

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



FROM : ECONOMIC DEVELOPMENT AGENCY (EDA)

SUBMITTAL DATE:
September 12, 2016

SUBJECT: Fourth Amendment to Lease, Department of Public Social Services, Desert Hot Springs, Tenant Improvements, CEQA Finding of Nothing Further is Required, District 4 [\$3,734,683] Federal 64.5%, State 28.4%, County DPSS Budget 7.1%

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that nothing further is required pursuant to CEQA because all potentially significant effects have been adequately analyzed in an earlier adopted Negative Declaration; and
2. Approve the attached Fourth Amendment to Lease and authorize the Chairman of the Board to execute the same on behalf of the County.

Policy, CIP

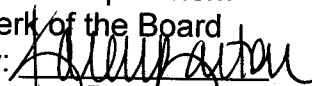
FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	(\$110,722)	\$ 107,281	\$ 3,734,683	\$0
NET COUNTY COST	(\$7,861)	\$7,617	\$265,163	\$0
SOURCE OF FUNDS: Federal 64.5%; State 28.4%; County DPSS Budget 7.1% (Previously approved budget)			Budget Adjustment: No	
			For Fiscal Year: 2016/17-2026/27	

C.E.O. RECOMMENDATION:

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Benoit, seconded by Supervisor Washington 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: October 25, 2016
xc: EDA, DPSS

Kecia Harper-Ihem
 Clerk of the Board
 By: 
 Deputy

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

BACKGROUND:

Summary (continued)

On May 14, 2013, the County entered into a lease with Pierson Professional Plaza, L.P., for a 10-year term for an approximate 38,084 square foot build to suit office for use by the Department of Public Social Services (DPSS).

After the lease was approved, and during the 24 months between Board approval and lending approvals, additional Department design requirements were identified or modified. The number of staffing desired to be located within the building was increased affecting the electrical requirement substantially. In addition, other improvements were requested. Engineering and electrical switchgear upgrades were requested to accommodate emergency generator power in the event of power failure, a supplemental pre-action fire suppression system was requested in the data/com room to prevent loss of equipment, and a higher level of glazing for greater efficiency and security in this desert location was necessary. These improvements, in part, have exceeded the previously approved County construction budget, and the Fourth Amendment to Lease increases the funding to complete the build to suit office with current DPSS standards and operating efficiencies. The anticipated construction completion is targeted for early November, 2016.

In accordance with the California Environmental Quality Act (CEQA) Guidelines and Riverside County CEQA implementing procedures, an Initial Study was prepared to analyze the Lease to determine if any potential significant impacts upon the environment would result from the Lease. The lease was found to not have a significant effect on the environment and the Board adopted a Negative Declaration on May 14, 2013, item #3-17. The Fourth Amendment to Lease was reviewed and determined that nothing further is required pursuant to CEQA because the terms remain consistent with what has been previously analyzed nor does it substantially change the use, it merely upgrades some building improvements to current Department standards.

The Fourth Amendment modifies the Lease as follows:

Lessor:	Pierson Professional Plaza, L.P. 5150 E. Pacific Coast Hwy, Suite 605 Long Beach, CA 90804
Premises Location:	65753 Pierson Boulevard Desert Hot Springs, CA
Size:	Approximately 38,084 square feet
Rent:	\$2.17 per sq. ft. modified gross \$82,642.28 per month \$991,707.36 per year

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

Rental Adjustments: Commencing year four, 2% annually

Term: Ten years

RCIT: \$383,890.00

Options to Extend: Two, five-year options

Option to Terminate: After the fifth year for reduced funding with 150 days' notice

Utilities: All interior utilities, including electricity, water, and gas, will be placed on account directly in County's name for payment

Custodial: Included in rent

Day Porter: \$3,427.56 per month effective approximately November, 2016.

Parking: Approximately 237 total parking spaces

Improvements: Increased by \$225,000.00 for a not to exceed total construction budget of \$2,700,000.00. County to reimburse Lessor in three equal payments over three fiscal years with first payment being paid in fiscal year 2016/17 as indicated on attached exhibits.

