

FORM APPROVED COUNTY COUNSEL 12/23/15
 BY: GREGORY P. PRIAMOS
 DATE
 Departmental Conference

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

2016



FROM: Economic Development Agency

SUBMITTAL DATE:
 December 23, 2015

SUBJECT: Fifth Amendment to Lease – Economic Development Agency, Riverside, Space Reduction, CEQA Exempt, District 1, [(\$380,861)] 100% Federal Funds

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 Fifth 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 working days.

BACKGROUND:

Summary
 (Commences on Page 2)

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	\$ (120,396)	\$ (260,465)	\$ (380,861)	\$ 0	Consent Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: Workforce Innovation and Opportunity Act (WIOA) Title I – 100% Federal

Budget Adjustment: No
For Fiscal Year: 2015/16 – 2016/17

C.E.O. RECOMMENDATION:

APPROVE
 BY:
 Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Ashley 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: January 5, 2016
xc: EDA, Recorder

Kecia Harper-Ihem
 Clerk of the Board
 By:
 Deputy

- 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: Fifth Amendment to Lease – Economic Development Agency, Riverside, Space Reduction, CEQA Exempt, District 1, [(\$380,861)] 100% Federal Funds

DATE: December 3, 2015

PAGE: 2 of 3

BACKGROUND:

Summary

The County of Riverside has been under lease at 1325 Spruce Street in Riverside since April, 2007, and currently, the Economic Development Agency (EDA) Workforce Development Division is occupying 44,861 square feet. Staffing changes and reorganization have resulted in unoccupied space within the Workforce Division's premises, and under a provision of the lease, the County may downsize the square footage. To do so and maximize efficiency with consolidation efforts, the County will move from the fifth floor (-15,140 sq. ft.) where a portion of staff will be relocated into the existing available space. In addition, the fourth floor currently under lease will increase in square footage to accommodate remaining 5th floor staff (+6,650 sq. ft.) for a net reduction of 8,490 square feet. The reduced space and rent is expected to commence on or by February 1, 2016.

Lessor: Spruce Street Professional Building, LLC
815 Marlborough Street, Suite 200
Riverside, CA 92507

Premises Location: 1325 Spruce Street
Riverside, CA 92507

Size: Reduced from 44,861 to 36,371 square feet

Rent:	<u>Current</u>	<u>New</u>
	\$2.63 per sq. ft. full service gross	\$2.63 per sq. ft. full service gross
	\$117,836.80 per month	\$95,655.72 per month
	\$1,414,041.60 per year	\$1,147,868.64 per year

Term: Expires March 31, 2017

Rent Adjustment: 3% annually

Utilities: Lessor provides

Interior/Exterior
Maintenance: Lessor provides

Custodial: Lessor provides

Tenant Improvement: \$20,000.00 for electrical work to relocate systems furniture and equipment. Paid by Lessor.

RCIT: \$38,380.00

Pursuant to the California Environmental Quality Act (CEQA), the Fifth Amendment to Lease was reviewed and determined to be categorically exempt from CEQA under CEQA Guidelines Section 15301 Class 1 – existing Facilities and Section 15601(b)(3) Common Sense Exemption. The proposed project is the extension of letting of property involving existing facilities.

(Continued)

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

FORM 11: Fifth Amendment to Lease – Economic Development Agency, Riverside, Space Reduction, CEQA Exempt, District 1, [(\$380,861)] 100% Federal Funds

DATE: December 3, 2015

PAGE: 3 of 3

Impact on Citizens and Businesses

The Workforce Development Center in Riverside provides the community with vocational training, job readiness workshops, on the job training and employment opportunities to individuals who are underemployed, unemployed, low-income, disabled and/or veterans.

SUPPLEMENTAL:

Additional Fiscal Information

See attached Exhibits A & B

Contract History and Price Reasonableness

The rent continues as obligated under the terms of the lease.

