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



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

Field, Assistant County Executive Officer/ECD 7/30/

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

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ID# 7535

3.38

Kecia Harper-Ihem

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FINANCIAL DATA	Curr	ent Fiscal Year:	Nex	t Fiscal Year:		Total Cost:	Ongoing Cost		
COST	\$	242,998	\$	297,368	\$	1,528,981	\$		
NET COUNTY COST	\$		\$		\$		\$		
SOURCE OF FUNDS	S : 10	0% Permit Fe	es		·	Budget A	djustment: No		
						For Fisca	l Year: 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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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

Gregory J. Priapros, Director County Counsel

Exhibit A

FY 2018/19

Environmental Health 2275 S. Main Street, Corona

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	10,164	SQF	T		
Approximate Cost per SQFT (July-Aug) Approximate Cost per SQFT (Sep-June)	\$ 2.16 2.16				
Lease Cost per Month (July-Aug) Lease Cost per Month (Sep-June)		\$ \$	21,997.82 21,997.82		
Total Lease Cost (July-Aug) Total Lease Cost (Sep-June) Total Estimated Lease Cost for FY 2018/19				\$ \$	 43,995.64 219,978.20 263,973.84
Estimated Additional Costs:					
Utility Cost per Square Foot Estimated Utility Costs per Month Total Estimated Utility Cost (July-Aug) Total Estimated Utility Cost (Sep - June)	\$ 0.12	\$	1,219.68	\$ \$	2,439.36 12,196.80
EDA Lease Management Fee - 4.12% EDA Lease Management Fee - 4.92%				\$	1,812.62 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	SQF	T	,		
Approximate Cost per SQFT (July - Aug) Approximate Cost per SQFT (Sep - June)	\$ \$	2.16 2.22					
Lease Cost per Month (July - Aug) Lease Cost per Month (Sep - June)			\$ \$	21,997.82 22,547.77			
Total Lease Cost (July - Aug) Total Lease Cost (Sep - June) Total Estimated Lease Cost for FY 2019/20					\$ \$	43,995.64 225,477.66 269,473.30	
Estimated Additional Costs:							
Utility Cost per Square Foot Estimated Utility Costs per Month Total Estimated Utility Cost	\$	0.12	\$	1,219.68	. \$	14,636.16	•
EDA Lease Management Fee - 4.92%					\$	13,258.09	
TOTAL ESTIMATED COST FOR FY 2019/20					\$	297,367.54	

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
Total Estimated Lease Cost for FY 2020/21 to FY 2023/24	\$	276,210.23	\$	283,115.50	\$	338,756.49
Estimated Additional Costs:						
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	\$	12 020 20	œ	16 666 92
257, 25005 Managomone, 66 - 4,52/6	Φ	10,009.04	Φ	13,929.28	\$	16,666.82
TOTAL ESTIMATED COST FOR FY 2020/21 to FY 2023/24	\$	304,435.93	\$	311,680.95	\$	372,498.83

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



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

Initial

NOTICE OF EXEMPTION

June 19, 2018

Project Name: County of Riverside, Economic Development Agency (EDA) Department of Environmental Health, Corona. 3rd Amendment to Lease

Project Number: FM042166001900

Project Location: 2275 South Main Street, Suite 204, south of Ontario Avenue, Corona, California 92882; Assessor's Parcel Number (APN) 113-360-040; (See Attached Exhibit)

Description of Project: On June 28, 2005, the County of Riverside (County) entered into a lease agreement with Pavez Family, LLC Inc., a California limited liability company (Lessor) to lease building space at 2275 South Main Street in Corona for use by the Department of Environmental Health. The Lease Agreement has been amended twice previously, and the 10,164 square feet of office space continues to meet the needs of the department. and the Economic Development Agency (EDA) Real Estate Division has successfully negotiated a new five-year extension to the Lease Agreement in which the Lessor will also perform minor tenant improvements consisting of the installation of a new counter top and repair of non-working drawers in the break room and the repainting of the reserved parking spaces in the parking lot. The 3rd Amendment to the Lease Agreement, which is the letting of property involving existing facilities, and minor tenant improvements is identified as the proposed Project under the California Environmental Quality Act (CEQA). 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, Pavez Family LLC, Inc.