Impact on Residents and Businesses

After completion of this long-term effort, with expected occupancy in December, 2016, DPSS will have one full-service facility providing all temporary assistance programs, including CalWORKS, Food Stamps, and MediCal, as well as Welfare to Work (GAN) services to facilitate individuals and families to become self-sufficient.

Additional Fiscal Information

See attached Exhibits A, B, & C. Financial Data reflects update from original budget that has moved forward due to change in project timeline.

DPSS will budget the costs shown in the Exhibits for FY2016/17 thru FY2026/27 and will reimburse EDA for all lease costs on a monthly basis.

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

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

Aerial Image
Notice of Determination

RF:JWW:VC:VY:HR:tg DH011 18.357 13337 S:\Real Property\TYPING\Docs-18.000 to 18.499\18.357.doc
MinuteTrak 1995

Exhibit A

FY 2016/17

DPSS Lease Cost Analysis

65753 Pierson Blvd., Desert Hot Springs, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	38,084	SQFT	
Approximate Cost per SQFT	\$	2.17	
Lease Cost per Month (July - Oct) Fourth Ammdment	\$		-
Lease Cost per Month (Nov - June) Fourth Ammdment	\$	82,642.28	
Total Lease Cost (July - Oct) Fourth Ammdment			\$ -
Total Lease Cost (Nov - June) Fourth Ammdment			\$ 661,138.24
Total Estimated Lease Cost for FY 2016/17			\$ 661,138.24

Estimated Additional Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month		\$	4,570.08
Total Estimated Utility Cost - Fourth Amendment			\$ 36,560.64
Day Porter - Fourth Amendment		\$	3,427.56
Day Porter - Total cost for FY16/17			\$ 27,420.48
Tenant Improvements - Fourth Amendment			\$ 908,333.33
RCIT - Fourth Amendment			\$ 383,890.00
EDA Lease Management Fee - 4.92% - Fourth Amendment			\$ 77,218.00
TOTAL ESTIMATED COST FOR FY 2016/17			\$ 2,094,560.69
Amount Approved in Previous Agreement			\$ 2,205,282.53
Amount of FY16/17			\$ (110,721.84)
TOTAL COUNTY COST 7.1% - Fourth Amendment			\$ (7,861.25)

Exhibit B

FY 2017/18

DPSS Lease Cost Analysis

65753 Pierson Blvd., Desert Hot Springs, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	38,084	SQFT	
Approximate Cost per SQFT (July- Oct) Fourth Amendment	\$	2.17	
Approximate Cost per SQFT(Nov - June) Fourth Amendment	\$	2.17	
Lease Cost per Month (July - Oct) Fourth Amendment		\$	82,642.28
Lease Cost per Month (Nov - June) Fourth Amendment		\$	82,642.28
Total Lease Cost (July - Oct) Fourth Amendment		\$	330,569.12
Total Lease Cost (Nov - June) Fourth Amendment		\$	661,138.24
Total Estimated Lease Cost for FY 2017/18		\$	991,707.36
Estimated Additional Costs:			
Utility Cost per Square Foot	0.12		
Estimated Utility Costs per Month		\$	4,570.08
Total Estimated Utility Cost FY2017/18 - Fourth Amendment		\$	54,840.96
Day Porter (July-June) FY2017/18 Fourth Amendment		\$	41,130.72
Tenant Improvements FY2017/18 - Fourth Amendment		\$	935,583.33
EDA Lease Management Fee FY2017/18 - 4.92% - Fourth Amendment		\$	94,822.70
TOTAL ESTIMATED COST FOR FY 2017/18		\$	<u>2,118,085.07</u>
Amount Approved in Previous Agreement		\$	2,010,804.38
Amount of FY17/18		\$	<u>107,280.69</u>
TOTAL COUNTY COST 7.10% - Fourth Amendment		\$	7,616.93