Attachments:

Exhibits A & B

Aerial Image

Fifth Amendment to Lease

Notice of Exemption

Exhibit A

FY 2015/16

WDC Lease Cost Analysis

1325 Spruce Street, Riverside, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office: 44,861 SQFT
Reduced Office: Effective February 1, 2016 36,371

Lease Cost per Month (Jul - Mar) 4th Amendment	\$ 117,836.80
Lease Cost per Month (Apr - Jun) 4th Amendment	\$ 121,371.90
Lease Cost per Month (Jul - Jan) 5th Amendment	\$ 117,836.80
Lease Cost per Month (Feb) 5th Amendment	\$ 115,508.10
Lease Cost per Month (Mar) 5th Amendment	\$ 95,655.73
Lease Cost per Month (Apr-Jun) 5th Amendment	\$ 98,525.38

Total Lease Cost (Jul - Mar) 4th Amendment	\$ 1,060,531.20
Total Lease Cost (Apr - Jun) 4th Amendment	\$ 364,115.70
Total Lease Cost (Jul - Jan) 5th Amendment	\$ 824,857.60
Total Lease Cost (Feb) 5th Amendment	\$ 115,508.10
Total Lease Cost (Mar) 5th Amendment	\$ 95,655.73
Total Lease Cost (Apr-Jun) 5th Amendment	\$ 295,576.14
Total Estimated Lease Cost for FY 2015/16	\$ 1,331,597.57

Estimated Additional Costs:

Utility Cost per Square Foot	\$ 0.12	
Estimated Utility Costs per Month (Jul - June) 4th Amendment	\$ 5,383.32	
Total Estimated Utility Cost		\$ 64,599.84
RCIT		\$ 38,380.00
Tenant Improvement		
EDA Lease Management Fee - 3.93% (Jul - June) 4th Amendment	\$ 55,988.62	
EDA Lease Management Fee - 4.12% (Jul - Jun) 5th Amendment		\$ 54,861.82
TOTAL ESTIMATED COST FOR FY 2015/16		\$ 1,424,839.39
Amount Previously approved Lease Cost		\$ 1,545,235.36
Amount of FY15/16 for 5th Amendment		\$ (120,395.97)

Exhibit B

FY 2016/17

WDC Lease Cost Analysis

1325 Spruce Street, Riverside, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office: 44,861 SQFT
Reduced Office: 36,371

Approximate Cost per SQFT (Jul - Mar) 4th Amendment \$ 2.71
Approximate Cost per SQFT (Jul - Mar) 5th Amendment \$ 2.71

Lease Cost per Month (Jul - Mar) 4th Amendment \$ 121,371.90
Lease Cost per Month (Jul - Mar) 5th Amendment \$ 98,525.38

Total Lease Cost (Jul - Mar) 4th Amendment \$ 1,092,347.10
Total Lease Cost (Jul - Mar) 5th Amendment \$ 886,728.42
Total Estimated Lease Cost for FY 2016/17 \$ 886,728.42

Estimated Additional Costs:

Utility Cost per Square Foot \$ 0.12
Estimated Utility Costs per Month (Jul - Mar) 4th Amendment \$ 5,383.32 \$ 48,449.88

EDA Lease Management Fee - 3.93% (Jul - Mar) 4th Amendment \$ 42,929.24
EDA Lease Management Fee - 4.12% (Jul - Mar) 5th Amendment \$ 36,533.21

TOTAL ESTIMATED COST FOR FY 2016/17 \$ 923,261.63

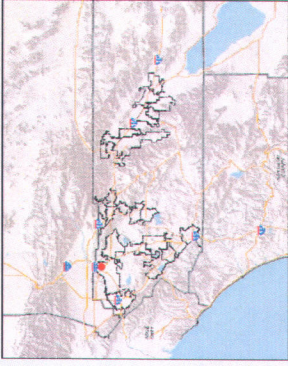
Amount Previously approved Lease Cost \$ 1,183,726.22

Amount of FY16/17 for 5th Amendment \$ (260,464.59)

F11: Cost - Total Cost \$ (380,860.56)

Amendment to Sublease Agreement

1325 Spruce Street, Riverside



Legend

- roadsanno
- highways
- HWY
- INTERCHANGE
- INTERSTATE
- OFFRAMP
- ONRAMP
- USHWY
- counties
- cities
- hydrographylines
- waterbodies
- Lakes
- Rivers

