

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



ITEM  
3.26  
(ID # 4675)

MEETING DATE:

Tuesday, July 25, 2017

FROM : ECONOMIC DEVELOPMENT AGENCY (EDA) AND FIRE DEPARTMENT :

SUBJECT: ECONOMIC DEVELOPMENT AGENCY (EDA) AND FIRE DEPARTMENT: Fourth Amendment to Lease – Riverside County Fire Department, Three Year Extension CEQA Exempt, District 2, [\$785,194] General Fund 39%, Development Fees 61% (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. Approve the attached Fourth 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

Jeff Van Wagenen, Managing Director EDA

7/11/2017

John Williams, Chief of Fire Riverside County

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, Fire, 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>	\$234,306	\$261,174	\$785,194	\$0
<b>NET COUNTY COST</b>	\$91,379	\$101,858	\$306,226	\$0
<b>SOURCE OF FUNDS:</b> General Fund 39%, Development Fees 61%			<b>Budget Adjustment:</b>	No
			<b>For Fiscal Year:</b>	2017/18 – 2020/21

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

The County of Riverside has been leasing office space located at 2300 Market Street, Suite 150, Riverside, since December, 2006. The office is occupied by Riverside County Fire Department (County Fire) and continues to meet the needs of the Department. The attached Fourth Amendment to Lease extends the lease term for three years with two - one year options to extend the lease term and increases the monthly rent to reflect current market conditions.

Pursuant to the California Environmental Quality Act (CEQA), the Lease Amendment was reviewed and determined to be categorically exempt from CEQA Guidelines Section 15301, Class 1 – Existing Facilities. The proposed project, the Lease Amendment, 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  
Suite 150  
Riverside, CA 92501

Size: 8,772 square feet

Term: Three years commencing August 1, 2017

Rent:	<u>Current</u>	<u>New</u>
	\$2.08 per sq. ft.	\$2.20 per sq. ft.
	\$18,264.99 per month	\$19,298.40 per month
	\$219,179.88 per year	\$231,580.80 per year

Rent Adjustment: Two and one half percent

Option to Terminate: Due to loss of funding and with sixty days' notice

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

Option to Extend: Two – One year options

Utilities: Lessor

Custodial: Lessor

Interior/Exterior  
Maintenance: Lessor

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

**Impact on Citizens and Businesses**

This lease extension will allow the Riverside County Fire Department to continue to provide beneficial public safety services to the residents and businesses of the County.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

All associated costs for this Fourth Amendment to Lease will be fully funded through County Fire's budget. County Fire has budgeted these costs in FY 2017/18. While the Economic Development Agency (EDA) will front the costs for the Lease Amendment with the property owners, County Fire will reimburse EDA for all associated lease costs. County Fire and EDA are not requesting budget adjustments at this time.

**Attachments:**

Exhibit A, B, & C

Aerial Image

Fourth Amendment to Lease

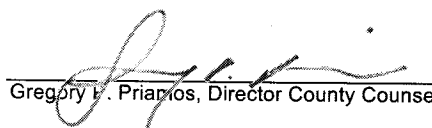
Notice of Exemption

RF:JWW:VC:VY:CAO:ra RV345 19.096 13617

MinuteTrak 4675

  
Nehini Dasika, Principal Management Analyst

7/17/2017

  
Gregory P. Priamos, Director County Counsel

7/11/2017

# Exhibit A

FY 2017/18

## Fire Department Lease Cost Analysis 2300 Market Street, Suite 150, Riverside, California

### **ESTIMATED AMOUNTS**

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

Current land area:	8,772	SQFT	
Approximate Cost per SQFT (Aug-June)	\$	2.20	
Lease Cost per Month (July)	\$	-	
Lease Cost per Month (Aug-June)	\$	19,298.40	
Lease Cost per Month (Aug-June)			\$ 212,282.40
			<u>\$ 212,282.40</u>

#### **Total Estimated Lease Cost for FY 2017/18**

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

Estimated Utility Costs per Month (Aug- June)	\$	11,579.04	
Total Estimated Utility Cost			\$ 11,579.04
	\$	-	
EDA Lease Management Fee - 4.92%			\$ 10,444.29
<b>TOTAL ESTIMATED COST FOR FY 2017/18</b>			<u><u>\$ 234,305.73</u></u>

# Exhibit B

FY 2018/19

## Fire Department Lease Cost Analysis 2300 Market Street, Suite 150, Riverside, California

### **ESTIMATED AMOUNTS**

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

Current Office: 8,772 SQFT

Approximate Cost per SQFT (July)	\$	2.20
Approximate Cost per SQFT (Aug - June)	\$	2.26

