

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



ITEM  
3.38  
(ID # 7535)

MEETING DATE:

Tuesday, August 28, 2018

FROM : ECONOMIC DEVELOPMENT AGENCY (EDA):

SUBJECT: ECONOMIC DEVELOPMENT AGENCY: Approval of the Third Amendment to Lease with Pavez Family, LLC, Department of Environmental Health, 5 Yr. Lease Extension, Corona, District 2, CEQA Exempt, [\$1,528,981], 100% Permit Fees (Clerk of the Board to file the 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 the State CEQA Guidelines Section 15301, Existing Facilities exemption, and Section 15061 (b) (3), the "Common Sense" exemption;
2. Approve the Third Amendment to Lease with Pavez Family, LLC, 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 five (5) working days of approval by the Board.

ACTION: Policy, CIP

Robert Field, Assistant County Executive Officer/ECD

7/30/2018

Steve Van Stockum, Director Environmental Health

7/30/2018

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MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Jeffries 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: August 28, 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**

<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>	\$ 242,998	\$ 297,368	\$ 1,528,981	\$
<b>NET COUNTY COST</b>	\$	\$	\$	\$
<b>SOURCE OF FUNDS:</b> 100% Permit Fees			<b>Budget Adjustment:</b> No	
			<b>For Fiscal Year:</b> 2018/19-2023/24	

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

**BACKGROUND:**

**Summary**

On November 3, 2015, the Board of Supervisors approved Agenda item 3-5 authorizing the Real Estate Division of the Economic Development Agency (EDA) to amend the Lease and to extend the term of the Lease and provide tenant improvements to the premises. The office continues to meet the space requirements for the Department of Environmental Health.

In an effort to assist the Department of Environmental Health with their goals to maintain the current rent, the Real Estate Division has successfully negotiated a new five year Lease extension with no rent increase in fiscal year 2018-19. In addition, the Lessor has agreed to perform tenant improvements within the break room by installing a new counter top and repairing non-working drawers and repainting the reserved parking spaces in the parking lot.

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

The Third Amendment to Lease is summarized as follows:

**Location:** 2275 S. Main Street  
Suite 204  
Corona, CA 92882

**Lessor:** Pavez Family, LLC  
2275 S. Main Street  
Corona, CA 92882

**Size:** 10,164 Square Feet

**Term:** Five Years: September 1, 2018 to August 31, 2023

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Annual Escalator: 2.5% commencing in FY19/20

Rent:	Current:	New:
	\$ 2.16 Per sq. ft.	\$ 2.16 Per sq. ft.
	\$ 21,997.82 Per month	\$ 21,997.82 Per month
	\$263,973.84 Per year	\$263,973.84 Per year

Maintenance: Lessor

Custodial: Lessor

Utilities: County pays electricity and telephone services. Lessor responsible for water, trash and sewer services.

Tenant Improvements: At Lessors sole cost and expense, Lessor to purchase and install new breakroom cabinet countertop, make cabinet repairs, and restripe the reserved parking spaces.

RCIT: None

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

**Impact on Citizens and Businesses**

The benefit to the public by the renewal of the Lease is a continuing presence by the Department of Environmental Health in this region.

**SUPPLEMENTAL:  
Additional Fiscal Information**

See attached Exhibits A, B & C. The Department of Environmental Health will budget these costs in FY 18/19 thru FY 23/24 and will reimburse EDA for all lease costs on a monthly basis.

**Contract History and Price Reasonableness**


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STATE OF CALIFORNIA**


The Lease rate is deemed competitive based upon the current market. This contract has been in place since June 28, 2005.

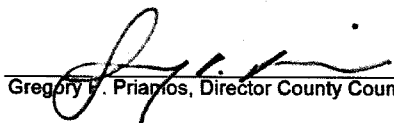
**Attachments:**

- Third Amendment to Lease
- Exhibits A, B and C
- Notice of Exemption
- Aerial Image