Notes
 APN: 249-110-064
 District 1

Notes
 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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1 **FIFTH AMENDMENT TO THE COUNTY OF RIVERSIDE LEASE**
2 **AT 1325 SPRUCE STREET, RIVERSIDE, CALIFORNIA**
3

4 THIS FIFTH AMENDMENT TO LEASE ("Fifth Amendment"), dated as of
5 January 5, 201~~6~~⁵, is entered into by and between **SPRUCE STREET**
6 **PROFESSIONAL BUILDING, LLC**, a California limited liability company ("Lessor"),
7 and the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California
8 ("County"), as Lessee, and sometimes collectively referred to as the "Parties" or
9 individually as a "Party."

10 Recitals

11 A. Lessor and County have entered into that certain Lease, dated June 13,
12 2006, ("Original Lease") pursuant to which Lessor has agreed to lease to County and
13 County has agreed to lease from Lessor a portion of that certain building, more
14 commonly known as the Spruce Street Professional Building, located at 1325 Spruce
15 Street, in the City of Riverside, State of California, ("Building"), consisting of 30,407
16 gross square feet, as more particularly described in the Lease (the "Original
17 Premises").

18 B. The Original Lease has been amended by:

19 1. That certain First Amendment to Lease dated December 12, 2006,
20 by and between Lessor and County (the "First Amendment") whereby, the County
21 leased an additional 7,654 gross square feet on the second floor of the Building.

22 2. That certain Second Amendment to Lease dated July 12, 2007, by
23 and between Lessor and County (the "Second Amendment") whereby, the County
24 leased an additional 2,147 gross square feet on the second floor of the Building.

25 3. That certain Third Amendment to Lease dated February 9, 2010,
26 by and between Lessor and County (the "Third Amendment") whereby, the County
27 leased an additional 11,303 gross square feet on the first floor of the Building.
28

1 4. That certain Fourth Amendment to Lease dated January 8, 2013,
2 by and between Lessor and County ("Fourth Amendment") whereby the County
3 reduced the occupied square footage and corresponding rent.

4 C. The Original Lease, as heretofore, currently, or hereafter amended, shall
5 hereafter be referred to as the "Lease".

6 D. County desires to reduce the gross square feet of occupied space (Space
7 Reduction) as allowed under Section 6.4.1 by vacating and returning to Lessor the 5th
8 floor and occupying the balance of unoccupied space on the 4th floor.

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. Premises.** Section 2.2 of the Lease is hereby replaced in its entirety by the
12 following:

13 **2.2 Defined.** The Premises shall consist of a portion of that certain real
14 property, including all improvements therein or to be provided by Lessor under the
15 terms of this Lease, and commonly known as The Spruce Street Professional Building
16 located in the City of Riverside, State of California, and generally described as a free
17 standing building consisting of approximately seventy seven thousand (77,000) square
18 feet, of which the County leases approximately thirty six thousand three hundred
19 seventy one (36,371) gross square feet of exclusive space including fifteen thousand
20 two hundred sixty seven (15,267) gross square feet of exclusive space on the fourth
21 floors (reduced by 15,140 square feet from the original space and increased by 6,650
22 on the 4th floor), nine thousand eight hundred one (9,801) gross square feet of
23 exclusive space on the second floor (7,654 gross square feet of exclusive space from
24 the First Amendment of "Additional Space" and 2,147 gross square feet of additional
25 exclusive space from the Second Amendment of "Additional Space") and eleven
26 thousand three hundred three (11,303) square feet of exclusive space on the First
27 Floor from the Third Amendment of "Additional Space." This includes a minimum of
28 one hundred forty two (142) unreserved and unassigned parking spaces and three (3)

1 reserved parking spaces for the County and top-of-the-building signage, all as shown
2 on the site plan attached as Exhibit "A" in the Lease. It is understood that the Premises
3 include all appurtenances and easements thereto and the non-exclusive right of
4 ingress and egress at all times to and from the public streets and highways for County,
5 its employees and invitees.

