

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



ITEM
3.14
(ID # 7042)

MEETING DATE:

Tuesday, June 19, 2018

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

SUBJECT: ECONOMIC DEVELOPMENT AGENCY (EDA) AND FIRE DEPARTMENT:
Approval of Second Amendment to Lease with AP Palm Desert Montanas LLC –
Riverside County Fire Department, Five Year Extension CEQA Exempt, District
4, [\$607,291] Fire Dept General Fund 52% and Fire Marshal Fees 48% (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, 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 attached Notice of Exemption with the County Clerk for posting within five working days.

ACTION: Policy

Robert Field, Assistant County Executive Officer/ECD

5/22/2018

Daniel Talbot, Chief Cal Fire Riverside County

5/30/2018

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: June 19, 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	\$115,924	\$118,623	\$607,291	\$0
NET COUNTY COST	\$60,281	\$60,281	\$315,791	\$0
SOURCE OF FUNDS: Fire Marshal Fees 48% and Fire Dept. General Fund 52%			Budget Adjustment: No	
			For Fiscal Year: 2018/19 – 2022/23	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The County of Riverside has leased the office located at 77933 Las Montanas Road, Palm Desert, since July, 2007 (Lease). The office is occupied by Riverside County Fire Department (County Fire) for use by their Office of the County Fire Marshal. The office continues to meet the needs of County Fire. The attached Second Amendment to Lease extends the lease five years with a reduction in rent and annual rate adjustment.

Pursuant to the California Environmental Quality Act (CEQA), the Second Amendment was reviewed and determined to be categorically exempt from State CEQA Guidelines under Section 15301, Class 1 – Existing Facilities Exemption, and Section 15061(b)(3), “Common Sense” Exemption. The proposed project, the Second Amendment, is the letting of property involving existing facilities. No expansion of an existing use will occur. A summary of the Lease, as amended by the Second Amendment, is as follows:

Lessor: AP Palm Desert Montanas LLC
Armed Air Forces Mutual Aids Association
1856 Old Reston Avenue
Reston, VA. 20190

Premises: 77933 Las Montanas Road
Palm Desert, CA 92211

Size: 5,532 square feet

Term: Five years commencing July 1, 2018.

Rent:	<u>Current</u>	<u>New</u>
	\$1.63 per sq. ft.	\$1.55 per sq. ft.
	\$9,028.16 per month	\$8,574.60 per month
	\$108,337.92 per year	\$102,895.2 per year

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

Savings per month: \$453.56
Savings per year: \$5,442.72

Rent Adjustment: 2.5% annually, reduced from 3%.

Option to Terminate: Due to loss of funding and with 180 days notice.

Utilities: County pays all utilities.

Custodial: Included in rent, 3 days per week.

Interior/Exterior
Maintenance: Included in rent.

The attached Second 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

See attached Exhibits A, B & C. County of Riverside Fire Department has budgeted these costs in FY 2018/19 and will reimburse EDA for all lease costs on a monthly basis.

Contract History and Price Reasonableness

This lease rate is aligned with the current real estate market.

Attachments:

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

RF:HM:VY:CAO:ra 19.840 13847
MinuteTrak: 7042

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


Nehini Dasika, Principal Management Analyst 6/11/2018



Gregory V. Priamos, Director County Counsel 6/7/2018

Exhibit A

FY 2018/19
Fire Department Lease Cost Analysis
77-933 Las Montanas Road, Palm Desert, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:		5,532 SQFT	
Approximate Cost per SQFT (July - June)	\$	1.55	
Lease Cost per Month (July - June)			\$ 8,574.60
Total Lease Cost (July - June)			\$ 102,895.20
Total Estimated Lease Cost for FY 2018/19			\$ 102,895.20
<u>Estimated Additional Costs:</u>			
Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month			\$ 663.84
Total Estimated Utility Cost			\$ 7,966.08
EDA Lease Management Fee - 4.92%			\$ 5,062.44
TOTAL ESTIMATED COST FOR FY 2018/19			\$ 115,923.72
TOTAL COUNTY COST 100.00%			\$ 115,923.72

Exhibit B

FY 2019/20

Fire Department Lease Cost Analysis

77-933 Las Montanas Road, Palm Desert, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	5,532 SQFT	
Approximate Cost per SQFT (July - June)	\$ 1.59	
Lease Cost per Month (July - June)	\$ 8,788.97	
Total Lease Cost (July - June)		\$ 105,467.58
Total Estimated Lease Cost for FY 2019/20		\$ 105,467.58

Estimated Additional Costs:

Utility Cost per Square Foot	\$ 0.12	
Estimated Utility Costs per Month	\$ 663.84	
Total Estimated Utility Cost		\$ 7,966.08
EDA Lease Management Fee - 4.92%		\$ 5,189.00
TOTAL ESTIMATED COST FOR FY 2019/20		\$ 118,622.66
TOTAL COUNTY COST 100.00%		\$ 118,622.66

Exhibit C

FY 2020/21 to FY 2022/23
Fire Department Lease Cost Analysis
77-933 Las Montanas Road, Palm Desert, California

