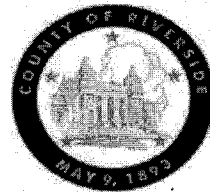


**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM
3.11
(ID # 2210)

MEETING DATE:
Tuesday, January 17, 2017

FROM : ECONOMIC DEVELOPMENT AGENCY (EDA):

SUBJECT: ECONOMIC DEVELOPMENT AGENCY (EDA): Sixth Amendment to Lease - Economic Development Agency, Riverside, 5-year lease extension, CEQA Exempt, District 1 [\$4,822,317] 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 Sixth 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.

ACTION: Policy, CIP

Ivan Chand

1/11/2017

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$737,400	\$918,597	\$4,822,317	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: 100% Federal Funds			Budget Adjustment: No	
			For Fiscal Year: 2016/17 – 2021/22	

C.E.O. RECOMMENDATION:

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, 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 and Ashley
 Nays: None
 Absent: None
 Date: January 17, 2017
 xc: EDA, Recorder

Kecia Harper-Ihem
 Clerk of the Board
 By:
 Deputy

3.11

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

BACKGROUND:

Summary

The County of Riverside has been under lease at 1325 Spruce Street since 2006, for use by the Economic Development Agency (EDA) Workforce Division. Since lease inception, the lease terms have contractually been modified multiple times to accommodate change of use, space expansions, and space reductions due to budgetary constraints. The location and office continues to service well the needs of EDA and the community. The lease expires March 31, 2017, and the attached Sixth Amendment to Lease is for a 5-year lease extension commencing prior to the current lease expiration to capture a negotiated substantial reduction in rent.

The Lease Amendment is summarized as follows:

Lessor:	Spruce Street Professional Building, LLC 815 Marlborough Street, Suite 200 Riverside, CA 92507	
Premises Location:	1325 Spruce Street Riverside, CA 92507	
Size:	36,371 square feet	
Term:	Five years commencing October 1, 2016, and expiring September 30, 2021	
Rent:	<u>Current</u>	<u>New</u>
	\$2.71 per sq. ft.	\$1.85 per sq. ft.
	\$98,525.38 per month	\$67,286.35 per month
	\$1,182,304.56 per year	\$807,436.20 per year
	Savings per month:	\$31,239.03
	Savings per year:	\$374,868.36
Increases:	3% Annually	
Utilities:	Lessor provides	
Custodial:	Lessor provides	
Interior/Exterior Maintenance:	Lessor provides	

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

Space Reduction: County may downsize up to 10,615 square feet on the 1st or 2nd floors.

Termination: County may terminate for funding with 60-days written notice.

Pursuant to the California Environmental Quality Act (CEQA), the Sixth 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.

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, & C

EDA Workforce Division will budget these costs in FY2016/17 through FY2021/22 and will reimburse EDA for all associated lease costs.

Contract History and Price Reasonableness

The long term occupancy by the County will continue with a substantial reduction in rent to align with current real estate market conditions.

Attachments:

Exhibit A, B, & C

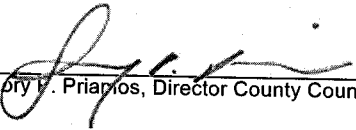
Aerial Image

Sixth Amendment to Lease

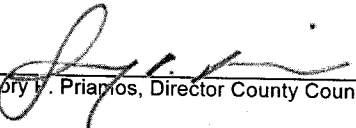

Notice of Exemption

RF:JWW:VC:VY:HR:tg 18.377 13350
Minute Traq ID 2210

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



Gregory V. Priamos, Director County Counsel 12/28/2016

Gregory V. Priamos, Director County Counsel 12/28/2016 Rehini Dasika 1/10/2017

Exhibit C

FY 2018/19 to FY 2021/22 EDA Lease Cost Analysis 1325 Spruce Street, Riverside, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office: 36,371 SQFT

	FY 2018/19	FY 2019/20	FY 2020/21 to FY 2021/22
Approximate Cost per SQFT (July - Sep)	\$ 1.91	\$ 1.96	
Approximate Cost per SQFT (Oct - June)	\$ 1.96	\$ 2.02	
Lease Cost per Month (July - Sep)	\$ 69,304.94	\$ 71,384.09	\$ 149,256.99
Lease Cost per Month (Oct - June)	\$ 71,384.09	\$ 73,525.61	\$ 75,731.38
Total Lease Cost (July - Sep)	\$ 207,914.82	\$ 214,152.27	\$ 447,770.97
Total Lease Cost (Oct - June)	\$ 642,456.80	\$ 661,730.50	\$ 681,582.42
Total Estimated Lease Cost for FY 2018/19 to FY 2021/22	\$ 850,371.62	\$ 875,882.77	\$ 1,129,353.39