6 **2. Exhibit A.** Exhibit A of the Original Lease is hereby deleted in its entirety
7 and replaced with Exhibit A attached hereto and incorporated herein by this reference.

8 **3. Term Commencement.** This Fifth Amendment shall be effective upon the
9 date of its full execution by the Parties hereto which includes approval by the County of
10 Riverside Board of Supervisors. The "Space Revision" commences February 1, 2016,
11 or when the 5th floor has been vacated by County, whichever is sooner, under the
12 terms and conditions stated herein.

13 **4. Rent.** Section 5.1 of the Lease is hereby amended in its entirety by the
14 following:

15 **5.1 Rent.** Rent under this Fifth Amendment to Lease shall commence per
16 the terms stated in Section 3 herein, with the revised rent as indicated below:

<u>Monthly Amount</u>	<u>Year</u>	<u>Commencing</u>
\$117,836.80	Ninth	April 1, 2015
\$115,508.10	Ninth	February 1, 2016
\$ 95,655.73	Ninth	March 1, 2016
\$ 98,525.38	Tenth	April 1, 2016

22 Said monthly sums shall be payable, in advance, on the first day of the month or as
23 soon thereafter as a warrant can be issued in the normal course of County's business;
24 provided, however, in the event rent for any period during the term hereof which is less
25 than one (1) full calendar month said rental shall be pro-rated based upon the actual
26 number of days of said month.

27 **5. Tenant Improvements.** Section 5.2 of the Lease is hereby replaced in its
28 entirety by the following:

1 **5.2 Tenant Improvements (“TI”).** Tenant improvement costs are those
2 associated with vacating 15,140 square feet on the 5th floor and occupying the balance
3 of the 4th Floor. Lessor work includes electrical work to disconnect power to existing
4 cubicles on the 5th floor and reconnect power for 20 cubicles relocated to the 4th floor.
5 Convert existing electrical outlet to a dedicated 220 amp electrical outlet on the 2nd
6 floor. Install a dedicated 220 amp electrical outlet on the first floor. Total cost, at
7 Lessor’s sole cost and expense, shall not exceed \$20,000.00.

8 **6. Tenant Improvements.** Upon full execution of the Fifth Amendment to
9 Lease, Lessor and County shall commence coordination of the electrical work as set
10 forth herein.


11 **7. Miscellaneous.** Except as amended or modified herein, all the terms of the
12 Lease shall remain in full force and effect and shall apply with the same force and
13 effect. If any provisions of this Amendment or the Lease shall be determined to be
14 illegal or unenforceable, such determination shall not affect any other provision of the
15 Lease and all such other provisions shall remain in full force and effect. The language
16 in all parts of the Lease shall be construed according to its normal and usual meaning
17 and not strictly for or against either Lessor or Lessee. Neither this Amendment, nor the
18 Original Lease, nor any notice nor memorandum regarding the terms hereof, shall be
19 recorded by Lessee.

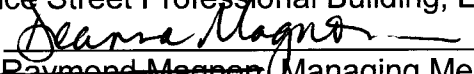
20 **8. Effective Date:** This Fifth Amendment to Lease shall not be binding or
21 consummated until its approval by the Riverside County Board of Supervisors and fully
22 executed by the Parties.

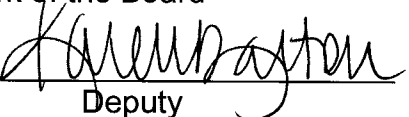
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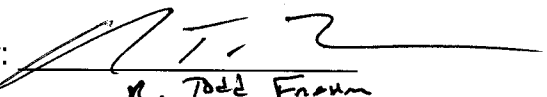
1 **IN WITNESS WHEREOF**, the Parties have executed this Amendment as of the
2 date first written above.

