

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



ITEM  
3.12  
(ID # 8293)

MEETING DATE:  
Tuesday, December 11, 2018

FROM : ECONOMIC DEVELOPMENT AGENCY (EDA):

SUBJECT: ECONOMIC DEVELOPMENT AGENCY: Ratification and Approval of First Amendment to Revenue Ground Sublease - Alternative Energy, Department of Waste Resources, District 2 [0] (CEQA Exempt)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from CEQA pursuant to State CEQA Guidelines Section 15061(b)(3), as it can be seen with certainty that there is no possibility the activity in question may have a significant impact on the environment;
2. Ratify and approve the attached First Amendment to the Revenue Ground Sublease, 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 (5) working days of approval by the Board.

ACTION: Policy

Robert Field, Assistant County Executive Officer/ECD

11/15/2018

Hans Keinkamp, General Manager - Chief Engineer

11/19/2018

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MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, 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: December 11, 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>	\$0	\$0	\$0	\$0
<b>NET COUNTY COST</b>	\$0	\$0	\$0	\$0
<b>SOURCE OF FUNDS: N/A</b>			<b>Budget Adjustment: No</b>	
			<b>For Fiscal Year: 2018/19</b>	

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

**BACKGROUND:**

**Summary**

In 2013, the Economic Development Agency (“EDA”), in coordination with the Department of Waste Resources (“DWR”), issued a Request for Proposal (“RFP”) for an Alternative Energy Project (“Project”) on the closed West Riverside Landfill, Jurupa Valley. The West Riverside Landfill is approximately 80 acres, and is managed by the DWR.

The RFP requested submittals from private sector alternative energy developers to construct utility grade alternative energy facilities on the closed West Riverside Landfill. As consideration, the selected developer would pay the County a percentage of their gross revenues generated from the sales of energy along with a monthly ground rent. Stronghold Engineering Inc. (“Stronghold”) was the awardee, and the County negotiated a sublease agreement that would provide Stronghold with the ability to conduct up to 36 months of due diligence which includes forming the size and scope of an alternative energy project and fully entitling that project through the City of Jurupa Valley and with County consent over the Project. DWR may grant up to two 6-month extensions to the initial 36-month diligence period, if DWR determines, in its sole and subjective determination, that Stronghold has made reasonable progress to obtain the necessary permits.

DWR and Stronghold entered into that certain Revenue Ground Sublease dated April 8, 2015 (“Sublease”). The purpose of this First Amendment to the Sublease (“First Amendment”) is to approve Stronghold’s request to exercise their option to extend their due diligence period for up to two 6-month periods. Based on Stronghold’s progress in pursuing the Project, staff recommends approval of this First Amendment and extension to the Sublease.

Pursuant to State CEQA Guidelines Section 15061(b)(3), the project, the First Amendment, is exempt from CEQA, as it can be seen with certainty that there is no possibility the activity in question may have a significant impact on the environment.

Leased Premises: West Riverside Landfill  
 APNs: 178-290-006, 178-281-006, 178-290-003, 178-281-011,  
 178-281-008, and 178-290-013

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STATE OF CALIFORNIA**

Sublessor: County of Riverside, on behalf of Riverside County DWR

Sublessee: Stronghold

Size: Approximately eighty (80) acres

Term: Twenty-eight (28) years, including a three (3) year due diligence period, with up to two 6-month extensions to due diligence period in DWR's sole and subjective discretion. One option to extend term of sublease for an additional twenty-eight (28) years.

Rent: After the due diligence period, two thousand dollars (\$2000) per month as ground rent, plus two (2%) percent of total gross monthly revenue.

Rent Adjustment: Ground rent shall increase three (3%) percent annually

Utilities: To be paid for by Sublessee

Maintenance: To be paid for by Sublessee

Improvements: Alternative Energy Facilities consisting of Solar Panels, installed and paid for by Sublessee.

The EDA – Real Estate Division will be reimbursed by the DWR for any and all costs incurred and associated with this transaction. This First Amendment has been reviewed and approved by County Counsel as to legal form.

