

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



ITEM
3.15
(ID # 7023)

MEETING DATE:

Tuesday, June 12, 2018

FROM : ECONOMIC DEVELOPMENT AGENCY (EDA):

SUBJECT: ECONOMIC DEVELOPMENT AGENCY (EDA): Approval of Second Amendment to Lease, Riverside University Health System - Behavioral Health, Corona, 3 Year Lease Extension, CEQA Exempt, District 2, [\$620,241]; Federal 64%, State 36% (Clerk of the Board 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 exemption and Section 15061(b)(3) "common sense" exemption;
2. Approve the attached Second 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 within 5 days of approval by the Board.

ACTION: Policy

Robert Field, Assistant County Executive Officer/ECD

5/30/2018

Steve Steinberg

5/30/2018

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Perez 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: June 12, 2018
xc: EDA, 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	\$185,986	\$206,403	\$620,241	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: Federal 64%, State 36%			Budget Adjustment:	
			For Fiscal Year: 2018/19-2021/22	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

This Second Amendment to Lease represents a request from the Riverside University Health System – Behavioral Health (RUHS-BH) to extend the lease for its office located at 629 N. Main Street, Suite C-3, Corona, California, commencing on August 1, 2018 through July 31, 2021. The Economic Development Agency (EDA) Real Estate Division, has negotiated a three (3) year lease renewal with a 13% rental rate reduction.

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

This Second Amendment to Lease is summarized below:

Lessor: CJP, Ltd.
Summit Team
17165 Newhope Street, Suite H
Fountain Valley, California, 92708

Premises Location: 629 N. Main Street, Suite C-3, Corona, California

Size: 8,000 square feet

<u>Current</u>	<u>New</u>
\$ 2.19 per sq. ft.	\$ 1.90 per sq. ft.
\$ 17,484.86 per month	\$ 15,200.00 per month
\$209,818.32 per year	\$182,400.00 per year

Term: Effective August 1, 2018 through July 31, 2021

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Rent Adjustment: Two percent annually.

Utilities: County pays for telephone and electrical services, Lessor pays for all other services.

Custodial Services: Lessor

Maintenance: Lessor

Option to Terminate: Termination for any reason after twelve months of the lease extension with ninety days' notice.

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

Impact on Residents and Businesses

This facility provides important mental health services for the residents and community surrounding this region of the County. This facility provides a positive economic impact to this area's residents and businesses with short and long-term jobs and employees and visitors that support area businesses.

**SUPPLEMENTAL:
Additional Fiscal Information**

See attached Exhibits A, B, & C

The RUHS-BH has budgeted these costs in FY 2018/19 and will reimburse Economic Development Agency for all lease costs on a monthly basis.

Contract History and Price Reasonableness

This is a three year renewal. The lease rate is competitive based on the current market. The Lease has been in place since 2007.

Attachments:
Exhibits A, B & C
Second Amendment to Lease
Notice of Exemption
Aerial Map

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STATE OF CALIFORNIA

RF:HM:VY:MH:mc CR020 19.836 13845
Minute Traq ID: 7023


Rahmi Basma, Principal Management Analyst 6/4/2018


Gregory V. Priamos, Director County Counsel 5/31/2018

Exhibit A

FY 2018/19

RUHS - Behavioral Health Lease Cost Analysis

629 N. Main Street, Suites C-3, Corona

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:		8,000	SQFT	
Approximate Cost per SQFT (July)	\$	2.19		
Approximate Cost per SQFT (Aug - June)	\$	1.90		
Lease Cost per Month (July)		\$	17,484.86	
Lease Cost per Month (Aug - June)		\$	15,200.00	
Total Lease Cost (July)			\$	17,484.86
Total Lease Cost (Aug - June)			\$	167,200.00
Total Estimated Lease Cost for FY 2018/19			\$	184,684.86

Estimated Additional Costs:

Utility Cost per Square Foot	\$	0.12		
Estimated Utility Costs per Month			\$	960.00
Total Estimated Utility Cost (July)			\$	960.00
Total Estimated Utility Cost (Aug-June)			\$	10,560.00
EDA Lease Management Fee - 3.89%			\$	680.16
EDA Lease Management Fee - 4.92%			\$	8,226.24
Total Estimated Cost for FY 2018/19			\$	205,111.26
Amount Approved in Previous Agreement			\$	19,125.02
Amount of FY18/19			\$	185,986.24

Exhibit B

FY 2019/20

RUHS - Behavioral Health Lease Cost Analysis

629 N. Main Street, Suites C-3, Corona

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	8,000	SQFT	
Approximate Cost per SQFT (July)	\$	1.90	
Approximate Cost per SQFT (Aug - June)	\$	1.94	
Lease Cost per Month (July)	\$	15,200.00	
Lease Cost per Month (Aug - June)	\$	15,504.00	
Total Lease Cost (July)		\$	15,200.00
Total Lease Cost (Aug - June)		\$	170,544.00
Total Estimated Lease Cost for FY 2019/20		\$	185,744.00

Estimated Additional Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month		\$	960.00
Total Estimated Utility Cost		\$	11,520.00
EDA Lease Management Fee - 4.92%		\$	9,138.60
Total Estimated Cost for FY 2019/20		\$	206,402.60

Exhibit C

FY 2020/21 to FY 2021/22
RUHS - Behavioral Health Lease Cost Analysis
629 N. Main Street, Suites C-3, Corona

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office: 8,000

	FY 2020/21	FY 2021/22
Approximate Cost per SQFT (July)	\$ 1.94	\$ 1.98
Approximate Cost per SQFT (Aug - June)	\$ 1.98	\$ -
Lease Cost per Month (July)	\$ 15,504.00	\$ 15,814.08
Lease Cost per Month (Aug - June)	\$ 15,814.08	
Total Lease Cost (July)	\$ 15,504.00	\$ 15,814.08
Total Lease Cost (Aug - June)	\$ 173,954.88	
Total Estimated Lease Cost for FY 2020/21 to FY 2021/22	\$ 189,458.88	\$ 15,814.08

Estimated Additional Costs:

Utility Cost per Square Foot	\$ 0.12	\$ 0.12
Estimated Utility Costs per Month	\$ 960.00	\$ 960.00
Total Estimated Utility Cost	\$ 11,520.00	\$ 960.00
EDA Lease Management Fee - 4.92%	\$ 9,321.38	\$ 778.05
Total Estimated Cost for FY 2020/21 to FY 2021/22	\$ 210,300.26	\$ 17,552.13

F11: Cost - Total Cost \$ **620,241.23**

1 Leased Premises effective August 1, 2018 ("Effective Date"). Thereafter, the monthly
2 rent shall continue to be increased annually on each anniversary of the Effective Date
3 by an amount equal to two percent (2%) of the monthly rent paid during the preceding
4 year.

5 **3. TERMINATION.** Section 6.4 of the Lease is hereby deleted and replaced
6 in its entirety by the following:

7 County shall have the right to terminate this Lease for any reason after twelve months
8 from the Riverside County Board of Supervisor's approval of the Second Amendment
9 to this Lease upon providing Lessor with ninety (90) days advance written notice.

10 **4. CAPITALIZED TERMS. SECOND AMENDMENT TO PREVAIL.** Unless
11 defined herein or the context requires otherwise, all capitalized terms herein shall have
12 the meaning defined in the Lease, as heretofore amended. The provisions of this
13 Second Amendment shall prevail over any inconsistency or conflicting provisions of the
14 Lease, as heretofore amended, and shall supplement the remaining provision thereof.

