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



ITEM 3.39 (ID # 3529)

MEETING DATE:

Tuesday, March 7, 2017

FROM: ECONOMIC DEVELOPMENT AGENCY (EDA):

SUBJECT: ECONOMIC DEVELOPMENT AGENCY (EDA): Sixth Amendment to Lease, RUHS - Department of Public Health, Children's Medical Services, Riverside, 5 Year Lease Extension, District 1, CEQA Exempt, [\$2,862,437], Federal 56%, State 37%, Local 3%, General Fund - Public Health Budget 4%

RECOMMENDED MOTION: That the Board of Supervisors:

- 1. Find that the project is exempt from the Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301, Existing Facilities, and Section 15061(b)(3), the common sense exemption;
- 2. Ratify the Sixth Amendment to Lease and authorize the Chairman of the Board to execute the Sixth Amendment to Lease on behalf of the County; and
- Direct the Clerk of the Board to file the Notice of Exemption with the County Clerk upon approval of the project.

ACTION: Policy, CIP

2/28/2017

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 and Ashley

Nays:

None

Absent: Date:

None

XC:

March 7, 2017 EDA, Recorder

Kecia Harper-Ihem

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

General Fund – Public Health Budget 4%						For Fiscal Y	ear: 16	/17-21/22
SOURCE OF FUNI	Budget Adjustment: No							
NET COUNTY COST	\$	14,572	\$	22,197	\$	114,497	\$	0
COST	\$	364,311	\$	554,926	\$	2,862,437	\$	0
FINANCIAL DATA	Gurre	nt Fiscal Year:	Nes	t Floral Year:		Total Cost:	Ongo	i ng Cost

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On September 13, 2011, the Board of Supervisors approved Agenda item 3.49 authorizing the Economic Development Agency (EDA), Real Estate Division, to amend the Lease and to extend the term of the Lease for five additional years. This office space continues to meet the requirements for RUHS – Department of Public Health (DOPH) for its Children's Medical Services (CMS).

Impact on Residents and Businesses

In an effort to assist DOPH in achieving their goals of improving the overall exterior aesthetics of the clinic site, the Real Estate Division has negotiated a new five year lease with Lessor to complete its improvements within year one of the five year lease extension. Lessor's improvements consist of slurry sealing and restriping the parking lot, patching and sealing the roofing system, as well as the complete service or replacement of existing HVAC unit packages. The annual escalator has been decreased from three percent to two and one half percent.

Pursuant to the California Environmental Quality Act (CEQA), the lease was reviewed and determined to be categorically exempt from CEQA pursuant to State CEQA Guidelines Section 15301, Class 1-Existing facilities and Section 15061(b)(3) – common sense exemption. The proposed project, the lease, is the letting of property involving existing facilities, no expansion of an existing use will occur.

The Lease is summarized as follows:

Location: 10769 Hole Avenue, suites 210 and 220

Lessor: PI Properties No. 92, LLC

610 N. Santa Anita Avenue

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

Arcadia, CA 91006

Size:

Approximately 27,010 Square Feet

Rent:

Current

New

•

1.45 Sq. Ft.

1.49 Sq. Ft.

\$ 39,140.00 Per Month

\$ 40,314.20 Per Month

\$469,680.00 Per Year

\$483,770.40 Per Year

Annual Escalator:

2.5%

Term:

November 1, 2016 thru October 31, 2021

Maintenance:

Lessor

Custodial:

Lessor

RCIT:

None

Impact on Citizens and Businesses

This RUHS – Public Health Children's Medical Services Facility will continue to serve the residents within the region. This Children's Medical Facility is conveniently located close to public transportation for ease of access.

SUPPLEMENTAL:

Additional Fiscal Information

See Exhibits A, B & C

Public Health will budget these costs in FY 2016/17 and will reimburse EDA for all costs on a monthly basis.

Contract History and Price Reasonableness

The lease rate is deemed competitive based upon the current market.

