

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



**ITEM**  
3.20  
(ID # 4528)

**MEETING DATE:**

Tuesday, July 25, 2017

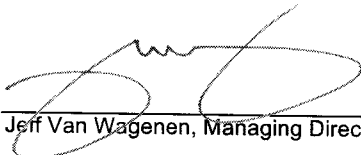
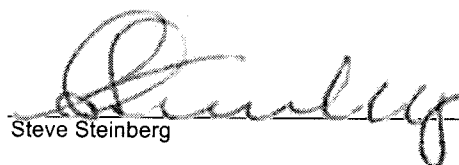
**FROM :** ECONOMIC DEVELOPMENT AGENCY (EDA):

**SUBJECT:** ECONOMIC DEVELOPMENT AGENCY (EDA): Third Amendment to Lease, Riverside University Health System - Behavioral Health (RUHS-BH), Hemet, Two Year Lease Extension, CEQA Exempt, District 3, [\$695,575] Federal 55%, State 45% (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 State CEQA Guidelines Section 15301, Existing Facilities 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 Notice of Exemption with the County Clerk upon approval by the Board.

**ACTION:** Policy


   
Jeff Van Wagenen, Managing Director EDA      7/13/2017      Steve Steinberg      7/13/2017

---

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Jeffries, seconded by Supervisor Tavaglione and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley  
Nays: None  
Absent: None  
Date: July 25, 2017  
xc: EDA, Recorder

Kecia Harper-Ihem  
Clerk of the Board  
By:   
Deputy

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

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$214,210	\$304,020	\$695,575	\$0
<b>NET COUNTY COST</b>	\$0	\$0	\$0	\$0
<b>SOURCE OF FUNDS:</b> Federal 55%, State 45%			<b>Budget Adjustment:</b> NO	
			<b>For Fiscal Year:</b> 2016/17-18/19	

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

This Third Amendment (Amendment) to Lease represents a request from the Riverside University Health System – Behavioral Health (RUHS) to extend the lease for its office located at 650 N. State Street, Hemet, California for two years commencing February 1, 2017 and terminating January 31, 2019. Through this Amendment the Lessor will install VCT flooring, carpet and paint the interior of the facility. The total cost of the improvements is approximately \$71,278.00. RUHS-Behavioral Health will reimburse Lessor \$71,278.00 for the cost of the tenant improvements and a 15% contingency amount if necessary. The Lessor will also provide night time security patrol during the lease extension, which is included in the new lease rate.

Pursuant to the California Environmental Quality Act (CEQA), the Lease amendment was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15301, Class 1-Existing Facilities and Section 15061(b)(3). The proposed project, the Lease Amendment, is the continuation of the letting of property involving existing facilities with minor or negligible tenant improvement alterations and expansion of an existing use will occur.

The Amendment to Lease is summarized as follows:

Lessor:	State Street, LLC 41 Lexington Way Trabuco Canyon, California 92679	
Premises Location:	650 N. State Street, Hemet, California 92543	
Size:	14,400 square feet	
Term:	Two Years, February 1, 2017 through January 31, 2019	
Rent:	<u>Current</u> \$ 1.48 per sq. ft. \$ 21,250.00 per month \$255,000.00 per year	<u>New</u> \$ 1.56 per sq. ft. \$ 22,500.00 per month \$270,000.00 per year

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

Rental Adjustments: None

Utilities: County pays for electricity, telephone and gas, Landlord pays for all others services.

Custodial Services: Lessor

Maintenance: Lessor

Option to Terminate: Termination for any reason after six months with sixty day notice

Improvements: Lessor shall install VCT flooring, carpet and paint the interior of the facility. County to reimburse Lessor \$71,278 in addition to a 15% contingency for County purpose.

RCIT Costs: None

The attached Third Amendment to Lease has been reviewed and approved by County Counsel as to legal form.

**Impact on Residents and Businesses**

This facility will continue to provide important mental health services for the residents and community of the Hemet Valley. The continued occupancy of this facility provides a positive economic impact to this area's residents and businesses.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

See attached Exhibit A, B, & C

The DMH has budgeted these costs in FY 2016/17 and will reimburse Economic Development Agency for all lease costs on a monthly basis.

**Contract History and Price Reasonableness**

This is a two year renewal. This contract has been in place since April 20, 1999.