RF:HM:VY:CC:tg CR019 19.887 13870  
MinuteTrak: 7535

  
Rohini Dasika, Principal Management Analyst 8/20/2018

  
Alex Gann 8/20/2018

  
Gregory F. Priamos, Director County Counsel 8/7/2018

# Exhibit A

FY 2018/19  
Environmental Health  
2275 S. Main Street, Corona

## ESTIMATED AMOUNTS

### Total Square Footage to be Leased:

Current Office: 10,164 SQFT

Approximate Cost per SQFT (July-Aug) \$ 2.16

Approximate Cost per SQFT (Sep-June) \$ 2.16

Lease Cost per Month (July-Aug) \$ 21,997.82

Lease Cost per Month (Sep-June) \$ 21,997.82

Total Lease Cost (July-Aug) \$ 43,995.64

Total Lease Cost (Sep-June) \$ 219,978.20

**Total Estimated Lease Cost for FY 2018/19** \$ **263,973.84**

### Estimated Additional Costs:

Utility Cost per Square Foot \$ 0.12

Estimated Utility Costs per Month \$ 1,219.68

Total Estimated Utility Cost (July-Aug) \$ 2,439.36

Total Estimated Utility Cost (Sep - June) \$ 12,196.80

EDA Lease Management Fee - 4.12% \$ 1,812.62

EDA Lease Management Fee - 4.92% \$ 10,822.93

**TOTAL ESTIMATED COST FOR FY 2018/19** \$ **291,245.55**

Amount Approved in Previous Agreement \$ 48,247.62

Amount of FY18/19 \$ **242,997.93**

# Exhibit B

FY 2019/20  
Environmental Health  
2275 S. Main Street, Corona

## ESTIMATED AMOUNTS

### Total Square Footage to be Leased:

Current Office:	10,164	SQFT	
Approximate Cost per SQFT (July - Aug)	\$	2.16	
Approximate Cost per SQFT (Sep - June)	\$	2.22	
Lease Cost per Month (July - Aug)		\$	21,997.82
Lease Cost per Month (Sep - June)		\$	22,547.77
Total Lease Cost (July - Aug)		\$	43,995.64
Total Lease Cost (Sep - June)		\$	225,477.66
<b>Total Estimated Lease Cost for FY 2019/20</b>		<b>\$</b>	<b>269,473.30</b>

### Estimated Additional Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month		\$	1,219.68
Total Estimated Utility Cost		\$	14,636.16
EDA Lease Management Fee - 4.92%		\$	13,258.09
<b>TOTAL ESTIMATED COST FOR FY 2019/20</b>		<b>\$</b>	<b>297,367.54</b>

# Exhibit C

**FY 2020/21 to FY 2023/24  
Environmental Health  
2275 S. Main Street, Corona**

**ESTIMATED AMOUNTS**

**Total Square Footage to be Leased:**

Current Office: 10,164 SQFT

	FY2020/21	FY 2021/22	FY2022/23 to FY23/24
Approximate Cost per SQFT (July - Aug)	\$ 2.22	\$ 2.27	
Approximate Cost per SQFT (Sept - June)	\$ 2.27	\$ 2.33	
Lease Cost per Month (July - Aug)	\$ 22,547.77	\$ 23,111.47	\$ 47,970.75
Lease Cost per Month (Sept - June)	\$ 23,111.47	\$ 23,689.26	\$ 24,281.50
Total Lease Cost (July - Aug)	\$ 45,095.53	\$ 46,222.94	\$ 95,941.51
Total Lease Cost (Sep - June)	\$ 231,114.70	\$ 236,892.56	\$ 242,814.98
<b>Total Estimated Lease Cost for FY 2020/21 to FY 2023/24</b>	<b>\$ 276,210.23</b>	<b>\$ 283,115.50</b>	<b>\$ 338,756.49</b>
<b><u>Estimated Additional Costs:</u></b>			
Utility Cost per Square Foot	\$ 0.12	\$ 0.12	
Estimated Utility Costs per Month	\$ 1,219.68	\$ 1,219.68	\$ 1,219.68
Total Estimated Utility Cost	\$ 14,636.16	\$ 14,636.16	\$ 17,075.52
EDA Lease Management Fee - 4.92%	\$ 13,589.54	\$ 13,929.28	\$ 16,666.82
<b>TOTAL ESTIMATED COST FOR FY 2020/21 to FY 2023/24</b>	<b>\$ 304,435.93</b>	<b>\$ 311,680.95</b>	<b>\$ 372,498.83</b>