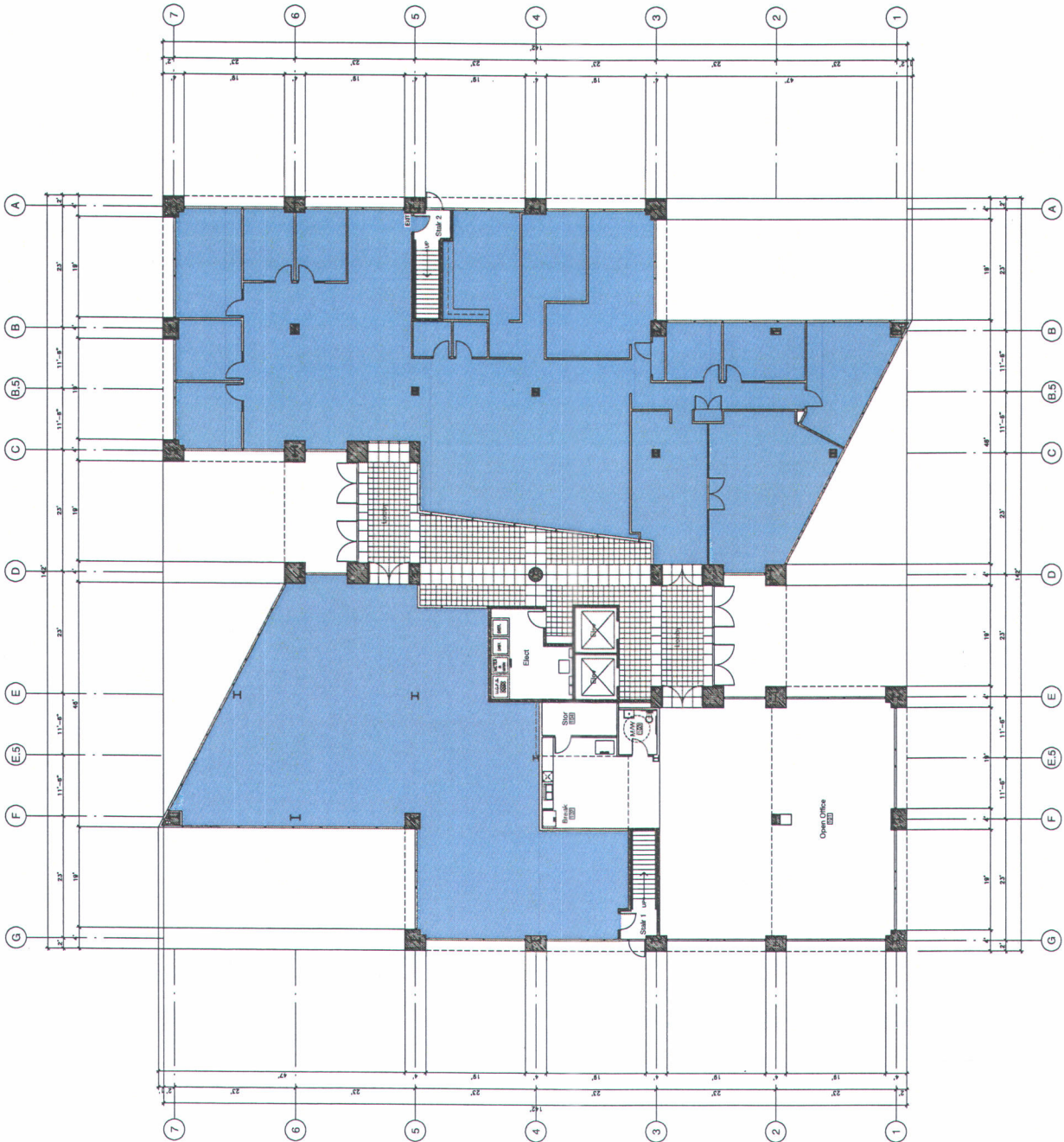
3 Dated: JAN 05 2016

4
5 LESSEE:
6 County of Riverside
7 By: 
8 John J. Benoit, Chairman
9 Board of Supervisors