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 3rd Amendment to the Lease Agreement.

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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 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 3rd 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

rroject Name: Dep	artment of Environmental Health Corona, 3rd Amendment to Lease
Accounting String:	524830-47220-7200400000- FM042166001900
DATE:	June 19, 2018
AGENCY:	Riverside County Economic Development Agency
	S THE COUNTY CLERK & RECORDER TO BILL FOR FILING AND FOR THE ACCOMPANYING DOCUMENT(S).
NUMBER OF DOC	UMENTS INCLUDED: One (1)
AUTHORIZED BY: Signature:	Development Agency
PRESENTED BY:	Cindy Campos, Real Property Agent III, Economic Development Agency
	-TO BE FILLED IN BY COUNTY CLERK-
	-10 DE FILLED IN DT COUNTT 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, 3rd 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 10th Street, Suite 400, Riverside, CA 92501

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

Attachment

cc: file

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THIRD AMENDMENT TO LEASE DEPARTMENT OF ENVIRONMENTAL HEALTH 2275 South Main Street, Corona, CA 92882

THIS THIRD AMENDMENT TO LEASE ("Third Amendment") dated as of #WOUST 25,7018, is entered by and between COUNTY OF RIVERSIDE, a political subdivision of the State of California ("County") and, PAVEZ FAMILY, LLC, a California limited liability company ("Lessor"). County and Lessor are hereinafter collectively referred to as the "Parties".

RECITALS

- County and Lessor have entered into that certain Lease, dated June 28, 2005 (the "Original Lease") pursuant to which County has agreed to lease from Lessor and Lessor has agreed to lease to County that certain building located at 2275 South Main Street, Corona, California, as more particularly described in Exhibit "A" of the Original Lease.
- В. The Original Lease has been amended by that certain First Amendment to Lease dated August 10, 2010 by and between the County and Lessor ("First Amendment"), whereby the parties extended the term of the Original Lease and provided for tenant improvements, and that certain Second Amendment to Lease dated November 3, 2015 by and between the County and Lessor ("Second Amendment"), whereby the Parties extended the term of the Original Lease, amended the rent terms, and provided for tenant improvements.
- C. The Original Lease together with the First Amendment and Second Amendment are collectively referred to herein as the "Lease".
- D. The Parties now desire to amend the Lease to extend the term of the Lease, amend the rent terms, and provide for tenant improvements.

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

- TERM. Section 4.1 of the Original Lease is hereby amended by the following: The term of the Lease shall be extended for five (5) years commencing on September 1, 2018 and terminating on August 31, 2023 (the "Extended Term").
- 2. RENT. Subsection 5.1. of the Original Lease is hereby amended by the following:

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

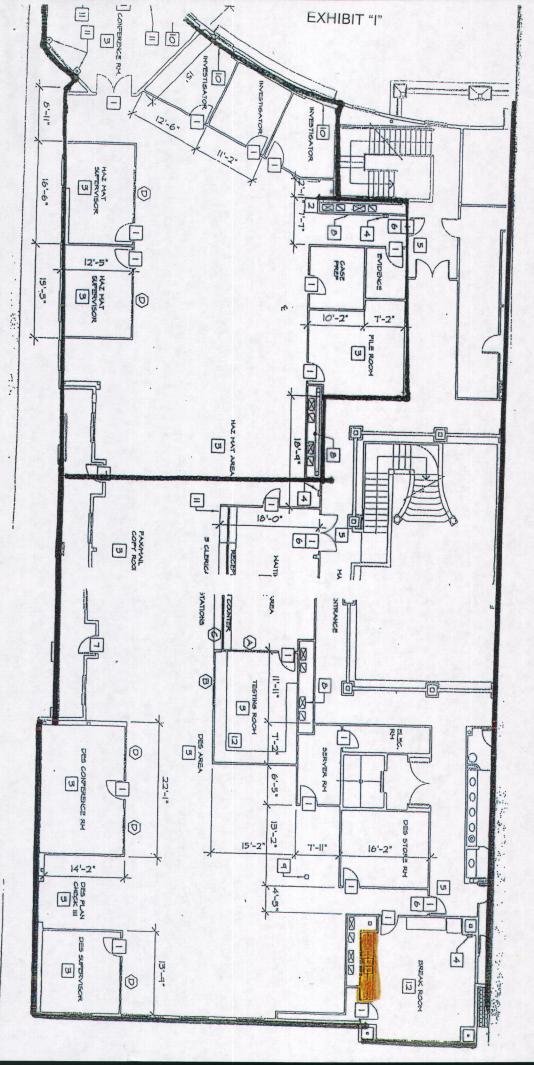
<u>Amount</u>	<u>Date</u>
\$21,997.82	September 1, 2018 thru August 31, 2019
\$22,547.77	September 1, 2019 thru August 31, 2020
\$23,111.47	September 1, 2020 thru August 31, 2021
\$23,689.26	September 1, 2021 thru August 31, 2022
\$24,281,50	September 1, 2022 thru August 31, 2023

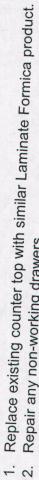
- 3. IMPROVEMENTS. Subsection 11.1.8 is hereby added to Section 11 of the Lease:
 - 11.1.8. Lessor, at Lessor's sole cost and expense, shall purchase and install a new counter top in the break room with similar type of Laminate Formica product in existing break room, repair any non-working drawers associated with said countertop and repaint the County's reserved/designated parking spots located in the parking lot. The said improvements are more particularly described as Exhibit "I" attached hereto and made a part of this Lease.

- 4. EXHIBIT "I". The Exhibit "I" attached hereto is hereby added to the Lease as Exhibit "I".
- 5. CAPTITALIZED TERMS/THIRD 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 Third Amendment shall prevail over any inconsistency or conflicting provisions of the Lease, as heretofore amended, and shall supplement the remaining provisions thereof.
- 6. MISCELLANEOUS. Except as amended or modified herein, all the terms of the Lease shall remain in full force and effect and shall apply with the same force and effect. Time is of the essence in this Third Amendment and the Lease and each and all of their respective provisions. Subject to the provisions of the Lease as to assignment, the agreements, conditions and provisions herein contained shall apply to and bind the heirs, executors, administrators, successors and assigns of the parties hereto. If any provisions of this Third Amendment or the Lease shall be determined to be illegal or unenforceable, such determination shall not affect any other provision of the Lease and all such other provisions shall remain in full force and effect. The language in all parts of the Lease shall be construed according to its normal and usual meaning and not strictly for or against either Lessor or County. Neither this Third Amendment, nor the Lease, nor any notice nor memorandum regarding the terms hereof, shall be recorded by County.
- 7. EFFECTIVE DATE. This Third 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.

[Signatures on following page]

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	LESSSEE: LESSOR: A
7	COUNTY OF RIVERSIDE PAVEZ FAMILY, LLC
8	Oliver Water Standard
9	By: By: By: Joyce Pavez, President
10	Board of Supervisors
11	
12	ATTEST: Kecia Harper-Ihem
13	Clerk of the Board
14	By: All Mother, Deputy
15	
16	APPROVED AS TO FORM:
17	Gregory P. Priamos, County Counsel
18	By:
19	Thomas Oh,
20	Deputy County Counsel
21	
22	
23	
24	
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27	CC:tg/070318/CR019/19.888
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Repair any non-working drawers.

Repaint County's reserved/designated parking spots.

