

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



**ITEM**  
3.10  
(ID # 7538)

**MEETING DATE:**

Tuesday, September 18, 2018

**FROM :** ECONOMIC DEVELOPMENT AGENCY (EDA):

**SUBJECT:** ECONOMIC DEVELOPMENT AGENCY (EDA): Ratify and Approve Second Amendment to Lease with Blue Mountain Two, LP - Department of Public Social Services-Three Year Lease Extension, CEQA Exempt Federal 43.61%, State 0.74%, County 16.61%, Realign 39.04%, District 1, [\$1,221,930] (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 CEQA Guidelines Section 15301, Existing Facilities exemption, and Section 15061 (b) (3), "Common Sense" exemption;
2. Ratify and approve the attached Second Amendment to Lease with Blue Mountain Two, LP, 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, CIP

Robert Field, Assistant County Executive Officer/ECD 7/30/2018

---

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Jeffries, seconded by Supervisor Ashley and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

**Ayes:** Jeffries, Washington, Perez and Ashley  
**Nays:** None  
**Absent:** Tavaglione  
**Date:** September 18, 2018  
**xc:** EDA, Recorder

Kejia 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>	\$ 381,107	\$ 399,811	\$ 1,221,930	\$ 0
<b>NET COUNTY COST</b>	\$ 63,302	\$ 66,409	\$ 202,963	\$ 0
<b>SOURCE OF FUNDS:</b> Federal 43.61%, State 0.74%, County 16.61%, Realign 39.04%			<b>Budget Adjustment:</b> No	
			<b>For Fiscal Year:</b> 2018/19 - 2021/22	

**C.E.O. RECOMMENDATION:** Policy

**BACKGROUND**

**Summary:**

The County of Riverside has been under lease at 1111 Spruce St. Riverside since July 21, 2015. The Department of Public Social Services (DPSS) has occupied the building as their Administration and Training facility. This location continues to meet the requirements of DPSS and this Second Amendment to Lease extends the Lease to July 31, 2021, representing a 3-year renewal.

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 where no or negligible expansion of an existing use will occur.

Summary of existing lease that was approved by the Board of Supervisors July 21, 2015 and Second Amendment to Lease:

<b>Lessor:</b>	Blue Mountain Two, LP 28 Hammond Street, Suite F Irvine, California 92618			
<b>Premises:</b>	1111 Spruce Street Riverside, California 92507			
<b>Term:</b>	Three years, commencing August 1, 2018			
<b>Size:</b>	26,600 square feet			
<b>Rent:</b>	<u>Current</u>		<u>New</u>	
	\$1.02	per sq. ft.	\$1.06	per sq. ft.
	\$27,121.15	per month	\$28,196.00	per month
	\$325,453.00	per year	\$338,352.00	per year

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

Annual Adjustment: Two percent annually

Utilities: County shall pay entire electric and telephone bill, water and trash provided by Landlord.

Custodial: Provided by Landlord

Maintenance: Provided by Landlord

Improvements: Landlord shall complete the following improvements: replace existing vinyl composition tile in hallways, upgrade fire life safety system, and County shall reimburse Lessor for actual costs incurred not to exceed \$85,000. Not subject to reimbursement by County, Lessor shall install and/or equip room 604 with HVAC.

**Impact on Citizens and Businesses**

This facility will provide training and employment for new employees to better serve residents of the County.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

Exhibits A, B & C

DPSS budgeted for these costs in FY 2018/19 and will reimburse EDA for all lease costs on a monthly basis.

**Contract History and Price Reasonableness**

The lease rate is below market rates based on the current market conditions.

Attachments:

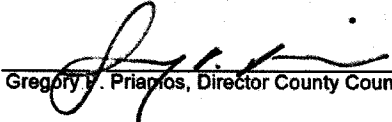
- Exhibits A, B & C
- Second Amendment to Lease
- Notice of Exemption

RF:HM:VY:YK:tg RV573 19.940 13876  
Minute Traq ID 7538

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

  
Nehini Basika, Principal Management Analyst 9/10/2018

  
Ivan Chand, Deputy County Executive Officer 9/10/2018

  
Gregory V. Priapros, Director County Counsel 9/6/2018

1 **SECOND AMENDMENT TO LEASE**

2 (Department of Public Social Services,  
3 1111 Spruce Street, Riverside)  
4

5 This **SECOND AMENDMENT TO LEASE** ("Second Amendment") is made as of  
6 September 18, 2018, by and between the **COUNTY OF RIVERSIDE**, a political  
7 subdivision of the State of California, ("County"), as Lessee, and **BLUE MOUNTAIN**  
8 **TWO, LP**, a California limited partnership, ("Lessor") and, sometimes collectively  
9 referred to as the "Parties".