F11: Cost - Total Cost \$ 1,528,981.17





- **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 of existing office space and minor tenant improvements consisting of a new counter top and repairs to the drawers in the existing break room and the repainting of existing parking spaces. The minor tenant improvements would not result in any direct or indirect impacts to the environment and the use of the office space would be consistent with the designated 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 3<sup>rd</sup> Amendment to the Lease Agreement is limited to a contractual transaction and minor tenant improvements. The Lease Agreement and minor tenant improvements will not result in any direct or indirect physical environmental impacts. 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: \_\_\_\_\_

6/19/18

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 Environmental Health Corona, 3rd Amendment to Lease

**Accounting String:** 524830-47220-7200400000- FM042166001900

**DATE:** June 19, 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:** Cindy Campos, Real Property Agent III, Economic Development Agency

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: \_\_\_\_\_

DATE: \_\_\_\_\_

RECEIPT # (S) \_\_\_\_\_



Date: June 19, 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 # FM042166001900**  
Department of Environmental Health, Corona, 3<sup>rd</sup> Amendment to Lease

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

3 1. TERM. Section 4.1 of the Original Lease is hereby amended by the following:  
4 The term of the Lease shall be extended for five (5) years commencing on September  
5 1, 2018 and terminating on August 31, 2023 (the "Extended Term").

6 2. RENT. Subsection 5.1. of the Original Lease is hereby amended by the  
7 following:

8 County shall pay the sum of \$21,997.82 per month to Lessor as rent for the Leased  
9 Premises, payable, in advance, on the first day of the month or as soon thereafter as a  
10 warrant can be issued in the normal course of County's business with an annual  
11 escalator of 2.5% commencing in FY19/20 (July 1, 2019 – June 30, 2020):

<u>Amount</u>	<u>Date</u>
\$21,997.82	September 1, 2018 thru August 31, 2019
\$22,547.77	September 1, 2019 thru August 31, 2020
\$23,111.47	September 1, 2020 thru August 31, 2021
\$23,689.26	September 1, 2021 thru August 31, 2022
\$24,281.50	September 1, 2022 thru August 31, 2023

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20 3. IMPROVEMENTS. Subsection 11.1.8 is hereby added to Section 11 of the  
21 Lease:

22 11.1.8. Lessor, at Lessor's sole cost and expense, shall purchase and install a  
23 new counter top in the break room with similar type of Laminate Formica product  
24 in existing break room, repair any non-working drawers associated with said  
25 countertop and repaint the County's reserved/designated parking spots located in  
26 the parking lot. The said improvements are more particularly described as  
27 Exhibit "I" attached hereto and made a part of this Lease.  
28

1 4. EXHIBIT "I". The Exhibit "I" attached hereto is hereby added to the Lease as  
2 Exhibit "I".

3 5. CAPTITALIZED TERMS/THIRD AMENDMENT TO PREVAIL. Unless defined  
4 herein or the context requires otherwise, all capitalized terms herein shall have the  
5 meaning defined in the Lease, as heretofore amended. The provisions of this Third  
6 Amendment shall prevail over any inconsistency or conflicting provisions of the Lease,  
7 as heretofore amended, and shall supplement the remaining provisions thereof.

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

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


24  
25 [Signatures on following page]  
26  
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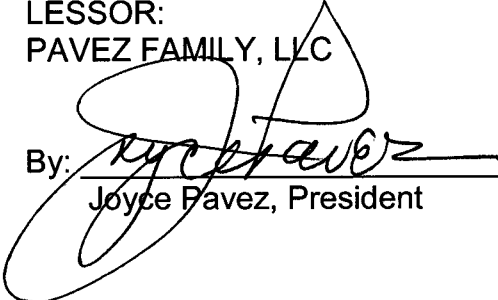
1 IN WITNESS WHEREOF, the Parties have executed this Third Amendment as  
2 of the date first written above.