Attachment:

Exhibits A, B & C

Third Amendment to Lease

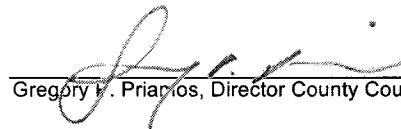
Notice of Exemption

RF:JVW:VC:VY:MH:ra HM027 19.068 13602  
MinuteTrak 4528

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

  
Keshini Dasika, Principal Management Analyst

7/17/2017



Gregory H. Priamos, Director County Counsel

7/13/2017

# Exhibit A

FY 2016/17

## RUHS - Behavioral Health Lease Cost Analysis

650 State Street, Hemet

### **ESTIMATED AMOUNTS**

#### **Total Square Footage to be Leased:**

Current Office:	14,400	SQFT	
Approximate Cost per SQFT (July - Jan)	\$	1.48	
Approximate Cost per SQFT (Feb - June)	\$	1.56	
Lease Cost per Month (July - Jan)	\$	21,250.00	
Lease Cost per Month (Feb - June)	\$	22,500.00	
Total Lease Cost (July - Jan)		\$	148,750.00
Total Lease Cost (Feb - June)		\$	112,500.00
<b>Total Estimated Lease Cost for FY 2016/17</b>		<b>\$</b>	<b>261,250.00</b>

#### **Estimated Additional Costs:**

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month		\$	1,728.00
Total Estimated Utility Cost		\$	20,736.00
Tenant Improvement Costs		\$	81,969.70
EDA Lease Management Fee - 4.92%		\$	16,886.41
<b>Total Estimated Cost for FY 2016/17</b>		<b>\$</b>	<b>380,842.11</b>
Amount Previously approved in 2nd Amendment			\$166,632.28
Amount of FY16/17 for 3rd Amendment		<b>\$</b>	<b>214,209.83</b>

# Exhibit B

FY 2017/18

## RUHS - Behavioral Health Lease Cost Analysis

650 State Street, Hemet

### ESTIMATED AMOUNTS

#### Total Square Footage to be Leased:

Current Office:	14,400	SQFT	
Approximate Cost per SQFT (July - Jan)	\$	1.56	
Approximate Cost per SQFT (Feb - June)	\$	1.56	
Lease Cost per Month (July - Jan)		\$	22,500.00
Lease Cost per Month (Feb - June)		\$	22,500.00
Total Lease Cost (July - Jan)		\$	157,500.00
Total Lease Cost (Feb - June)		\$	112,500.00
Total Estimated Lease Cost for FY 2017/18		\$	270,000.00

#### Estimated Additional Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month		\$	1,728.00
Total Estimated Utility Cost			\$ 20,736.00
EDA Lease Management Fee - 4.92%			\$ 13,284.00
Total Estimated Cost for FY 2017/18			<u>\$ 304,020.00</u>

# Exhibit C

FY 2018/19

## RUHS - Behavioral Health Lease Cost Analysis

650 State Street, Hemet

### **ESTIMATED AMOUNTS**

#### **Total Square Footage to be Leased:**

Current Office: 14,400 SQFT

#### **FY 2018/19**

Approximate Cost per SQFT (July - Jan)	\$	1.56
Approximate Cost per SQFT (Feb - June)	\$	-
Lease Cost per Month (July - Jan)	\$	22,500.00
Lease Cost per Month (Feb - June)	\$	-
Total Lease Cost (July - Jan)	\$	157,500.00
Total Lease Cost (Feb - June)	\$	-
<b>Total Estimated Lease Cost for FY 2018/19</b>	<b>\$</b>	<b>157,500.00</b>

#### **Estimated Additional Costs:**

Utility Cost per Square Foot	\$	0.12
Estimated Utility Costs per Month	\$	1,728.00
Total Estimated Utility Cost	\$	12,096.00
EDA Lease Management Fee - 4.92%	\$	7,749.00
<b>Total Estimated Cost for FY 2018/19</b>	<b>\$</b>	<b>177,345.00</b>

F11: Cost - Total Cost \$ 695,574.83



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

7/27/17  
Date

kb  
Initial

## NOTICE OF EXEMPTION

May 30, 2017

**Project Name:** County of Riverside, Economic Development Agency (EDA) Riverside University Health System-Behavioral Health, Third Amendment to Lease, Hemet, County of Riverside

**Project Number:** FM042310002700

**Project Location:** 650 North State Street, south of Menlo Avenue, Hemet, California 92543; Assessor's Parcel Number (APN) 443-060-022; (See Attached Exhibit)