Lease Cost per Month (July)	\$	19,298.40
Lease Cost per Month (Aug - June)	\$	19,780.86

Lease Cost (July)	\$	19,298.40
Lease Cost (Aug - June)	\$	217,589.46
<b>Total Estimated Lease Cost for FY 2018/19</b>	<b>\$</b>	<b>236,887.86</b>

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

Utility Cost per Square Foot	\$	0.12
Estimated Utility Costs per Month (July - June)	\$	1,052.64

Total Estimated Utility Cost	\$	12,631.68
------------------------------	----	-----------

EDA Lease Management Fee - 4.92%	\$	11,654.88
----------------------------------	----	-----------

<b>TOTAL ESTIMATED COST FOR FY 2018/19</b>	<b>\$</b>	<b>261,174.42</b>
--	-----------	-------------------

# Exhibit C

FY 2019/20 to FY 2020/21

## Fire Department Lease Cost Analysis

2300 Market Street, Suite 150, Riverside, California

### ESTIMATED AMOUNTS

#### Total Square Footage to be Leased:

Current Office: 8,772 SQFT

	FY 2019/20	FY 2020/21
Approximate Cost per SQFT (July)	\$ 2.26	\$ 2.31
Approximate Cost per SQFT (Aug - June)	\$ 2.31	\$ -
Lease Cost per Month (July)	\$ 19,780.86	\$ 20,275.38
Lease Cost per Month (Aug - June)	\$ 20,275.38	\$ -
Lease Cost (July)	\$ 19,780.86	\$ 20,275.38
Lease Cost (Aug - June)	\$ 223,029.20	\$ -
<b>Total Estimated Lease Cost for FY 2019/20 to FY 2020/21</b>	<b>\$ 242,810.06</b>	<b>\$ 20,275.38</b>

#### Estimated Additional Costs:

Estimated Utility Costs per Month	\$ 1,052.64	\$ 1,052.64
Total Estimated Utility Cost	\$ 12,631.68	\$ 1,052.64
EDA Lease Management Fee - 4.92%	\$ 11,946.25	\$ 997.55
<b>TOTAL ESTIMATED COST FOR FY 2019/20 to FY 2020/21</b>	<b>\$ 267,387.99</b>	<b>\$ 22,325.57</b>

**FOURTH AMENDMENT TO LEASE**  
**2300 Market, Suite 150**  
**Riverside, California**

July 25 **THIS FOURTH AMENDMENT TO LEASE** ("Fourth Amendment"), dated as of July 25, 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. MEF Realty, LLC, as Lessor and County entered into that certain original Lease dated August 29, 2006, (the Original Lease") pursuant to which Lessor has agreed to lease to County and County has agreed to lease from Lessor that certain building located at 2300 Market Street, Suite 150, Riverside, California ("the Building"), as more particularly described in the Original Lease.

B. The Original Lease has been amended by:

1. That certain First Amendment to Lease dated June 30, 2009, by and between MEF Realty, LLC and County of Riverside ("the First Amendment"), whereby the Parties amended the Lease to abate the rent.

2. That certain Second Amendment to Lease dated January 11, 2011, by and between MEF Realty, LLC and County of Riverside ("the Second Amendment"), whereby the Parties amended the Lease to extend the term period and rental amounts.

3. That certain Third Amendment to Lease dated July 3, 2012, by and between MEF Realty, LLC and County of Riverside ("the Third Amendment"), whereby the Parties amended the Lease to extend the term period and rental amounts.

The Parties now desire to amend the Lease among other things to extend the term, modify the rent and annual adjustment.

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

1. **Term.** Section 1 of the Third Amendment shall be amended as follows: The term of this Lease shall be extended three (3) years commencing on August 1, 2017 and expiring on July 31, 2020 ("Term"). Lessor and County also agree that the current lease has been operating on a month to month basis since the expiration of the Third Amendment, June 30, 2015, pursuant to paragraph 4.4 of the Original Lease.

JUL 25 2017 326

2. **Rent During Extended Term.** Section 2 of the Third Amendment shall be amended as follows: County shall pay to Lessor the following rent per month during the Extended Term under this Fourth Amendment to Lease:

<u>Amount</u>	<u>Year</u>
\$19,298.40	8/01/2017 – 7/31/2018
\$19,780.86	8/01/2018 – 7/31/2019
\$20,275.38	8/01/2019 – 7/31/2020

3. **Options.**

3.1 **Option to Extend Term.** Lessor grants to County two (2) option(s) to extend the Lease term ("Extension Option(s)"). Each Extension Option shall be for a period of one (1) year ("Extended Term"), subject to the conditions described in this Section 3.

