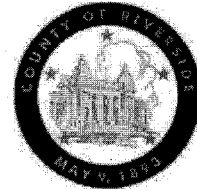


**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**ITEM
3.15
(ID # 3619)**

MEETING DATE:
Tuesday, May 9, 2017

FROM : ECONOMIC DEVELOPMENT AGENCY (EDA):

SUBJECT: ECONOMIC DEVELOPMENT AGENCY (EDA): Third Amendment to Lease, Department of Public Social Services, Five Year Extension, CEQA Exempt, District 2, [\$6,444,240] Federal 59.16%, State 32.97%, County 7.87% (Clerk to file Notice of Exemption)


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. Ratify the attached Third 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 work days.

ACTION: Policy, CIP


Robert Field, Assistant County Executive Officer/EDA

4/17/2017

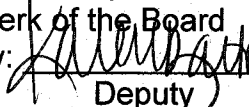

Susan Von Zabern, Director of Public Social Services

4/16/2017

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, 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: None
Date: May 9, 2017
xc: EDA, DPSS, Recorder

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 408,666	\$ 1,236,213	\$ 6,444,240	\$ 0
NET COUNTY COST	\$ 32,162	\$ 97,290	\$ 507,162	\$ 0
SOURCE OF FUNDS: Federal 59.16%, State 32.97%, County 7.87%			Budget Adjustment:	No
			For Fiscal Year:	2016/17-2021/22

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On January 24, 2006 the County entered into a Lease Agreement on behalf of the Department of Public Social Services (DPSS) for the facility located at 2300 Market Street, Suite 200 & 300, Riverside. This facility continues to meet the needs and requirements of the department. This Third Amendment to Lease represents an extension of the term commencing on March 1, 2017 and terminating on February 28, 2022. DPSS will vacate the first floor comprised of 11,754 sq. ft. leaving a total of 43,278 sq. ft. occupied on the second and third floors. At the Landlords sole cost and expense improvements will be completed as outlined below.

Pursuant to the California Environmental Quality Act (CEQA) the Third Amendment was reviewed and determined to be categorically exempt from the CEQA Guidelines 15301, Class 1 – Existing Facilities. The proposed project, the Lease, is the letting of property involving existing facilities. No expansion of an existing use will occur. A summary of the lease is as follows:

Lessor: Riverside Gateway Associates, LLC
165 S. Union Blvd., Suite 510
Lakewood, Colorado 80228

Premises: 2300 Market Street, Suites 200 & 300
Riverside, California 92501

Square Footage: Reduced from 55,032 sq. ft. to 43,278 sq. ft.

Rent: \$2.25 per sq. ft.
\$97,375.50 per month
\$1,168,506.00 per year

Term: years commencing March 1, 2017

Annual Increase: Two and one half percent

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

Utilities: Provided by Landlord

Custodial: Provided by Landlord

Maintenance: Provided by Landlord

Tenant Improvements: Third floor – Paint and re-carpet entire floor, construct training room, convert office into mail room, replace all VCT on 2nd and 3rd floors with LVT, install blinds on 2nd and 3rd floors. Connect 2nd and 3rd floor alarm system to 1st floor, install strobes and enunciator. All improvements at Landlord's sole cost and expense and included in rent.

Impact on Residents and Businesses

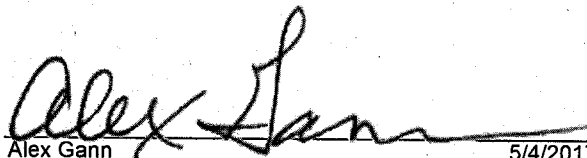
This lease extension will allow the Department of Public Social Services to continue to provide beneficial services to the residents of the Community. The occupancy of this facility by DPSS provides a positive economic impact for both residents and businesses.

**SUPPLEMENTAL
Additional Fiscal Information**

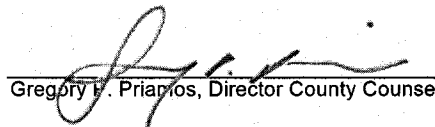
DPSS will budget these costs in FY 16/17 and will reimburse EDA for all costs on a monthly basis. See attached Exhibits A, B & C.