**Description of Project:** The County of Riverside (County) Department of Mental Health entered into a Lease Agreement on April 20, 1999 to occupy 14,400 square feet of office space located at 650 North State Street in Hemet, California. The Department of Mental Health is now under the jurisdiction of the Riverside University Health System Behavioral Health (RUHS-BH). Two previous amendments each extended the term of the lease. The location continues to meet the needs of RUHS-BH and a third amendment that includes an additional two year extension of term is being sought. The term of the lease shall be extended two years commencing on February 1, 2017 and terminating January 31, 2019. Minor tenant improvements, limited to painting, the replacement of flooring, and nighttime security patrol are also included as part of the extension of the lease. The Third Amendment to the Lease Agreement is identified as the proposed project under the California Environmental Quality Act (CEQA). The proposed project would involve the continuation of the letting of office space and would involve minor tenant improvements. No expansion of the existing office building will occur. The operation of the facility will continue to provide behavioral health 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 State Street 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 possibly 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 Third Amendment to Lease and tenant improvements.

JUL 25 2017 3.20

P.O. Box 1180 • Riverside, California • 92502 • T: 951.955.8910 • F: 951.955.4486

[www.rivcoeda.org](http://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 to an existing facility, in which tenant improvements are limited to interior alterations. The use of the facility by RUHS-BH would be consistent with the current 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 Third Amendment to the Lease Agreement is limited a contractual transaction and indirect effects would be limited to existing use of an office building. The Third Amendment to the Lease Agreement will not result in any direct or indirect physical environmental impacts. The use and operation of the facility will not differ from the existing use and will not create any new environmental impacts to the surrounding area. No impacts beyond the minor interior alterations and continued use of the facility 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:

5/30/17

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

**RIVERSIDE COUNTY CLERK & RECORDER**

**AUTHORIZATION  
TO BILL  
BY JOURNAL VOUCHER**

**Project Name: Riverside University Health System, Department of Behavioral Health  
Third Amendment to Lease, Hemet, California**

**Accounting String: 524830-47220-7200400000 - FM042310002700**

DATE: May 30, 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: 

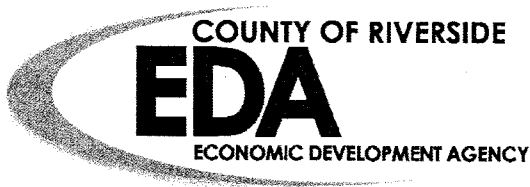
PRESENTED BY: Maribel Hyer, Senior Real Property Agent, Economic Development  
Agency

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: -

DATE: -

RECEIPT # (S) -



Date: May 30, 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 # FM042310002700**  
Riverside University Health System, Department of Behavioral Health Third Amendment to Lease,  
Hemet, California

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 10<sup>th</sup> Street, Suite 400, Riverside, CA 92501**

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

Attachment

cc: file

1 **THIRD AMENDMENT TO LEASE**

2 (Riverside University Health System, Behavioral Health

3 650 N. State Street, Hemet, California)

4  
5 This **THIRD AMENDMENT TO LEASE** ("3<sup>rd</sup> Amendment"), dated as of  
6 July 25, 2017, is entered by and between the **COUNTY OF RIVERSIDE**, a political  
7 subdivision of the State of California, as Lessee, and **STATE STREET, LLC**, as  
8 Lessor, sometimes collectively referred to as the "Parties".

9 1. **Recitals.**

10 a. Lessor and Lessee have entered into that certain Lease, dated  
11 April 20, 1999, (the "Original Lease") pursuant to which Lessor has agreed to lease to  
12 Lessee and Lessee has agreed to lease from Lessor a portion of that certain building  
13 located at 650 N. State Street, Hemet, California (the "Building"), as more particularly  
14 described in the Lease (the "Original Premises").

15 b. The Original Lease has been amended by:

16 i. That certain First Amendment to Lease dated May 4, 2010,  
17 by and between County of Riverside and State Street, LLC., Successor in interest to  
18 American Recon, Inc., a California corporation (the 1<sup>st</sup> Amendment), whereby the  
19 Parties amended the Lease to extend the term period, rental amount, option to  
20 terminate, and Notices.

21 ii. That certain Second Amendment to Lease dated April 28,  
22 2015, by and between County of Riverside and State Street, LLC., (the 2<sup>nd</sup>  
23 Amendment), whereby the Parties amended the Lease to extend the term period,  
24 rental amounts, and option to terminate.

25 c. The Original Lease together with these Amendments are  
26 collectively referred to herein as the "Lease."

27 d. The Parties now desire to amend the Lease to extend the term  
28 period, rental amounts and improvements to the space.

JUL 25 2017 3.20

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

3       2.     **Term.** Section 3 (a) of the Lease shall be amended as follows:  
4 The term of this Lease shall be extended for two (2) years commencing on February 1,  
5 2017 and terminating January 31, 2019.