3  
4 Dated: AUG 28 2018

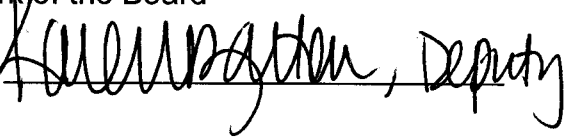
5  
6 LESSEE:  
7 COUNTY OF RIVERSIDE

LESSOR:  
PAVEZ FAMILY, LLC


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

By:   
Joyce Pavez, President

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

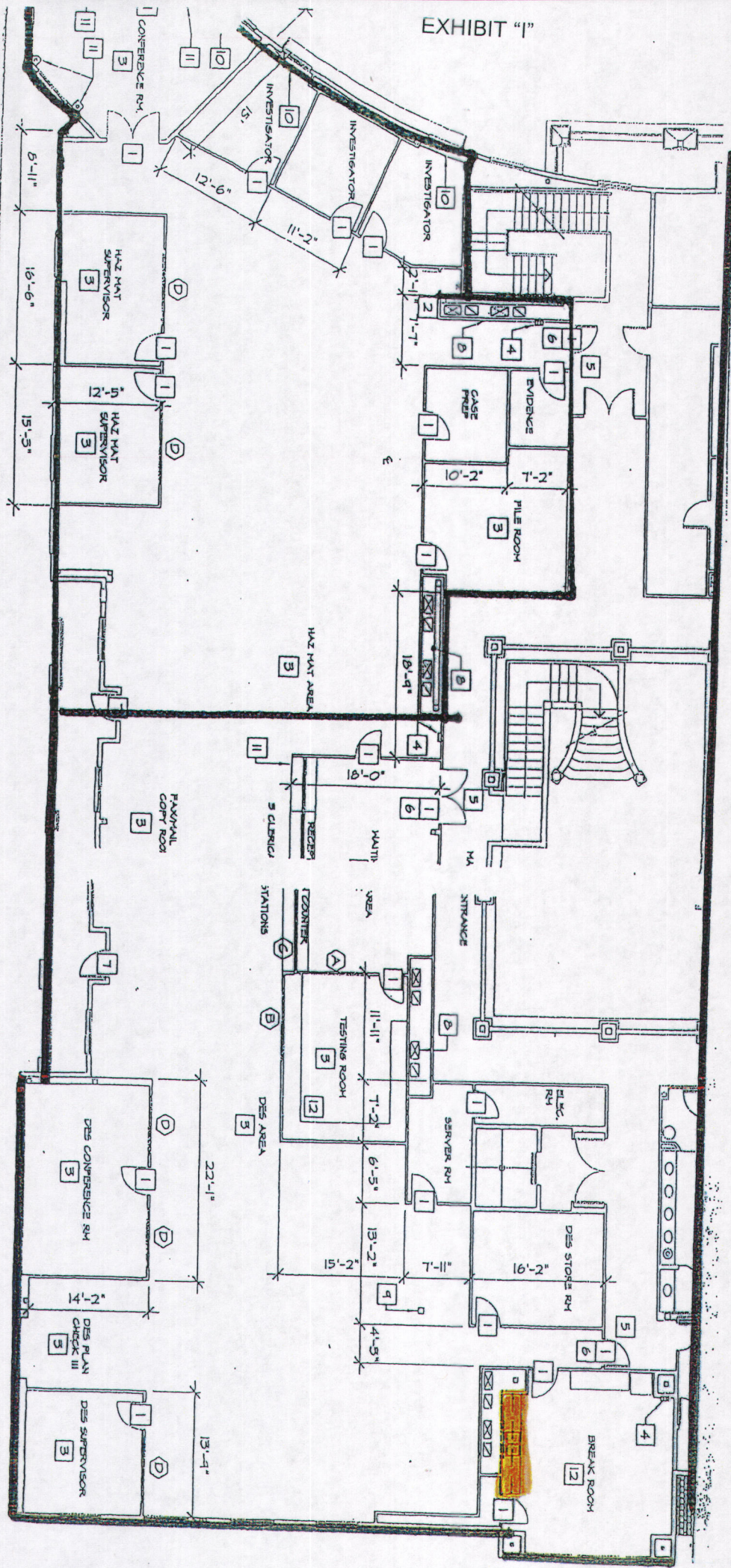
14 By: , Deputy

15  
16 APPROVED AS TO FORM:  
17 Gregory P. Priamos, County Counsel

18 By:   
19 Thomas Oh,  
20 Deputy County Counsel

21  
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23  
24  
25  
26  
27 CC:tg/070318/CR019/19.888

2275 S. MAIN STREET  
 ENCL. HEKLIH - CORONA



1. Replace existing counter top with similar Laminate Formica product.
2. Repair any non-working drawers.
3. Repaint County's reserved/designated parking spots.