Attachments:
Third Amendment
Notice of Exemption

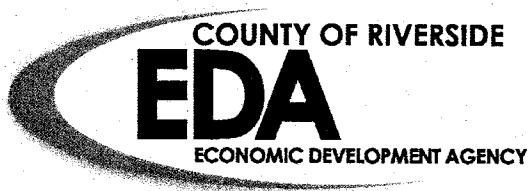
RF:JVW:VC:VY:TW:ra RV336 18.621 13470
MinuteTrak #3619


Alex Gann

5/4/2017


Gregory V. Priamos, Director County Counsel

4/24/2017



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

5/19/17 Date kb Initial

NOTICE OF EXEMPTION

January 19, 2017

Project Name: County of Riverside, Economic Development Agency (EDA) Department of Public Social Services Third Amendment to Lease, Market Street, Riverside

Project Number: FM042611033600

Project Location: 2300 Market Street, Suites 200 & 300, south of State Route 60, Riverside, California 92501; Assessor's Parcel Number (APN) 207-120-050; (See Attached Exhibit)

Description of Project: The County of Riverside (County) entered into a Lease Agreement on behalf of the Department of Public Social Services (DPSS) with Market Street Corporate Center, LLC on January 24, 2006 for approximately 21,639 square feet of office space at the building located at 2300 Market Street in Riverside, California. The County has twice amended the Lease Agreement on April 6, 2010 for a term extension and rate adjustment and most recently, on March 20, 2012 for a term extension, expanded space (bringing the leased total to 55,032 square feet), tenant improvements, and rate adjustment. The Lease Agreement is now with Riverside Gateway Associates, LLC, as successor in interest to MEF Realty, LLC, as successor in interest to Market Street Corporate Center, LLC (Lessor). The County now desires to amend the Lease Agreement with the Lessor to reduce the square footage, extend the term, modify the rent, and conduct tenant improvements. The Lease Agreement is being amended to reduce the leased square footage by 11,754 square feet by vacating the space on the first floor, leaving 43,278 square feet of leased space on the second and third floor. The Lease Agreement is also being amended to extend the term of the lease for an additional five years, commencing on March 1, 2017, terminating on February 28, 2022, with adjustments to the rent and annual increase. Lastly, the Lease Agreement is being amended to incorporate tenant improvements at the sole cost and expense of the Lessor. The tenant improvements consist of the installation of blinds and conversion of the mail room into an office on the second floor and on the third floor, paint, replacement of carpet tiles, installation of blinds, and conversion of some cubicles into a training room. These revisions consist of the Third Amendment to the Lease Agreement, which is identified as the proposed Project under the California Environmental Quality Act (CEQA). The proposed Project would involve the continuation of the letting of property involving existing facilities, minor interior improvements that would not result in physical changes or an expansion of capacity. The operation of the leased area will continue to provide public social services and 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 Riverside Gateway Associates, 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.

MAY 09 2017 3.15

P.O. Box 1180 • Riverside, California • 92502 • T: 951.955.8916 • F: 951.955.6686

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

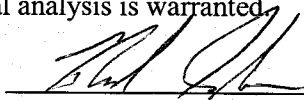
Parking
Project Management
Purchasing Group
Real Property
Redevelopment Agency
Workforce Development

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 involve unusual circumstances which could have a potentially 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 Third Amendment to the Lease Agreement.

- **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, which includes a reduction in leased space, a term extension, and minor interior tenant improvements. The Project will not increase or expand the use of the site, as no alterations to the existing building are being considered. The site is currently developed and does not contain environmentally sensitive areas. 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 Third Amendment to the Lease and minor interior tenant improvements will not result in any direct or indirect physical environmental impacts. The use and operation of the building 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 and existing building 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: _____

11/19/17

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

RIVERSIDE COUNTY CLERK & RECORDER

**AUTHORIZATION
TO BILL
BY JOURNAL VOUCHER**

Project Name: Department of Public Social Services Third Amendment to Lease, Market Street, Riverside

Accounting String: 524830-47220-7200400000- FM042611033600


DATE: January 19, 2017

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: 

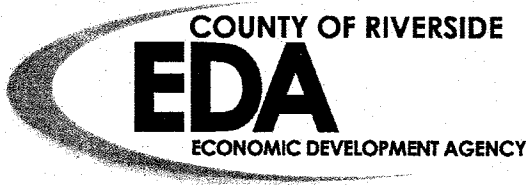
PRESENTED BY: Trea Womack, Senior Real Property Agent, Economic Development Agency

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: -

DATE: -

RECEIPT # (S) -



Date: January 19, 2017

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 # FM042611033600**
Department of Public Social Services Market Street, Third Amendment to Lease, 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

**THIRD AMENDMENT TO LEASE
2300 Market, Riverside**

THIS THIRD AMENDMENT TO LEASE ("Third Amendment"), dated as of May 9, 2017, is entered into by and between the County of Riverside, a political subdivision of the State of California, County, and **RIVERSIDE GATEWAY ASSOCIATES, LLC**, as successor in interest to **MEF REALTY, LLC**, as successor in interest to **MARKET STREET CORPORATE CENTER, LLC**, ("Lessor") sometimes collectively referred to as the "Parties".

