	<b>\$ 105,184.80</b>
<b><u>Estimated Additional Costs:</u></b>		
Estimated Utility Costs per Month (July - Jan) - 1st Amendment	\$ 1,502.64	\$ 1,502.64
Estimated Utility Costs per Month (Feb - June) - 2nd Amendment	\$ 1,502.64	\$ -
Total Estimated Utility Cost	\$ 18,031.68	\$ 10,518.48
Tenant Improvements Costs	\$ -	\$ -
EDA Lease Management Fee - 3.89%	\$ 7,014.32	\$ 4,091.69
<b>TOTAL ESTIMATED COST FOR FY 2016/17</b>	<b>\$ 205,362.80</b>	<b>\$ 119,794.97</b>
<b>TOTAL COUNTY COST 0.00%</b>	<b>\$ -</b>	

F11: Cost - Total Cost \$ 616,088.41



1           3.     COUNTY'S RIGHT TO EARLY TERMINATION, Section 6.4 of the Lease  
2 is hereby deleted in its entirety.

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

7           5.     MISCELLANEOUS. Except as amended or modified herein, all terms of  
8 the Lease shall remain in full force and effect. If any provisions of this Amendment  
9 shall be determined to be illegal or unenforceable, such determination shall not affect  
10 any other provision of the Lease. Neither this Amendment nor the Lease shall be  
11 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:  
9 CYRUS G. ETEMAD AND  
10 NAKISSA C. ETEMAD, tenants in  
11 Common

12 By: Marion Ashley  
13 Marion Ashley, Chairman  
14 Board of Supervisors

By: Cyrus G. Etemad  
Cyrus G. Etemad

By: Nakissa C. Etemad  
Nakissa C. Etemad

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16 ATTEST:  
17 Kecia Harper-Ihem  
18 Clerk of the Board

By: Kecia Harper-Ihem  
Deputy

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21 APPROVED AS TO FORM:  
22 Gregory P. Priamos  
23 County Counsel

By: Patricia Munroe  
24 Patricia Munroe  
25 Deputy County Counsel

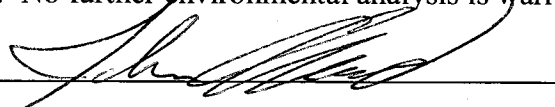
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improvements would be limited to the interior of the existing structure; no direct or indirect physical environmental impacts would be anticipated from such improvements.

- 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 no physical improvements anticipated at this time. No substantial construction impacts would occur and the facility will continue to operate in a similar use, capacity, and intensity. There will be no increase or expansion in the use of the site. Any future tenant improvements would only entail minor interior improvements and will not result in any direct or indirect physical environmental impacts, and once the improvements are complete, the structure will continue to operate in a similar use, capacity, and intensity. 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 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, while not planned, 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: 3/27/15

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

**RIVERSIDE COUNTY CLERK & RECORDER**

**AUTHORIZATION  
TO BILL  
BY JOURNAL VOUCHER**

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

Accounting String: Fund: 524830-47220-7200400000- FM042611036100

DATE: March 27, 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 # FM042611036100**  
Second Amendment to Lease, Department of Mental Health, 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 10<sup>th</sup> Street, Suite 400. Riverside, CA 92501. If you have any questions, please contact John Alfred at 955-4844.**

Attachment

cc: file