**Impact on Citizens and Businesses**

When constructed, this proposed alternative energy project will serve to address the County's goal of improving the quality of life by developing sustainable and livable communities. The Project may provide environmentally friendly solar energy to residents and businesses of the region for years to come. The Project will use a closed landfill site to generate solar energy that will also create jobs and revenue. This Project will benefit the taxpayers of the County by offsetting long term maintenance and operational costs currently associated with this closed landfill.

**Contract History and Price Reasonableness**

In 2013, an RFP for the Project was issued. Stronghold was the awardee, and the County negotiated a sublease agreement for the purpose of allowing Stronghold to develop, install,

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
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construct, operate, maintain, and remove a solar electric generating facility, which includes all photovoltaic solar panels, mounting systems, foundations, inverters, transformers, integrators, all electric lines and conduits required to generate, collect, distribute and transmit electrical energy and such additional utility cables, lines, conduits, transformers, wires, meters, monitoring equipment and other necessary or convenient equipment and appurtenances common to such a facility. Although there is a 3-year due diligence period, there is a potential for ongoing revenue to the DWR in the form of rent and gross revenue payments when the project is permitted and finalized.

**Attachments:**


**Attachment A. First Amendment to the Revenue Ground Sublease**

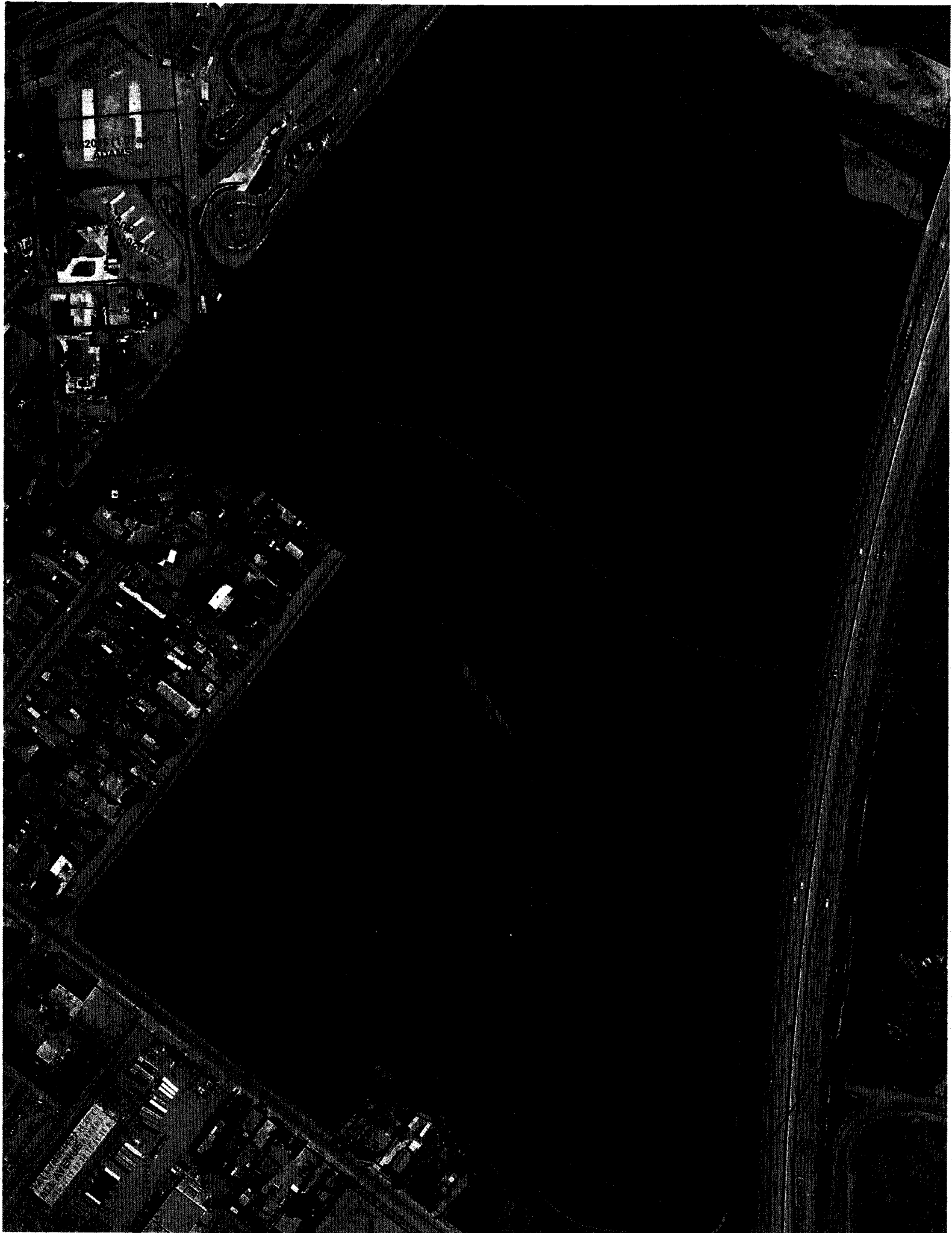
**Attachment B. Notice of Exemption**

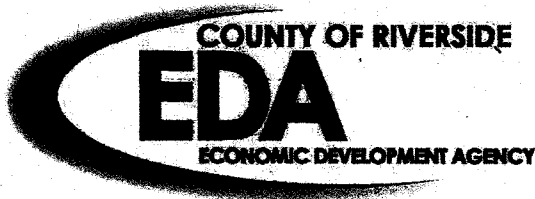
**Attachment C. Aerial Image**

RF:HM:VY:CAO:ra 20.256 13925  
MinuteTrak 8293

  
Rohini Dasika, Principal Management Analyst 12/3/2018

  
Gregory J. Priaplos, Director County Counsel 11/26/2018





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

12/17/18  
Date

Cb  
Initial

NOTICE OF EXEMPTION

November 7, 2018

Project Name: First Amendment to Revenue Ground Sublease West Riverside Landfill, Jurupa Valley, County of Riverside,

Project Number: FM0414500056

Project Location: Assessor Parcel Numbers (APNs): 178-290-006, 178-281-006, 178-290-003, and 178-290-013; Located adjacent to the west levee of the Santa Ana River, and along the north side of State Route 60; bounded by Hall Avenue and homes on the west, and by 28th Street and a recreational go-cart track on the north. Entrance to the site is at 2700 Hall Avenue, Jurupa Valley, CA; (See attached site plan)