10 **RECITALS**

11 **A.** Lessor and County entered into that certain Lease dated July 21, 2015,  
12 ("Original Lease") pursuant to which Lessor has agreed to lease to County and County  
13 has agreed to lease from Lessor approximately 26,000 square feet of office space  
14 located at 1111 Spruce St., Riverside, California ("Premises"), as more particularly  
15 described in the Original Lease.

16 **B.** The Original Lease was amended by that certain First Amendment to  
17 Lease, dated January 26, 2016, by and between the County and Lessor, whereby the  
18 Parties amended the Original Lease to provide for tenant improvements.

19 **C.** The Original Lease together with the First Amendment are collectively  
20 referred to hereinafter as the "Lease".

21 **D.** County and Lessor desire to further amend the Lease to extend the term,  
22 increase the rent, and complete tenant improvements.

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

25 **1. TERM.** Section 4.1 of the Lease shall be amended by the following: The  
26 term of the Lease shall be extended for a period of three (3) years, commencing  
27 August 1, 2018 and terminating on July 31, 2021.  
28

SEP 18 2018 3.10

1           **2. RENT.** Section 5.1 of the Lease shall be amended by the following:  
2 County shall pay the sum of Twenty Eight Thousand One Hundred Ninety Six Dollars  
3 (\$28,196.00) per month to Lessor as rent for the Premises beginning August 1, 2018.

4           **3. OPTIONS.** Section 6.1 of the Lease shall be amended by the following:  
5 Each Extension Option (as that term is defined in the Lease) shall range in duration for  
6 a period of two years to five years ("Extended Term"), as agreed upon by the Parties in  
7 writing and subject to the conditions described in Section 6.1 of the Lease. By  
8 extending the Lease term pursuant to this Second Amendment, the County is hereby  
9 exercising its first Extension Option under Section 6.1 of the Lease.

10           **4. IMPROVEMENTS.** Section 11.1 of the Lease is hereby amended by  
11 adding the following subsections 11.1.9 and 11.1.10 as follows:

12                   **11.1.9** By December 31, 2018, Lessor shall, at its sole cost and expense,  
13 not subject to reimbursement by County, install and/or equip Room 604 of the  
14 Premises with heating, ventilation and air conditioning.

15                   **11.1.10** By December 31, 2018, Lessor shall, subject to reimbursement  
16 by County in an amount not-to-exceed Eighty Five Thousand Dollars  
17 (\$85,000.00), complete improvements as outlined on Exhibit "J" attached hereto  
18 and incorporated herein by reference. Said improvements shall be undertaken  
19 according to County standard materials and finishes, and shall be subject to the  
20 supervision and direction of County. Within thirty (30) days of completion and  
21 acceptance of said improvements by Lessor, Lessor shall provide County with  
22 an itemized invoice and related supporting documentation as requested by the  
23 County. Reimbursement to Lessor by County shall be for the actual cost of  
24 improvements and shall not exceed \$85,000. Subject to the said not-to-exceed  
25 amount, said reimbursement shall be made in the following manner:

26                           (a) One third (1/3) of the invoiced amount shall be paid within forty  
27 five (45) days after receipt of invoice and supporting documentation as  
28 required, including plans if permitted.

1 (b) One half (1/2) of the remaining balance together with interest  
2 thereon at a rate of three percent (3%) per annum from the date of  
3 completion until the date of payment, shall be paid on or before August 1<sup>st</sup>  
4 of the County fiscal year following the fiscal year in which the initial  
5 payment was paid.


6 (c) The remaining balance together with interest thereon at the  
7 rate of three percent (3%) per annum, from the date of completion until the  
8 date of payment, shall be paid on or before August 1<sup>st</sup> of the County fiscal  
9 year following the fiscal year in which the payment referenced in section  
10 11.1.10(b) above was paid.

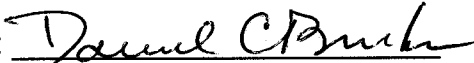
11 **5. Exhibit "J".** The Exhibit "J" attached hereto is hereby added to the  
12 Lease as Exhibit "J".


13 **6. Second Amendment to Prevail.** The provisions of this Second  
14 Amendment shall prevail over any inconsistency or conflicting provisions of the Lease,  
15 and shall supplement the remaining provisions thereof. Unless defined herein or the  
16 context requires otherwise, all capitalized terms herein shall have the meaning defined  
17 in the Lease.


18 **7. Miscellaneous.** Except as amended or modified herein, all the terms of  
19 the Lease shall remain in full force and effect and shall apply with the same force and  
20 effect. If any provisions of this Second Amendment or the Lease shall be determined  
21 to be illegal or unenforceable, such determination shall not affect any other provision of  
22 the Lease and all such other provisions shall remain in full force and effect. The  
23 language in all parts of the Lease shall be construed according to its normal and usual  
24 meaning and not strictly for or against either Lessor or County. Neither this Second  
25 Amendment, nor the Lease, nor any notice nor memorandum regarding the terms  
26 hereof, shall be recorded by County.