Exhibit C

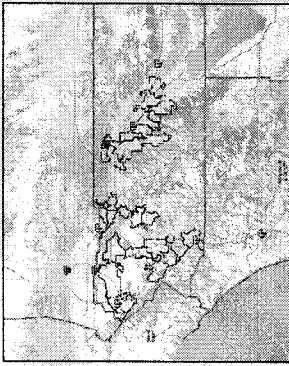
**FY 2018/19 to FY 2026/27
DPSS Lease Cost Analysis
65753 Pierson Blvd., Desert Hot Springs, California**

ESTIMATED AMOUNTS

	FY 2018/19	FY 2019/20	FY2020/21- FY2026/27
<u>Total Square Footage to be Leased:</u>			
Current Office:	38,084	38,084	
Approximate Cost per SQFT (July - Oct) Fourth Amendment	\$ 2.17	\$ 2.17	
Approximate Cost per SQFT (Nov -June) Fourth Amendment	\$ 2.17	\$ 2.17	
Lease Cost per Month (July - Oct) Fourth Amendment	\$ 82,642.28	\$ 82,642.28	\$ 614,386.13
Lease Cost per Month (Nov - June) Fourth Amendment	\$ 82,642.28	\$ 82,642.28	\$ 531,743.85
Total Lease Cost (July - Oct) Fourth Amendment	\$ 330,569.12	\$ 330,569.12	\$ 2,457,544.52
Total Lease Cost (Nov - June) Fourth Amendment	\$ 661,138.24	\$ 661,138.24	\$ 4,253,950.79
Total Estimated Lease Cost for FY 2018/19 to FY 2026/27	\$ 991,707.36	\$ 991,707.36	\$ 6,711,495.31
<u>Estimated Additional Costs:</u>			
Utility Cost per Square Foot	\$ 0.12	\$ 0.12	\$ 0.12
Estimated Utility Costs per Month	\$ 4,570.08	\$ 4,570.08	\$ 4,570.08
Total Estimated Utility Cost -Fourth Amendment	\$ 54,840.96	\$ 54,840.96	\$ 347,326.08
Day Porter (July-June) - Fourth Amendment	\$ 41,130.72	\$ 41,130.72	\$ 260,494.56
Tenant Improvements - Fourth Amendment	\$ 935,583.33		
EDA Lease Management Fee - 4.92% - Fourth Amendment	\$ 94,822.70	\$ 48,792.00	\$ 330,205.57
Amount Approved in Previous Agreement	\$ 1,193,012.53	\$ 1,172,043.51	\$ 4,800,897.13
TOTAL ESTIMATED COST FOR FY 2018/19 to FY 2026/27	\$ 2,118,085.07	\$ 1,136,471.04	\$ 7,649,521.52
Amount of FY18/19-26/27	\$ 925,072.54	\$ (35,572.47)	\$ 2,848,624.39
TOTAL COUNTY COST 7.10% - Fourth Amendment	\$ 65,680.15	\$ (2,525.65)	\$ 202,252.33
F11: Cost - Total Cost	\$ 3,734,683.32		
F11: Net County Cost - Total Cost	\$ 265,162.52		

Third Amendment to Lease

65753 Pierson Blvd., Desert Hot Springs



Legend



REPORT PRINTED ON... 1/28/2016 3:07:59 PM

© Riverside County TLMA GIS

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.

Notes
District 4
APN #663-290-003

1 **FOURTH AMENDMENT TO LEASE**

2 **65753 Pierson Boulevard**

3 **Desert Hot Springs, California**

4
5 This **FOURTH AMENDMENT TO LEASE** ("Fourth Amendment"), dated as of
6 October 25 2016, is entered by and between the **COUNTY OF**
7 **RIVERSIDE**, a political subdivision of the State of California ("County"), as Lessee, and
8 **PIERSON PROFESSIONAL PLAZA, L.P.**, a California limited partnership ("Lessor")
9 and, sometimes collectively referred to as the "Parties".