3.2 **Exercise of Option.** The Extension Option(s) shall be exercised by County delivering to Lessor written notice thereof no later than one hundred eighty (180) days prior to the expiration of the Term or any extension thereof.

3.3 **Option Rent.** The rent payable by County during any Extended Term shall be two and a half (2.5%) greater than the rent for the last year of the Term or Extended Term.

3.4 All terms and conditions of this Lease with exception of Rent and Lease Term shall remain in full force and effect during the Extended Term.

4. **Notice.** Section 3 of the Third Amendment shall be amended as follows:

**County's Notification Address:**

County of Riverside  
Economic Development Agency  
3403 Tenth Street, Suite 400  
Riverside, CA 92501  
Attn: Deputy Director of Real Estate  
Telephone: (951) 955-4820

5. **Capitalized Terms.** Fourth 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 Fourth 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 Fourth Amendment.

6. **Miscellaneous.** Except as amended or modified in previous amendments or herein, all the terms of the Original Lease shall remain in full force and effect and shall apply with the same force and effect. If any provisions of this Amendment or the Lease shall be determined to be illegal or unenforceable, such determination shall not affect any other provision of the Lease. Neither this Amendment, nor the Original Lease, nor any notice nor memorandum regarding the terms hereof, shall be recorded by Lessee.

7. **Effective Date.** This Fourth 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**, a political  
subdivision of the State of California

By: \_\_\_\_\_

Chairman

JOHN TAVAGLIONE

Board of Supervisors

**RIVERSIDE GATEWAY ASSOCIATES,  
LLC**, a Delaware limited liability company

By: Alliance Real Estate Fund No. 10, LLC,  
a Delaware limited liability company, its  
manager

By: EverWest Real Estate Partners, LLC, a  
Colorado limited liability company,  
its managing member

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTEST:**

Kecia Harper-Ihem, Clerk of the Board

By: \_\_\_\_\_

Deputy

**APPROVED AS TO FORM:**

Gregory P. Priamos, County Counsel

By: \_\_\_\_\_

Deputy County Counsel



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

7/27/17  
Date

KB  
Initial

## NOTICE OF EXEMPTION

June 23, 2017

**Project Name:** County of Riverside, Economic Development Agency (EDA) Fire Department Fourth Amendment to Lease Agreement – Market Street, Riverside, County of Riverside

**Project Number:** FM042611034500

**Project Location:** 2300 Market Street, Suite 150, south of State Route 60, Riverside, California 92501; APN 207-120-050;  
(See Attached Exhibit)

**Description of Project:** The County of Riverside (County) entered into a Lease Agreement on August 29, 2006 for the County Fire Department to occupy 8,772 square feet of office space located at 2300 Market Street, Suite 150 in Riverside, California. Three previous amendments modified the lease and/or extended the term of the lease. The location continues to meet the needs of the County Fire Department and a fourth amendment that includes an additional three-year extension of term with two, one-year options to extend is being sought. The term of the lease shall be extended three years commencing on August 1, 2017 and terminating July 31, 2020. The Fourth 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 no expansion of the existing office building will occur. The operation of the facility will continue to provide fire administrative 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.

**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 Fourth Amendment to the Lease Agreement.

JUL 25 2017 3.26

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

[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 an extension of an existing Lease Agreement to an existing facility. The use of the facility by the County Fire Department as administrative office space 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 Fourth Amendment to the Lease Agreement is limited a contractual transaction and the indirect effects would be limited to continued use of an existing office building. 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 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: \_\_\_\_\_

C/23/17

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

**RIVERSIDE COUNTY CLERK & RECORDER**

**AUTHORIZATION  
TO BILL  
BY JOURNAL VOUCHER**

**Project Name:** Fire Department Fourth Amendment to Lease Agreement - Market Street, City of Riverside

**Accounting String:** 528500-47220-7200400000- FM042611034500

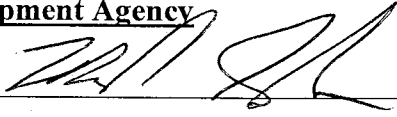
**DATE:** June 23, 2017

**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:** Craig Olsen, Senior Real Property Agent, Economic Development Agency

-TO BE FILLED IN BY COUNTY CLERK-

**ACCEPTED BY:**                     

**DATE:**                     

**RECEIPT # (S)**



Date: June 23, 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 # FM042611034500**  
Fire Department Fourth Amendment to Lease Agreement Market Street, Riverside, Riverside  
County, 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