1           **8. Effective Date.** This Second Amendment to Lease shall not be binding  
2 or effective until its approval by the County's Board of Supervisors and fully executed  
3 by the Parties, which date shall be deemed to be September 18, 2018.

4  
5 LESSEE:  
6 COUNTY OF RIVERSIDE)  
7 By:   
8 Chuck Washington, Chairman  
Board of Supervisors

LESSOR:  
BLUE MOUNTAIN TWO, LP  
By:   
Daniel C. Burke, General Partner

9  
10 ATTEST:  
11 Kecia Harper-Ihem  
Clerk of the Board  
12 By:   
13 Deputy

14  
15 APPROVED AS TO FORM:  
16 Gregory P. Priamos, County Counsel  
17 By:   
18 Thomas Oh, Deputy County Counsel

19  
20 YK:ra/082218/RV5763/19.913  
21  
22  
23  
24  
25  
26  
27  
28



**EXHIBIT "J"**  
**TENANT IMPROVMENTS**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

- Replace all vinyl composition tile in hallways throughout the Premises
- Upgrade existing fire life safety system with strobes, horns and/or sensors throughout the Premises
- Install HVAC thermostat (own zone) or sensor that ties into the overhead unit in room 604



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

**NOTICE OF EXEMPTION**

9/18/18  
Date

*[Signature]*  
Initial

July 6, 2018

**Project Name:** Department of Public Social Services 2nd Amendment to Lease, Spruce Street, Riverside, California.

**Project Number:** FM042611057300

**Project Location:** 1111 Spruce Street, west of Rustin Avenue, Riverside, California, Assessor's Parcel Number (APN) 249-140-026 (See attached exhibit).

**Description of Project:** The County of Riverside (County) has been under lease at a Department of Public Social Services (DPSS) facility located at 1111 Spruce Street (Assessor's Parcel Number 249-140-026) in the City of Riverside since July 21, 2015. DPSS has occupied 26,600 square feet of office space as part of their Administration and Training building. The Lease was amended once previously on January 26, 2016 for minor tenant improvements and a three-year extension of term. The office space continues to meet the needs of the DPSS and a three-year lease extension with minor tenant improvements is being presented for approval. The minor tenant improvements being sought are the replacement of flooring in hallways, an upgrade to the fire life safety system, and the provision of HVAC in room 604. The 2<sup>nd</sup> Amendment to the Lease, which entails the extension of the existing lease commencing August 1, 2018 and terminating July 31, 2021 with minor tenant improvements is identified as the proposed Project under the California Environmental Quality Act (CEQA). The operation of the DPSS facility will continue to provide County services and no expansion of the existing use would occur. 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; Blue Mountain Two, LP

**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.

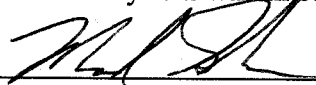
**Reasons Why Project is Exempt:** The proposed Project is categorically exempt from the provisions of CEQA specifically by the State CEQA Guidelines as identified below. The Project will not result in any specific or general exceptions to the use of the categorical exemption as detailed under State CEQA Guidelines Section 15300.2. The Project will not cause an impact to an environmental resource of hazardous or critical concern nor would the Project include a reasonable possibility of having a significant effect on the environment due to unusual circumstances. 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 2<sup>nd</sup> Amendment to the Lease Agreement.

SEP 18 2018 3.10

- **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 three-year extension of term and minor tenant improvements for an existing Lease Agreement. Minor tenant improvements are interior and include the replacement of flooring in hallways, an upgrade to the fire life safety system, and the provision of HVAC in room 604. The 2<sup>nd</sup> Amendment to the Lease Agreement would not result in a change of use or 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 2<sup>nd</sup> Amendment to the Lease Agreement will not result in any direct or indirect physical environmental impacts. The use and operation of the facility will be consistent with the existing use and will not create any new environmental impacts to the surrounding area. No alterations and no impacts beyond the ongoing, existing use of the site 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 exemption 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: \_\_\_\_\_

7/6/18

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

**RIVERSIDE COUNTY CLERK & RECORDER**

**AUTHORIZATION  
TO BILL  
BY JOURNAL VOUCHER**

**Project Name: DPPS 2nd Amendment to Lease, Spruce Street Riverside**

**Accounting String: 524830-47220-7200400000 - FM042611057300**

DATE: July 6, 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: Yolanda King, Real Property Agent III, Economic Development Agency

-TO BE FILLED IN BY COUNTY CLERK-

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

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

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



Date: July 6, 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 # FM042611057300**  
DPPS 2nd Amendment to Lease, Spruce Street, Riverside

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