10 **RECITALS**

11 **A.** Lessor and County entered into that certain Lease dated May 14, 2013,
12 ("Lease") pursuant to which Lessor has agreed to lease to County and County has
13 agreed to lease from Lessor that certain building located at 65753 Pierson Boulevard,
14 Desert Hot Springs, California, as more particularly described in the Lease.

15 **B.** The Lease has been amended by:

16 1. That certain First Amendment to Lease dated September 9, 2014, by and
17 between Pierson Professional Plaza, L.P., and County of Riverside, a political
18 subdivision of the State of California ("First Amendment") whereby the Parties
19 amended the Lease changing the Commencement Date of the Original Term.

20 2. That certain Second Amendment to Lease dated August 18, 2015, by and
21 between Pierson Professional Plaza, LP, and County of Riverside, a political
22 subdivision of the State of California ("Second Amendment") whereby the Parties
23 amended the Lease changing the Premises description, changing the Commencement
24 Date of the Original term, as revised by the First Amendment, and amending the rent
25 and terms for custodial services.

26 3. That certain Third Amendment to Lease dated April 5, 2016, by and
27 between Pierson Professional Plaza, L.P., and County of Riverside, a political
28 subdivision of the State of California ("Third Amendment") whereby the Parties

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1 amended the Lease changing the Commencement Date set forth in the Original Term
2 and amended by the Second Amendment.

3 C. The Lease, together with this Fourth Amendment, is collectively referred
4 to hereinafter as the "Lease".

5 D. County and Lessor desire to further amend the Lease by increasing the
6 County tenant improvement construction budget.

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

9 **1. Exhibit B - Leasehold Improvement Agreement**

10 **Section 8 - Construction Costs.**

11 Section 8.1 of the Lease is hereby amended by deleting the second
12 sentence and replacing it as follows:

13 The total costs of all the Leasehold Improvements subject to
14 reimbursement, including but not limited to fixtures, equipment, architectural fees and
15 permits, and as reflected in the cost breakdowns, shall not exceed the sum of
16 \$2,725,000.00, which sum represents Lessor's estimate of such construction costs
17 shown on Exhibit B including a contingency amount budgeted by County in the amount
18 of \$380,194.00 for the sole purpose of paying for extra items requested by County
19 during the course of construction or installation of leasehold improvements.

20 **Section 9 – Reimbursement for Leasehold Improvements**

21 Section 9.1(a) of the Lease is hereby deleted in its entirety and replaced
22 with the following:

23 (a) One third (1/3) of the not to exceed reimbursement amount of
24 \$2,344,806.00 plus one third (1/3) of any County contingency amount used
25 (\$380,194.00), shall be paid within forty five (45) days after substantial completion of
26 the leasehold improvements and receipt of invoice with supporting documentation as
27 required, including as-built drawings referenced in Paragraph 6.3 herein.

1 **2. Fourth Amendment to Prevail.** The provisions of this Fourth
2 Amendment shall prevail over any inconsistency or conflicting provisions of the Lease,
3 as heretofore amended, and shall supplement the remaining provisions thereof. Unless
4 defined herein or the context requires otherwise, all capitalized terms herein shall have
5 the meaning defined in the Lease, as heretofore amended.

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

15 **4. Effective Date.** This Fourth Amendment to Lease shall not be binding or
16 consummated until its approval by the Riverside County Board of Supervisors and fully
17 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 **LESSOR:**

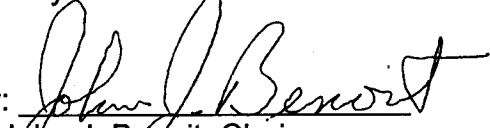
4 Pierson Professional Plaza, L.P.,
5 a California limited partnership

6 By: Terra Partners Builders, Inc., its
7 General Partner

8
9 By: 
10 Aleksandra Lyons,
11 President of General Partner

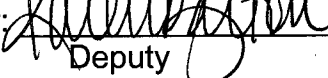
LESSEE:

County of Riverside

12 By: 
13 John J. Benoit, Chairman
14 Board of Supervisors

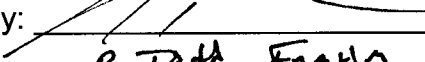
ATTEST:

Kecia Harper-Ihem
Clerk of the Board

15 By: 
16 Deputy

APPROVED AS TO FORM:

Gregory P. Priamos, County Counsel

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18 By: 
19 R. Todd Fratta
20 Deputy County Counsel

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27 HR:tg/092816/DH011/18.374 S:\Real Property\TYPING\Docs-18.000 to 18.499\18.374.doc



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

10/25/16 Date kb Initial

DETERMINATION OF NO FURTHER ACTION

August 25, 2016

Project Name: County of Riverside, Department of Public Social Services Fourth Amendment to Lease, Pierson-Desert Hot Springs

Project Number: FM042191001100

Project Location: 65753 Pierson Boulevard, west of Palm Drive, Desert Hot Springs, California, 92240 Assessor's Parcel Number (APN) 663-290-003 (See attached exhibit).

Description of Project: The Fourth Amendment to Lease Agreement is the proposed project under the California Environmental Quality Act (CEQA). The Fourth Amendment to the Lease Agreement consists of additional funding to complete the tenant improvements identified in the Lease Agreement. The additional funding is required to include improvements that consist of engineering and electrical switchgear upgrades to accommodate emergency generator power in the event of power failure, a supplemental pre-action fire suppression system in the data/com room to prevent loss of equipment, and a higher level of glazing for greater efficiency and staff security. These improvements would address current DPSS standards and operating efficiencies and would not substantially alter the terms of the Lease Agreement.

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, Pierson Professional Plaza, L.P.

Environmental Determination: All environmental effects have been analyzed and no further action is required.

Reasons Why No Further Action is Required: In accordance with the California Environmental Quality Act (CEQA), all potentially significant effects for the 10-year Lease Agreement to develop of a 38,084 square-foot office building within the Pierson Professional Plaza located at 65753 Pierson Boulevard, Desert Hot Springs, California (APN 663-290-003), were adequately analyzed in an Environmental Assessment: Initial Study RIVCO/CEQA 2012-05, and adopted by the Riverside County Board of Supervisors in a Negative Declaration on May 14, 2013. The Fourth Amendment to the Lease, which is limited to a budget revision to the Lease Agreement, would result in no physical direct or indirect changes to the environment. Therefore the County of Riverside has determined that no additional environmental analysis is warranted and no further action is required under CEQA for the Lease Agreement.

Signed: [Signature] Date: 8/25/16

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

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- Administration, Aviation, Business Intelligence, Cultural Services, Community Services, Custodial, Housing, Housing Authority, Information Technology, Maintenance, Marketing, Economic Development, Edward-Dean Museum, Environmental Planning, Fair & National Date Festival, Foreign Trade, Graffiti Abatement, Parking, Project Management, Purchasing Group, Real Property, Redevelopment Agency, Workforce Development

RIVERSIDE COUNTY CLERK & RECORDER

AUTHORIZATION
TO BILL
BY JOURNAL VOUCHER

Project Name: **DPPS Fourth Amendment to Lease Pierson, Desert Hot Springs**

Accounting String: **524830-47220-7200400000 - FM042191001100**

DATE: August 25, 2016

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: 

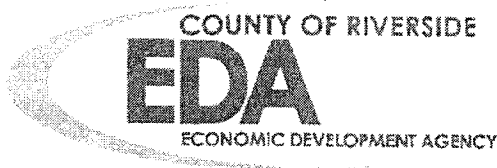
PRESENTED BY: Heidi Rigler, Senior Real Property Agent, Economic Development Agency

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: -

DATE: -

RECEIPT # (S) -



Date: August 25, 2016
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 # FM042191001100**
DPPS Fourth Amendment to Lease Pierson, Desert Hot Springs

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

Administration
Aviation
Business Intelligence
Cultural Services
Community Services
Custodial

Housing
Housing Authority
Information Technology
Maintenance
Marketing

Economic Development
Edward-Dean Museum
Environmental Planning
Fair & National Date Festival
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Workforce Development