6       3.     **Rent.** Section 5 of the Lease shall be amended as follows:  
7 County shall pay to Lessor the monthly sums as rent for the leased premises during  
8 the term of this Lease as indicated below:

<u>Monthly Amount</u>	<u>Year</u>
\$22,500	February 1, 2017 to January 31, 2019

11      4.     **Improvements by Lessor.** Section 9 (a) of the Lease is hereby  
12 amended by the following:

13       (a)    Lessor, at its sole cost and expense, shall install VCT flooring, carpet and  
14 paint the interior of the facility. The cost of the tenant improvements as paid by County  
15 shall not exceed \$71,278.00. In addition a fifteen (15%) percent contingency has been  
16 added for County's use. Lessor shall provide an itemized statement of the actual cost  
17 of the tenant improvements upon completion. The Riverside University Health System  
18 – Behavioral Health (RUHS-BH) will reimburse Lessor within thirty (30) days of receipt  
19 of itemized statement, or as soon thereafter as a warrant can be issued.

20       (b)    Lessor shall pay and provide night time security patrol during the term of  
21 the lease extension.

22      5.     **Option to Terminate.** Section 12 of the Original Lease shall be deleted  
23 in its entirety with the following:

24       (a)    County shall have the right to terminate this Lease after six (6)  
25 months with sixty (60) days advance written notice.

26      6.     **Capitalized Terms.** Third Amendment to Prevail. Unless defined herein  
27 or the context requires otherwise, all capitalized terms herein shall have the meaning  
28 defined in the Lease, as heretofore amended. The provisions of this Third Amendment

1 shall prevail over any inconsistency or conflicting provision of the Lease, as heretofore  
2 amended, and shall supplement the remaining provisions thereof.

3       7.     **Miscellaneous.** Except as amended or modified herein, all the terms of  
4 the Original Lease shall remain in full force and effect and shall apply with the same  
5 force and effect. This is of the essence in this Amendment and the Lease and each  
6 and all of their respective provisions. Subject to the provisions of the Lease as to  
7 assignment, the agreements, conditions and provisions herein contained shall apply to  
8 and bind the heirs, executors, administrators, successors and assigns of the parties  
9 hereto. If any provision of this Amendment or the Lease shall be determined to be  
10 illegal or unenforceable, such determination shall not affect any other provision of the  
11 Lease and all such other provisions shall remain in full force and effect. The language  
12 in all parts of the Lease shall be construed according to its normal and usual meaning  
13 and not strictly for or against either Lessor or Lessee. Neither this Amendment, nor the  
14 Original Lease, nor any notice nor memorandum regarding the terms hereof, shall be  
15 recorded by Lessee.

16                               (Remainder of Page Intentionally Left Blank)

1           8.     **Effective Date.** This Third Amendment to Lease shall not be binding or  
2 consummated until its approval by the Riverside County Board of Supervisor 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  
7 Dated: JUL 25 2017

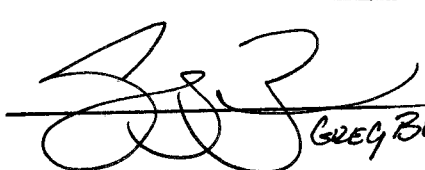
8  
9 **COUNTY OF RIVERSIDE**

**STATE STREET, LLC.**

10  
11 By: 

12 Chairman, JOHN TAVARES  
13 Board of Supervisors

By: 

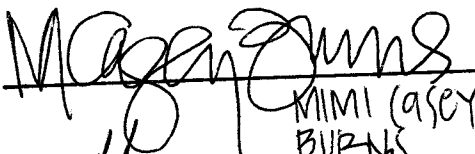
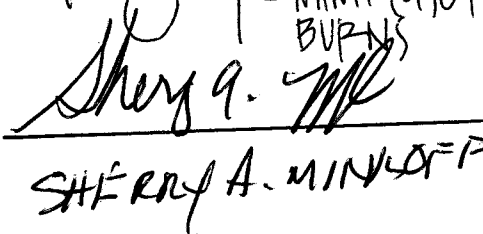
 GREG BURNS

14  
15 **ATTEST:**

16 Kecia Harper-Ihem  
17 Clerk of the Board

18 By: 

19 Deputy

 MIMI CAREY BURNS  
 SHERRY A. MINKOFF

20 **APPROVED AS TO FORM:**

21 Gregory P. Priamos, County Counsel

22  
23 By: 

24 Deputy County Counsel

25 MH:tg/061517/HM027/19.069  
26  
27  
28