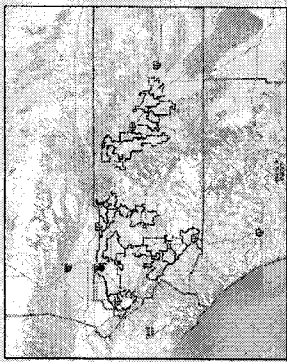
Estimated Additional Costs:

Utility Cost per Square Foot	\$ 0.12	\$ 0.12	\$ 0.12
Estimated Utility Costs per Month	\$ 4,364.52	\$ 4,364.52	\$ 4,364.52
Total Estimated Utility Cost	\$ 52,374.24	\$ 52,374.24	\$ 65,467.80
EDA Lease Management Fee - 4.92%	\$ 41,838.28	\$ 43,093.43	\$ 55,564.19
TOTAL ESTIMATED COST FOR FY 2018/19 to FY 2021/22	\$ 944,584.14	\$ 971,350.44	\$ 1,250,385.38

F11: Cost - Total Cost \$ 4,822,317.09

EDA Workforce Development Center

1325 Spruce Street, Riverside



Legend



0 292 584 Feet

584 Feet



REPORT PRINTED ON... 9/28/2016 10:21:33 AM

© Riverside County RCIT 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
APN: 249-110-064
District 1

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 5. That certain Fifth Amendment to Lease dated January 5, 2016, by
5 and between Lessor and County ("Fifth Amendment") whereby the County reduced the
6 occupied square footage and corresponding rent.

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

9 D. County desires to extend the lease.

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

12 1. **Term.** Section 4.1 of the Lease is hereby amended as follows:

13 The term of this Lease shall be extended for a period of five (5) years
14 commencing October 1, 2016, and expiring September 30, 2021 (the "Extension
15 Term").

16 2. **Rent.** Section 5.1 of the Lease is hereby amended in its entirety by the
17 following:

18 **5.1 Rent.** Rent under this Sixth Amendment to Lease shall commence per
19 the revised rent under the Extension Term as indicated below:

<u>Monthly Amount</u>	<u>Year</u>	<u>Commencing</u>
\$ 67,286.35	First	October 1, 2016
\$ 69,304.94	Second	October 1, 2017
\$ 71,384.09	Third	October 1, 2018
\$ 73,525.61	Fourth	October 1, 2019
\$ 75,731.38	Fifth	October 1, 2020

26 Said monthly sums shall be payable, in advance, on the first day of the month or as
27 soon thereafter as a warrant can be issued in the normal course of County's business;
28 provided, however, in the event rent for any period during the term hereof which is less

1 than one (1) full calendar month said rental shall be pro-rated based upon the actual
2 number of days of said month.

3 **3. Alterations and Additions.** Section 11 of the Lease is amended to add
4 subsection 11.1.8 as follows:

5 **11.1 Improvements by Lessor during the Extension Term.**

6 **11.1.8** Lessor, at its total cost and expense, not subject to
7 reimbursement by County, shall install carpet tiles and top-set base when needed on
8 the first floor. Lessor's responsibility shall include lifting of workstations utilizing
9 appropriate jacks designed for systems furniture, color selected by County. County's
10 responsibility shall include packing of files, moving of files and personal effects. All
11 work stated herein shall be completed after hours, including weekends. Work to
12 commence within sixty (60) days upon County's request during the Extension Term.
13 Lessor shall retain carpet tiles from the 5th floor occupancy to replace where needed on
14 the 2nd and 4th floors.

15 **4. Right to Terminate.** Section 6.4 (c) of the Lease shall be deleted.

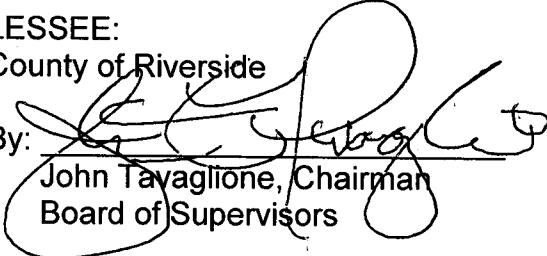
16 **5. Notice for downsizing.** Section 6.4.1 of the Third Amendment to Lease
17 shall be amended by adding the following: Lessor and County acknowledge that
18 10,615 square feet remains available to downsize. Should County seek to downsize
19 during the Extension Term, County agrees to vacate the first or second floors.