5 LESSOR:
6 Spruce Street Professional Building, LLC
7 By: 
8 ~~Raymond Magnon~~, Managing Member
9 DEANNA MAGNON

10 ATTEST:
11 Kecia Harper-Ihem
12 Clerk of the Board
13 By: 
14 Deputy

15 APPROVED AS TO FORM:
16 Gregory P. Priamos, County Counsel
17 By: 
18 R. Todd Fraum
19 Deputy County Counsel



First Floor Plan

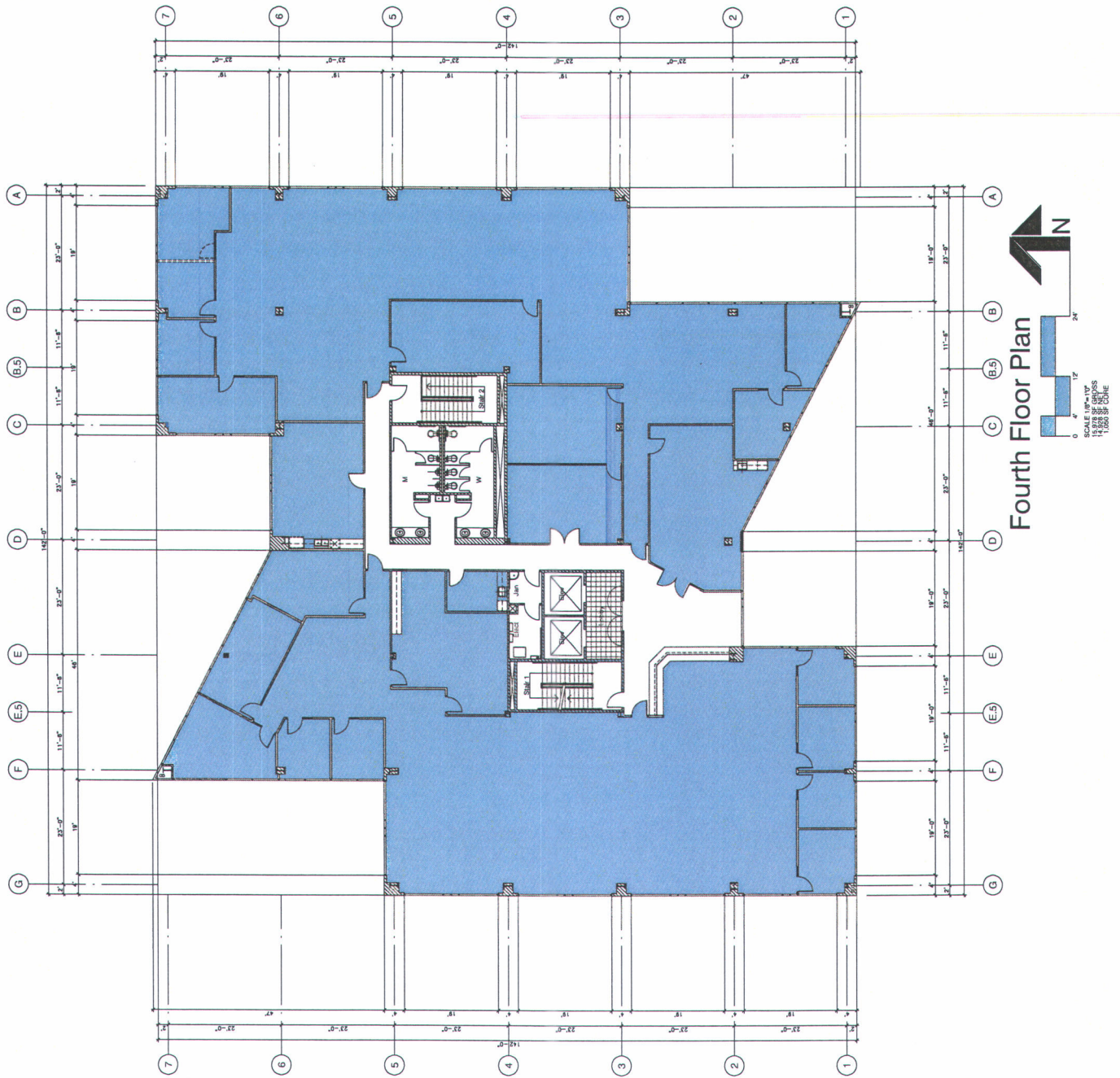


EXHIBIT "A"



Original Negative Declaration/Notice of Determination was routed to County Clerks for posting on.