Description of Project: In 2013, the County of Riverside (County) the Economic Development Agency (EDA), in coordination with the Waste Management Department (WMD), issued a Request for Proposal (RFP) for an alternative energy project on the closed West Riverside Landfill, Jurupa Valley. The closed West Riverside Landfill is approximately 80 acres, and is operated and controlled by WMD. The RFP requested submittals from private sector alternative energy developers to construct utility grade alternative energy facilities on the closed West Riverside Landfill.

As consideration, the selected developer was required to enter into a revenue ground lease to pay the County a percentage of their gross revenues generated from the sales of energy along with monthly ground rent. Based on the selection criteria, Stronghold Engineering Inc. (Stronghold) was the awardee and the County negotiated an agreement that provided Stronghold up to 36 months of due diligence which includes forming the size and scope of an alternative energy project and fully entitling that project through the local jurisdiction (City of Jurupa Valley) with County consent over the ultimate project. WMD was given the ability to grant up to two 6-month extensions to the initial 36-month diligence period, if WMD determines, in its sole and subjective determination, that Stronghold has made reasonable progress to obtain necessary permits. WMD is now proposing to grant two 6-month extensions to the 36-month due diligence period. The granting of the additional two 6-month extensions to the 36-month due diligence period is defined as the proposed project under the California Environmental Quality Act (CEQA). The First Amendment provides additional time for the size and scope of the alternative energy project and entitle the project through the City of Jurupa Valley with final County consent. The First Amendment to the Revenue Sublease continues to place full responsibility on Stronghold to comply with and provide full CEQA review with the City of Jurupa Valley acting as the lead agency once the actual project and design parameters are established.

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; Stronghold Engineering, Inc.

Exempt Status: State CEQA Guidelines Section 15061(b) (3), General Rule or "Common Sense" Exemption. Codified under California Code of Regulations Title 14, Article 5, Section 15061.