ATTACHMENTS (if any, in this order):

Exhibits A, B, & C Lease Notice of Exemption Aerial Image

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

RF:JVW:VC:VY:CC:ra RV271 18.607 13456 Minute Traq ID 3529

Oak in tour War

2/28/2017 Gregory V. Priamos, Director County Counsel

2/2/2017

Exhibit A

FY 2016/17

RUHS - Department of Public Health, Children's Medical Services 10769 Hole Avenue, Suites 210 and 220

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:		27,010	SQF	Т		
Approximate Cost per SQFT (July - Oct) Approximate Cost per SQFT (Nov - June)	\$ \$	- 1.49				
Lease Cost per Month (July - Oct) Lease Cost per Month (Nov - June)			\$ \$	40,314.20		
Total Lease Cost (July - Oct) Total Lease Cost (Nov - June) Total Estimated Lease Cost for FY 2016/17					\$ \$	322,513.60 322,513.60
Estimated Additional Costs:						
Utility Cost per Square Foot Estimated Utility Costs per Month Total Estimated Utility Cost	\$	0.12	\$	3,241.20	\$	25,929.60
EDA Lease Management Fee - 4.92%						15,867.67
TOTAL ESTIMATED COST FOR FY 2016/17					\$	364,310.87
TOTAL COUNTY COST 4.00%					\$	14,572.43

Exhibit B

FY 2017/18

RUHS - Department of Public Health, Children's Medical Services 10769 Hole Avenue, Suites 210 and 220

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:		27,010	SQF	Т		
Approximate Cost per SQFT (July - Oct) Approximate Cost per SQFT (Nov - June)	\$ \$	1.49 1.53				
Lease Cost per Month (July - Oct) Lease Cost per Month (Nov - June)			\$ \$	40,314.20 41,322.06		
Total Lease Cost (July - Oct) Total Lease Cost (Nov - June) Total Estimated Lease Cost for FY 2017/18					\$ \$ \$	161,256.80 330,576.44 491,833.24
Estimated Additional Costs:						
Utility Cost per Square Foot Estimated Utility Costs per Month Total Estimated Utility Cost	\$	0.12	_\$	3,241.20	. \$	38,894.40
EDA Lease Management Fee - 4.92%					\$	24,198.20
TOTAL ESTIMATED COST FOR FY 2017/18					\$	554,925.84
TOTAL COUNTY COST 4.00%					\$	22,197.03

Exhibit C

FY 2018/19 to FY 2021/22

RUHS - Department of Public Health, Childrens Medical Services 10769 Hole Avenue, Suites 210 and 220

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:

27,010 SQFT

	F	FY 2018/19	ı	FY 2019/20	Y 2020/21 - FY2021/22
Approximate Cost per SQFT (July - Oct)	\$	1.53	\$	1.57	
Approximate Cost per SQFT (Nov - June)	\$	1.57	\$	1.61	
Lease Cost per Month (July - Oct)	\$	41,322.06	\$	42,355.11	
Lease Cost per Month (Nov - June)	\$	42,355.11	\$	43,413.98	
Total Lease Cost (July - Oct)	\$	165,288.22	\$	169,420.43	\$ 351,653.27
Total Lease Cost (Nov - June)	\$	338,840.85	\$	347,311.87	\$ 355,994.67
Total Estimated Lease Cost for FY 2018/19 to FY 2021/22	\$	504,129.07	\$	516,732.30	\$ 707,647.94
Estimated Additional Costs:					
Utility Cost per Square Foot	\$	0.12	\$	0.12	\$ 0.12
Estimated Utility Costs per Month	\$	3,241.20	\$	3,241.20	\$ 3,241.20
Total Estimated Utility Cost	\$	38,894.40	\$	38,894.40	\$ 51,859.20
EDA Lease Management Fee - 4.92%	\$	24,803.15	\$	25,423.23	\$ 34,816.28
TOTAL ESTIMATED COST FOR FY 2018/19 to FY 2021/22	\$	567,826.62	\$	581,049.93	\$ 794,323.42
TOTAL COUNTY COST 4.00%	\$	22,713.06	\$	23,242.00	\$ 31,772.94