1/5/16
Date

kb
Initial

NOTICE OF EXEMPTION

November 9, 2015

Project Name: County of Riverside, Economic Development Agency (EDA) Workforce Development Fifth Amendment to Lease, Space Reduction, Riverside

Project Number: FM042611039100

Project Location: 1325 Spruce Street, west of Iowa Street, Riverside, California 92507; APN 249110064
(See Attached Exhibit)

Description of Project: The County of Riverside (County) has been under lease at 1325 Spruce Street, Riverside, California since April of 2007. The EDA Workforce Development is currently occupying 44,681 square feet of space on both the fourth and fifth floors. The reorganization of staff has resulted in vacant space within the Workforce Division's leased area, and under provision of the Lease, the County may downsize and return vacated space to the Lessor. The County will move from the fifth floor (-15,140 square feet) to an expanded area on the fourth floor (+6,650 square feet) for a net reduction of 8,490 square feet. The letting of the Lease is identified as the proposed Project under the California Environmental Quality Act (CEQA). No expansion of an existing use will occur. The operation of the facility will continue to provide workforce development 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 CEQA Guidelines, Section 15301, Class 1, Existing Facilities Exemption; Section 15061(b) (3), General Rule or "Common Sense" Exemption, Codified under Title 14, Articles 5 and 19, Sections 15061 and 15300 to 15301.

Reasons Why Project is Exempt: The proposed Project is categorically 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 an impact to an environmental resource of hazardous or critical concern nor would the Project include a reasonable possibility of having a significant effect on the environment due to unusual circumstances. The Project would not result in impacts to scenic highways, hazardous waste sites, historic resources, or other sensitive natural environments, or have a cumulative effect to the environment. No significant environmental impacts are anticipated to occur with the space reduction identified in the Fifth Amendment to the Lease.

JAN 05 2016 3-7

- **Section 15301 – Class 1 Existing Facilities Exemption:** This categorical 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 limited to an amendment to a Lease and includes an 8,490-square-foot reduction in the amount space leased. The Fifth Amendment to the Lease will not increase or expand the use of the site, and is limited to the continued use of the site in a similar capacity; therefore, the Project is exempt as the Project meets the scope and intent of the Class 1 Exemption identified in Section 15301, Article 19, Categorical Exemptions of the CEQA Guidelines.
- **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 *No Oil, Inc. v. City of Los Angeles* (1974) 13 Cal. 3d 68. The ruling in this case stated that if a project falls within a category exempt by administrative regulation or 'it can be seen with certainty that the activity in question will not have a significant effect on the environment', no further agency evaluation is required. With certainty, there is no possibility that the Project may have a significant effect on the environment. The proposed Lease amendment will not result in any direct or indirect physical environmental impacts. The use and operation of the facility will be substantially similar to the existing use and will not create any new environmental impacts to the surrounding area. No alterations and no impacts beyond the ongoing, existing use of the site 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: 11/19/15

Mike Sullivan, Senior Environmental Planner
County of Riverside, Economic Development Agency



Date: November 9, 2015

To: Mary Ann Meyer, Office of the County Clerk

From: Mike Sullivan, Senior Environmental Planner, Project Management Office

Subject: **County of Riverside Economic Development Agency Project # FM047431002500**
WFD Fifth Amendment to Lease, 1325 Spruce, 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: Mike Sullivan, Senior Environmental Planner,

Economic Development Agency,

3403 10th Street, Suite 400, Riverside, CA 92501

If you have any questions, please contact Mike Sullivan at 955-8009.

Attachment

cc: file

RIVERSIDE COUNTY CLERK & RECORDER

**AUTHORIZATION
TO BILL
BY JOURNAL VOUCHER**

**Project Name: Workforce Development Fifth Amendment to Lease, 1325 Spruce,
Riverside**

Accounting String: 524830-47220-7200400000 - FM042611039100

DATE: November 9, 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: Mike Sullivan, Senior Environmental Planner, Economic
Development Agency

Signature: _____

PRESENTED BY: Heidi Rigler, Senior Real Property Agent, Economic Development
Agency

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: -

DATE: -

RECEIPT # (S) -