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office: 5,532 SQFT

	FY 2020/21	FY 2021/22	FY 2022/23
Approximate Cost per SQFT (July - June)	\$ 1.63	\$ 1.67	\$ 1.71
Lease Cost per Month (July - June)	\$ 9,008.69	\$ 9,233.91	\$ 9,464.75
Total Lease Cost (July - June)	\$ 108,104.27	\$ 110,806.88	\$ 113,577.05
Total Estimated Lease Cost for FY 2020/21 to FY 2022/23	\$ 108,104.27	\$ 110,806.88	\$ 113,577.05
<u>Estimated Additional Costs:</u>			
Utility Cost per Square Foot	\$ 0.12	\$ 0.12	\$ 0.12
Estimated Utility Costs per Month	\$ 663.84	\$ 663.84	\$ 663.84
Total Estimated Utility Cost	\$ 7,966.08	\$ 7,966.08	\$ 7,966.08
EDA Lease Management Fee - 4.92%	\$ 5,318.73	\$ 5,451.70	\$ 5,587.99
TOTAL ESTIMATED COST FOR FY 2020/21 to FY 2022/23	\$ 121,389.08	\$ 124,224.65	\$ 127,131.12
TOTAL COUNTY COST 100.00%	\$ 121,389.08	\$ 124,224.65	\$ 127,131.12
F11: Cost - Total Cost	\$ 607,291.24		
F11: Net County Cost - Total Cost	\$ 607,291.24		

1 **SECOND AMENDMENT TO LEASE**

2 **77933 Las Montanas Road**

3 **Palm Desert, California**

4
5 This **SECOND AMENDMENT TO LEASE** ("Second Amendment") is made as of
6 June 19, 2018 by and between **AP Palm Desert Montanas LLC**, a
7 **Virginia limited liability company**, successor in interest to DBP OFFICE 1 L.L.C.,
8 ("Lessor") and the **COUNTY OF RIVERSIDE**, a political subdivision of the State of
9 California ("County"), as Lessee, sometimes collectively referred to as the "Parties."

10 **RECITALS.**

11 **A.** DBP INVESTMENTS L.L.C, and County entered into that certain
12 Lease dated April 24, 2007, ("the Original Lease") pursuant to which Lessor has
13 agreed to lease to County and County has agreed to lease from Lessor that certain
14 building located at 77933 Las Montanas Road, Palm Desert, California ("the Building"),
15 as more particularly described in the Lease ("the Original Premises").

16 **B.** The Original Lease was amended by that certain First Amendment
17 to Lease dated June 4, 2013 by and between the County of Riverside and DBP
18 OFFICE 1 L.L.C., successor in interest to DBP INVESTMENTS L.L.C., ("First
19 Amendment") whereby the Parties reduced the square footage, revised the rent, and
20 extended the term period.

21 **C.** The Original Lease together with the First Amendment are
22 collectively referred to herein as the "Lease."

23 **D.** The Parties hereby agree to amend the Lease to modify the rent
24 and annual adjustment, extend the term period and complete tenant improvements and
25 repairs.

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

28
JUN 19 2018 3.14

1 **1. Term.** Section 4.1 of the Lease shall be amended as follows: The term
2 of the Lease shall be extended for a period of five (5) years commencing July 1, 2018,
3 and expiring June 30, 2023 (the "Extension Term").

4 **2.** Section 5.1 of the Lease shall be amended as follows: County shall pay
5 the sum of \$8,574.60 per month to Lessor as rent for the Leased Premises, payable, in
6 advance, on the first day of the month or as soon thereafter as a warrant can be issued
7 in the normal course of County's business.

8 **3.** Section 5.2 of the Lease shall be amended as follows: Commencing on
9 July 1, 2019, rent shall be increased on each anniversary date of the Lease by two and
10 one half percent (2.5%) of the monthly rent in effect during the previous year.

11 **4.** Section 6.2 of the Lease is hereby amended by deleting Section 6.2.1 in
12 its entirety and replacing it with the following:

13 **6.2.1 Notice.** In the event the County elects to terminate the Lease
14 during the Extension Term for the reasons provided in Section 6.2(a) or Section 6.2(b)
15 of the Lease, County shall provide Lessor with written notification of its election to
16 terminate the Lease at least one hundred eighty (180) days prior to the date of
17 termination. County's notice shall state the reason for its termination of the Lease.
18 County's obligation to pay Rent shall continue through the termination date.

19 **5.** Section 11.1 shall be amended by adding the following Subsection
20 11.1.8: Lessor at its sole cost and expense shall complete tenant improvements and
21 repairs as outlined on Exhibit "J" attached hereto.

22 **6.** The Exhibit "J" attached hereto is hereby added to the Lease.