F11: Cost - Total Cost \$ 2,862,436.67 F11: Net County Cost - Total Cost \$ 114,497.47

SIXTH AMENDMENT TO LEASE (DEPARTMENT OF PUBLIC HEALTH

10769 Hole Avenue, Suites 210 and 220, Riverside, CA)

This **SIXTH AMENDMENT TO LEASE** ("Sixth Amendment") is made as of <u>MUDIT 2017</u>, by and between **PI PROPERTIES NO. 92, LLC** a California corporation as "Lessor", successor in interest to B.H. Properties, LLC, **COUNTY OF RIVERSIDE**, a Political Subdivision of the State of California, as "County".

1. Recitals

- a. Lessor and County have entered into that certain Lease, dated as of June 5, 2001, ("Original Lease") pursuant to which Lessor has agreed to lease that certain building located at 10769 Hole Avenue, in the City of Riverside, State of California, ("Building"), as more particularly shown on Exhibit "A," attached hereto and made a part hereof.
 - b. The Original Lease has been amended by;
- i. That certain First Amendment to Lease dated November 6,
 2001, by and between County of Riverside, and B.H. Properties, LLC (the "First Amendment").
- ii. That certain Second Amendment to Lease dated May 11, 2004, by and between County of Riverside, and B.H. Properties, LLC (the "Second Amendment").
- iii. That certain Third Amendment to Lease dated July 27, 2004,by and between County of Riverside, and B.H. Properties, LLC (the "Third Amendment").
- iv. That certain Fourth Amendment to Lease dated January 31, 2006, by and between County of Riverside, and B.H. Properties, LLC (the "Fourth Amendment").
 - v. That certain Fifth Amendment to Leased dated September 13,

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27 28 2011, by and between County of Riverside, and B.H. Properties, LLC (the "Fifth Amendment").

- c. BH Properties, LLC transferred the Lease to PI Properties No. 92, LLC, a California limited liability company "lessor"), pursuant to a Deed of Trust with Absolute Assignment of Leases and rents, Security Agreement and Fixture Filing which recorded on April 24, 2015 as Instrument No. 2015-0168967, in the Official Records of Riverside County.
- NOW THEREFORE, for good and valuable consideration the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:
- 2. Capitalized Terms: Sixth Amendment to Prevail. Unless defined herein or the context requires otherwise, all capitalized terms herein shall have the meaning defined in the Lease, as heretofore amended. The provisions of this Sixth Amendment shall prevail over any inconsistency or conflicting provisions of the Lease, as heretofore amended, and shall supplement the remaining provisions thereof. The Lease remains in full force and effect except to the extent amended by this Sixth Amendment.
- 3. Rent During Extended Term: Section 3 of the Fifth Amendment to Lease shall be amended as follows: County shall pay to Lessor the monthly sums as rent for the Leased premises during the term of this Lease as indicated below:

<u>Amount</u>	<u>Year</u>
\$40,314.20	11/01/16 to 10/31/17
\$41,322.06	11/01/17 to 10/31/18
\$42,355.11	11/01/18 to 10/31/19
\$43,413.98	11/01/19 to 10/31/20
\$44,499.33	11/01/20 to 10/31/21

4. **Term:** Section 3 of the Lease shall be amended as follows: The term of this Lease shall be extended sixty (60) months commencing on November 1, 2016 and ///

terminating October 31, 2021 ("Extended Term"). October 31, 2021 shall hereafter be defined as the "Expiration Date".