RECITALS

a. Market Street Corporate Center, LLC, as Lessor and County entered into that certain original Lease dated January 24, 2006, pursuant to which Lessor has agreed to lease to County and County has agreed to lease from Lessor approximately 21,639 square feet of office space in those certain buildings located at 2300 Market Street, Riverside, as more particularly described in the Original Lease.

b. The Original Lease has been amended by:

1. The First Amendment to Lease dated April 6, 2010 by and between the County of Riverside and MEF Realty, LLC, as successor in interest to Market Street Corporate Center, LLC, (First Amendment) whereby the Parties extended the term, adjusted the rent, provided an Option to Extend and completed tenant improvements.

2. The Second Amendment to Lease dated March 20, 2012 by and between the County of Riverside and MEF Realty, LLC, ("Second Amendment") whereby Parties extended the term, expanded the space, adjusted the rent, completed tenant improvements.

The Parties now desire to amend the Lease among other things to reduce the square footage, extend the term, modify the rent and annual adjustment, complete tenant improvements.

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

1. Section 2.2 Defined, shall be amended as follows: The Premises shall be decreased by 11,754 square feet which shall be vacated on the first floor. Remaining space to be occupied 43,278 square feet located on the second and third floors.

2. Section 4.1 Commencement, shall be amended as follows: The term of this Lease shall be extended Five (5) years commencing on March 1, 2017 and terminating on February 28, 2022.

MAY 09 2017 3.15

3. Section 5.1 Rent shall be amended as follows: Rent shall be reduced from \$114,587.15 to \$97,375.50 per month. Effective date of rent reduction shall be the date the County totally vacates the 1st floor.

Section 5.2. Percentage Increase shall be amended as follows: Rent shall be increased by two and one half percent (2.5%) on each anniversary date of the Lease, March 1st.

4. Section 11.1 Improvements by Lessor, Sub-Section 11.1.7 will be added as follows: Lessor at its sole cost and expense shall complete tenant improvements as outlined on Exhibit "K" attached hereto. Lessor shall also provide a contingency in the amount of \$15,000.00 for additional items which may be requested by County during the completion of tenant improvements.

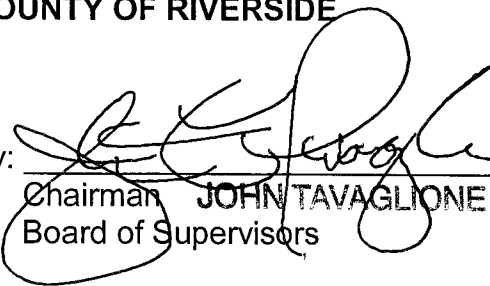
5. MISCELLANEOUS. Except as amended or modified herein, all terms of the Lease shall remain in full force and effect. If any provisions of this Amendment shall be determined to be illegal or unenforceable, such determination shall not affect any other provision of the Lease. Neither this Amendment nor the Lease shall be recorded by the County.

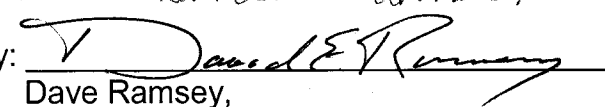
6. EFFECTIVE DATE. This Third Amendment to Lease shall not be binding or consummated until its approval by the Riverside County Board of Supervisors and fully executed by the Parties.

IN WITNESS WHEREOF, the Parties have executed this Third Amendment to Lease as of the date first written above.

COUNTY OF RIVERSIDE

RIVERSIDE GATEWAY ASSOCIATES, LLC

By: 
Chairman JOHN TAVAGLIONE
Board of Supervisors

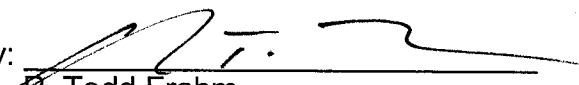
By: 
Dave Ramsey,
Managing Partner

By: Alliance Real Estate Value Fund No. 10, LLC
By: EverWest Real Estate Partners, LLC

ATTEST:
Kecia Harper-Ihem, Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM:
Gregory P. Priamos, County Counsel

By: 
R. Todd Frahm
Deputy County Counsel

Scope of Work

1st Floor

- Disconnect 11 power poles

2nd Floor

- Install blinds per specifications provided by DPSS.
- Room 213 – convert mail room into office, remove millwork, paint, carpet, electrical/data, location to be determined.

3rd Floor

- Paint and install carpet tiles entire floor.
- Install blinds per specifications provided by DPSS.
- Room 326 – Remove cubicles and convert to mail room, replace VCT with LVT.
- Rooms 316, 316, 327, 335 replace VCT with LVT.
- Remove cubicles, location to be determined, build out hard wall training room approximately 28 ½ x 15', electrical/data, location to be determined, ceil mount overhead projector.

Fire Alarm System – Connect 2nd and 3rd floors to 1st floor alarm system, install strobes and enunciator.

Stairwells on 2nd and 3rd floors to remain locked on each side of building.

DPSS to select paint, carpet, LVT, blinds.