15 **5. MISCELLANEOUS.** Except as amended or modified herein, all the terms
16 of the Lease shall remain in full force and effect and shall apply with the same force
17 and effect. Time is of the essence in this Second Amendment and the Lease and each
18 and all of their respective provisions. Subject to the provisions of the Lease as to
19 assignment, the agreements, conditions and provisions herein contained shall apply to
20 and bind the heirs, executors, administrators, successors and assigns of the parties
21 hereto. If any provision of this Second Amendment or the Lease shall be determined
22 to be illegal or unenforceable, such determination shall not affect any other provision of
23 the Lease and all such other provisions shall remain in full force and effect. The
24 language in all parts of the Lease shall be construed according to its normal and usual
25 meaning and not strictly for or against either Lessor or Lessee. Neither this Second
26 Amendment, nor the Original Lease, nor any notice nor memorandum regarding the
27 terms hereof, shall be recorded by Lessee.

28 (Remainder of Page Intentionally Left Blank)

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

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

6 **JUN 12 2018**
7 Dated: _____

8 **LESSEE:**

9 **COUNTY OF RIVERSIDE,**
10 a political subdivision of the
11 State of California

12
13 By: 
14 Chuck Washington, Chairman
15 Board of Supervisors

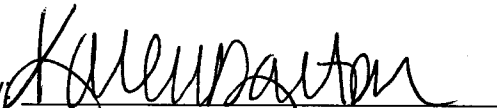
8 **LESSOR:**

9 **CJP, Ltd.,**
10 a California limited partnership
11 by CDM Management LLC
12 General Partner

13 By: 
14 Name: Erik M. Phillips
15 Its: Member/President


16 **ATTEST:**

17 Kecia Harper-Ihem
18 Clerk of the Board

19 By: 
20 Deputy

21 **APPROVED AS TO FORM:**

22 Gregory P. Priamos, County Counsel

23
24 By: 
25 Thomas Oh
26 Deputy County Counsel

27 MH:ra/051018/CR020/19.650
28



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

6/13/18 kb
Date Initial

NOTICE OF EXEMPTION

January 30, 2018

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

Project Number: FM042166002000

Project Location: 629 North Main Street, north of East Rincon Street, Suite C3, Corona, California 92880; Assessor's Parcel Number (APN) 119-280-048; (See Attached Exhibit)

Description of Project: The County of Riverside (County) Department of Mental Health entered into a Lease Agreement on October 30, 2007 to lease office space located 629 North Main Street, Suite C3, in Corona, California. The Department of Mental Health is now under the jurisdiction of the Riverside University Health System Behavioral Health (RUHS-BH). One previous amendment addressed the rate, improvements, and term extension of the lease. The location continues to meet the needs of RUHS-BH and a second amendment that includes an additional three-year extension of is being sought. The term of the lease shall be commence on August 1, 2018 and terminate July 1, 2021 and shall be for the lease of 8,000 square feet of office space. The Second 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 will not result in an expansion of the existing office building. 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 CJP, LTD

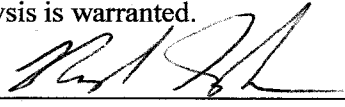
Exempt Status: State CEQA Guidelines, Section 15301, Class 1, Existing Facilities Exemption; Section 15061(b) (3), General Rule or "Common Sense" Exemption, Codified under Title 14, Articles 5 and 19, Sections 15061 and 15300 to 15301.

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 Second Amendment to Lease.

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- 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 an existing Lease Agreement at an existing facility. The Second Amendment to the Lease 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. The additional leased space identified is available and has all of the necessary infrastructure in place to accommodate the existing needs of the RUHS-BH. The use of the space by RUHS-BH would be consistent with the permitted and planned capacity of the site and would result in 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 Second Amendment to the Lease Agreement is limited a contractual transaction and the indirect effects would be limited to existing use of an office building. The Second 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 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: 1/30/18

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
Second Amendment to Lease, Corona, California**

Accounting String: 524830-47220-7200400000 - FM042166002000


DATE: January 30, 2018

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: January 30, 2018

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 # FM042166002000**
Riverside University Health System, Department of Behavioral Health Second Amendment to Lease,
Corona, 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 10th Street, Suite 400, Riverside, CA 92501

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

Attachment

cc: file