- **5. Annual Escalator:** Section 5 (c) of the Lease shall be amended as follows: The monthly rent shall be increased on each anniversary of this lease by an amount equal to two and one half percent (2.5 %) of such monthly rental.
- 6. Option Rent: The option rent for the first year of the option to extend term shall be two and one half percent (2.5 %) greater than the monthly rent of the last month of the lease term. The annual rent during each year of the option period shall be increased by two and one half percent (2.5 %.)
- 7. Improvements by Lessor: Lessor, at its sole cost and expense, shall complete its Improvements, as more particularly shown on Exhibit "B" attached to the lease. Improvements to premises shall be completed within year one (1) of the five (5) year extended term.
- **8.** Except as modified or supplemented by this Sixth Amendment to Lease, all provisions of the Lease remain in full force and effect.
- **9.** This Sixth Amendment to Lease shall not be binding or consummated until its approval by the Board of Supervisors of Riverside County.

SIGNATURE PROVISIONS FOLLOW

1	Dated: MAR 07 2017	
2	COUNTY OF RIVERSUDE	PI PROPERTIES NO. 92, LLC
3	By: Starte D	By: Mr Caleens
4	John Tavaglione, Chairman Board of Supervisors	Rao Yalamanchili
5		
6	ATTEST:	
7	Kecia Harper-Ihem, Clerk of the Board By:	
8	Deputy	
9	APPROVED AS TO FORM:	
10	Gregory P. Priamos, County Counsel	
11	By:	
12	Deputy County Counsel	
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CC:ra/010917/RV271 Children's Medical Services/18.608

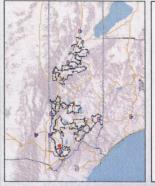
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Sixth Amendment to Lease, RUHS - Department of Public Health, CMS 10769 Hole Avenue, Suites 210, 220, Riverside, CA 92505





Legend

EXHIBIL RRVI

Notes

APN's 143-052-031-3, 143-052-029-2

ACIT)

554 Feet

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"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 offen 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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Exhibit "B"

(Lessor's Improvements for premises located at 10769 Hole Avenue, Suites 210 & 220, Riverside)

- a. Slurry seal and restripe the parking lot premises in its entirety.
 - i. Parking lot slurry and restripe to be completed over weekend to avoid disruption of County business.
 - ii. Lessor to provide County with two (2) weeks' advance notice.
- **b.** Patch and roof seal entire roofing system to prevent further roof leaks.
 - Roof repairs to be completed over weekend to avoid disruption of County business.
 - ii. Lessor shall provide County with two (2) weeks' advance notice.
- c. Complete service, and or replacement of exiting HVAC unit packages.
 - i. Lessor shall provide County with two (2) weeks' advance notice.
- d. Lessor shall provide proof of completion of operating improvements to County by providing certification and warranty by the contracted vendor employed by Lessor.



Original Negative Declaration/Notice of Determination was routed to County

Clarics for posting on. 3017

W Initial

NOTICE OF EXEMPTION

December 29, 2016

Project Name: County of Riverside, Economic Development Agency (EDA) Riverside University Health System (RUHS) Public Health, Riverside, 6th Amendment to Lease

Project Number: FM042611027100

Project Location: 10769 Hole Avenue, Riverside, California 92505; Assessor's Parcel Number (APN) 143-052-029;

(See Attached Exhibit)

Description of Project: On June 5, 2001, the County of Riverside (County) entered into a lease agreement for Suites 210 and 220, consisting of 27,010 square feet, in the building located at 10769 Hole Avenue, in Riverside, (APN 143-052-029) for use by the Department of Public Health. A Fifth Amendment to the Lease was most recently approved on September 13, 2011, extending the lease of this facility for an additional five years. This leased office space continues to meet the requirements for RUHS – Department of Public Health for its Children's Medical Services. As part of the lease extension, the Lessor, PI Properties No. 92, LLC, has agreed to incorporate operating improvements within one year of the lease extension. The improvements consist of slurry sealing and restriping the parking lot, patch and roof seal roofing system, and complete service or replacement of existing Heating Ventilation and Air Conditioning unit packages. The 6th Amendment to the Lease Agreement, which is the letting of property involving existing facilities for an additional five year term, and specified tenant improvements, is identified as the proposed Project under the California Environmental Quality Act (CEQA). 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, and PI Properties No. 92, LLC

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 does the Project have unusual circumstances that could possibility have 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 6th Amendment to the Lease Agreement.