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

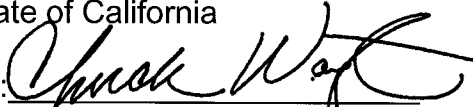
28

1 Unless defined herein or the context requires otherwise, all capitalized terms
2 herein shall have the meaning defined in the Lease, as heretofore amended. The
3 provisions of this Second Amendment shall prevail over any inconsistency or
4 conflicting provisions of the Lease, as heretofore amended, and shall supplement the
5 remaining provisions thereof. Time is of the essence in this Second Amendment and
6 the Lease and each and all of their respective provisions. Subject to the provisions of
7 the Lease as to assignment, the agreements, conditions and provisions herein
8 contained shall apply to and bind the heirs, executors, administrators, successors and
9 assigns of the parties hereto. The language in all parts of the Lease shall be construed
10 according to its normal and usual meaning and not strictly for or against either Lessor
11 or County.

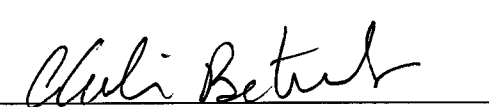
12 **8. EFFECTIVE DATE.** This Second Amendment to Lease shall not be
13 binding or consummated until its approval by the Riverside County Board of
14 Supervisors and fully executed by the Parties.

1 **IN WITNESS WHEREOF**, the Parties have executed this Second Amendment
2 as of the date first written above.

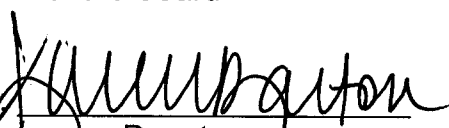
3
4 **LESSEE:**
5 COUNTY OF RIVERSIDE, a
6 political subdivision of the
7 State of California

8 By: 
9 Chuck Washington, Chairman
10 Board of Supervisors

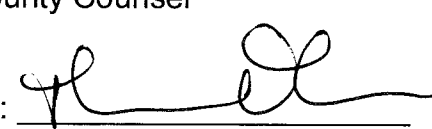
LESSOR:
AP Palm Desert Montanas LLC
a Virginia limited liability company

By: 
Name: Charlie Belcher
Its: CEO

11
12 **ATTEST:**
13 Kecia Harper-Ihem
14 Clerk of the Board

15 By: 
16 Deputy

17
18 **APPROVED AS TO FORM:**
19 Gregory P. Priamos
20 County Counsel

21 By: 
22 Thomas Oh
23 Deputy County Counsel

24
25
26 CAO:ra/051418/PD011/19.807

Exhibit J

- Replacement of one window with condensation (at front reception/secretarial area).
- Repair one blind (at front reception/secretarial area).
- Repair or replace (depending on recommendations from contractors) frayed carpet throughout suite.
- Touch up paint throughout.
- Repair Blue Box light timer.
- Repair/replace any non-functioning EXIT and Emergency Lighting in the suite and adjacent hallways



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

6/20/18 Date

UB Initial

NOTICE OF EXEMPTION

May 11, 2018

Project Name: County of Riverside, Economic Development Agency (EDA) Fire Department Second Amendment to Lease Agreement - Las Montanas Road, Palm Desert, County of Riverside

Project Number: FM042550001100

Project Location: 77933 Las Montanas Road, west of Washington Street, Palm Desert, California 92211; Assessor's Parcel Number (APN) 626-420-001; (See Attached Exhibit)

Description of Project: The County of Riverside (County) entered into a Lease Agreement in July of 2007 for the County Fire Department to occupy 5,532 square feet of office space located at 77933 Las Montanas Road in Palm Desert, California. One previous amendment 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 second amendment that includes an additional five-year extension of term. The term of the lease shall be extended commencing on July 1, 2018 and terminating June 31, 2023. 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 no expansion of the existing office building will occur. The operation of the facility will continue to provide fire protection and planning 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 AP Palm Desert Montanas, 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 Second Amendment to the Lease Agreement.

JUN 19 2018 3.14

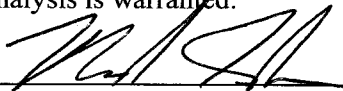
P.O. Box 1180 • Riverside, California • 92502 • T: 951.955.8916 • F: 951.955.6686 org

- 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 Second 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: _____

5/11/18

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

RIVERSIDE COUNTY CLERK & RECORDER

**AUTHORIZATION
TO BILL
BY JOURNAL VOUCHER**

Project Name: Riverside County Fire Department Second Amendment to Lease Agreement -
Las Montanas Road, Palm Deser, California

Accounting String: 528500-47220-7200400000- FM042550001100

DATE: May 11, 2018

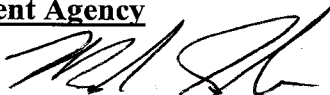
AGENCY: Riverside County Economic Development Agency

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: _____



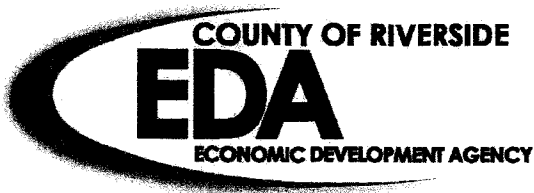
PRESENTED BY: Craig Olsen, Senior Real Property Agent, Economic Development Agency

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: _____

DATE: _____

RECEIPT # (S) _____



Date: May 11, 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 # FM042550001100**
Riverside County Fire Department Second Amendment to Lease Agreement Las Montanas Road,
Palm Desert, 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