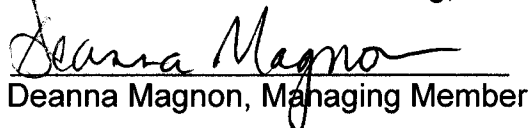
20 **6. Miscellaneous.** Except as amended or modified herein, all the terms of
21 the Lease shall remain in full force and effect and shall apply with the same force and
22 effect. If any provisions of this Amendment or the Lease shall be determined to be
23 illegal or unenforceable, such determination shall not affect any other provision of the
24 Lease and all such other provisions shall remain in full force and effect. The language
25 in all parts of the Lease shall be construed according to its normal and usual meaning
26 and not strictly for or against either Lessor or Lessee. Neither this Amendment, nor the
27 Original Lease, nor any notice nor memorandum regarding the terms hereof, shall be
28 recorded by Lessee.

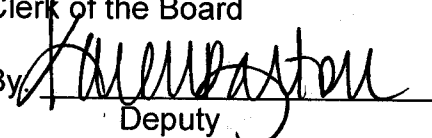
1 **7. Effective Date:** This Sixth Amendment to Lease shall not be binding or
2 consummated until its approval by the Riverside County Board of Supervisors and fully
3 executed by the Parties.

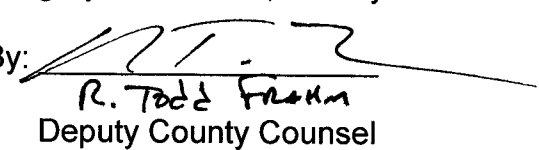
4 **IN WITNESS WHEREOF,** the Parties have executed this Amendment as of the
5 date first written above.

6 Dated: JAN 17 2017

7
8 **LESSEE:**
9 County of Riverside
10 By: 
11 John Tavaglione, Chairman
12 Board of Supervisors

8 **LESSOR:**
9 Spruce Street Professional Building, LLC
10 By: 
11 Deanna Magnon, Managing Member

13 **ATTEST:**
14 Kecia Harper-Ihem
15 Clerk of the Board
16 By: 
17 Deputy

18 **APPROVED AS TO FORM:**
19 Gregory P. Priamos, County Counsel
20 By: 
21 R. Todd Franks
22 Deputy County Counsel

23
24
25
26 HR:ra/121216/RV391/18.376 S:\Real Property\TYPING\Docs-18.000 to 18.499\18.376.doc



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

1/18/17
Date

ICB
Initial

NOTICE OF EXEMPTION

August 25, 2016

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

Project Number: FM042611039100

Project Location: 1325 Spruce Street, west of Iowa Street, Riverside, California 92507; Assessor's Parcel Number (APN) 249-110-064 (See Attached Exhibit)

Description of Project: The County of Riverside (County) has ban existing Lease at 1325 Spruce Street, Riverside, California since April of 2007. The EDA Workforce Development is currently occupying 36,371 square feet of the Spruce Street Professional Building located at 1325 Spruce Street, Riverside, California (APN 249-110-064). The location and office continues to service the needs of the community. The Lease expires March 31, 2017, and the County desires to extend the terms of the Lease. The Sixth Amendment to the Lease is for a five-year extension, with a reduced rate of rent, commencing October 1, 2016 and expiring September 30, 2021. The Sixth Amendment to the Lease also includes minor interior alterations that are limited to new carpet tiles and repainting. The Sixth Amendment to 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 unusual circumstances that could have a reasonable possibility of a significant effect on the environment. 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 five-year extension of the term identified in the Sixth Amendment to the Lease.

JAN 17 2017 3.11

- **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 an amendment to the Lease that is limited to an extension of term and rent reduction. The Sixth 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 Sixth Amendment to the Lease 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 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: _____

8/25/16

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

RIVERSIDE COUNTY CLERK & RECORDER

**AUTHORIZATION
TO BILL
BY JOURNAL VOUCHER**

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

Accounting String: 524830-47220-7200400000 - FM042611039100

DATE: August 25, 2016

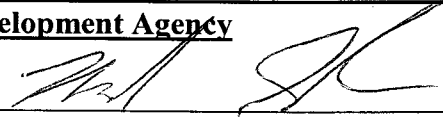
AGENCY: Riverside County Economic Development Agency

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: _____



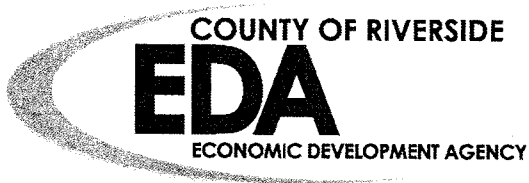
PRESENTED BY: Heidi Rigler, Senior Real Property Agent, Economic Development
Agency

-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 # FM042611039100**
WFD Sixth 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