MAR 07 2017 3.39

1 10 Box 1180 * Riverside California : 9/54 - 11951, 955 8916 - 1:951 975 6.00

www.rivcoeda.org

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

- 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 a Lease Agreement of office space in an existing building with minor tenant improvements. The improvements are associated with the minor repair and maintenance and of the facility and would not result in any direct or indirect impacts on the environment. The use of the office space would be consistent with the designated land use, and would not require any expansion of public services and facilities; 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 6th Amendment to the Lease Agreement is limited to a lease agreement with minor improvements consisting of repairs and maintenance to keep the existing building functioning as planned and designed. The direct and indirect effects would be limited to the continued use of an office building. The Lease Agreement will 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.

Date: 12/28/16

Signed:

Mike Sullivan, Senior Environmental Planner

County of Riverside, Economic Development Agency

RIVERSIDE COUNTY CLERK & RECORDER

AUTHORIZATION TO BILL BY JOURNAL VOUCHER

Project Name: River	rside University Health System Public Health, Riverside, 6th Amendment to Lease					
Accounting String: 5	524830-47220-7200400000- FM042611027100					
DATE:	December 28, 2016					
AGENCY:	Riverside County Economic Development Agency					
	S THE COUNTY CLERK & RECORDER TO BILL FOR FILING AND OR THE ACCOMPANYING DOCUMENT(S).					
NUMBER OF DOCU	JMENTS INCLUDED: One (1)					
	Mike Sullivan, Senior Environmental Planner, Economic Development Agency					
Signature: PRESENTED BY:	Cindy Campos, Real Property Agent III, Economic Development Agency -TO BE FILLED IN BY COUNTY CLERK-					
ACCEPTED BY:	_					
DATE:	_					
RECEIPT # (S)						



Date:

December 28, 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 # FM042611027100

Riverside University Health System Public Health, Riverside, 6th Amendment to Lease

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

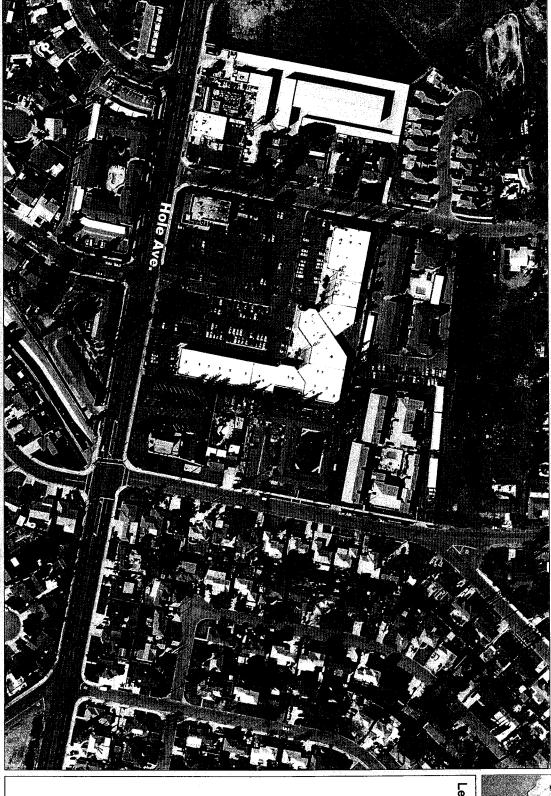
If you have any questions, please contact Mike Sullivan at 955-8009.

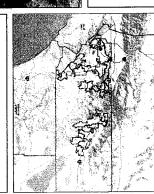
Attachment

cc: file

Sixth Amendment to Lease, RUHS - Department of Public Health, CMS

10769 Hole Avenue, Suites 210, 220, Riverside, CA 92505





Legend

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Notes

APN's 143-052-031-3, 143-052-029-2

277

554 Feet

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