DEC 11 2018 3.12

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

- Administration
Aviation
Business Intelligence
Cultural Services
Community Services
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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

**Reasons Why Project is Exempt:** The discretionary action to extend the due diligence period to design and entitle the alternative energy facility is exempt from the requirements of CEQA as it would not result in direct impacts to the physical environment or reasonably foreseeable indirect effects. The First Amendment to the Revenue Sublease would have no direct physical effect on the environment as the agreement consists only of an extension of term, and a refinement of fiscal and legal responsibilities regarding the execution of the contract and does not include any changes to the existing land use or a physical disruption of the property.

- **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 direct effects of the proposed First Amendment to the Revenue Sublease Agreement is limited to the extension of an existing lease agreement with revisions in contractual obligations.

The potential indirect effects from the action to develop an alternative energy facility was previously addressed in a Notice of Exemption approved by the Board on April 8, 2015. Stronghold, as required by terms of that previous agreement, would be required to provide CEQA review and analyze the effects of all of the discretionary actions involved in the development of the future site as an alternative energy facility. This proposed extension will not result in any direct or indirect physical environmental impacts. 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: 11/7/18

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

**RIVERSIDE COUNTY CLERK & RECORDER**

**AUTHORIZATION  
TO BILL  
BY JOURNAL VOUCHER**

**Project Name: First Amendment to Revenue Ground Sublease West Riverside Landfill,  
Jurupa Valley**

**Accounting String: 524830-47220-7200400000 - FM0414500056**


DATE: November 7, 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, Supervising Real Property Agent, Economic  
Development Agency

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: - -

DATE: -

RECEIPT # (S) -





Date: November 7, 2018

To: Kiyomi Moore/Josefina Castillo, Office of the County Clerk

From: Mike Sullivan, Senior Environmental Planner, Project Management Office

Subject: **County of Riverside Economic Development Agency Project # FM0414500056**  
First Amendment to Revenue Ground Sublease West Riverside Landfill, Jurupa Valley

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 or email at [msullivan@rivco.org](mailto:msullivan@rivco.org).**

Attachment

cc: file

1                                   **FIRST AMENDMENT TO REVENUE GROUND SUBLEASE**

2  
3           This **FIRST AMENDMENT TO THE REVENUE GROUND SUBLEASE** ("First  
4 Amendment") is made as of December 11, 2018 by and between the  
5 COUNTY OF RIVERSIDE ("County"), a political subdivision of the State of California,  
6 on behalf its Department of Waste Resources ("DWR"), formerly known as the  
7 Riverside County Waste Management Department ("RCWMD"), and STRONGHOLD  
8 ENGINEERING INC. ("Stronghold"). County and Stronghold are sometimes  
9 collectively referred to herein as the "Parties".

10                                   **RECITALS.**

11           **A.** The County of Riverside, a political subdivision of the State of California,  
12 is the owner of certain parcels of land identified by Assessor Parcel Numbers 178-290-  
13 006, 178-281-006, 178-290-003, 178-281-011, 178-281-008 and 178-290-013 ("Land").

14           **B.** The County, on behalf of RCWMD, and Stronghold entered into that  
15 certain Revenue Ground Sublease dated April 8, 2015, ("Original Sublease") pursuant  
16 to which Stronghold has agreed to sublease a portion of the Land from the County  
17 ("Leased Premises") for the purpose of developing, installing, constructing, operating,  
18 maintaining and removing a solar electric generating facility, which includes all  
19 photovoltaic solar panels, mounting systems, foundations, inverters, transformers,  
20 integrators, all electric lines and conduits required to generate, collect, distribute and  
21 transmit electrical energy and such additional utility cables, lines, conduits,  
22 transformers, wires, meters, monitoring equipment and other necessary or convenient  
23 equipment and appurtenances common to such a facility (collectively, "Solar Facility").

24           **D.** Pursuant to Section 2(b) of the Original Sublease, Stronghold and the  
25 County agreed that a due diligence and development period of thirty-six (36) months  
26 commencing on the Effective Date of the Original Sublease ("Original Due Diligence  
27 Period") was necessary for Stronghold to study the Leased Premises and begin  
28 implementing the intended development of the Solar Facility.

1 E. The Original Due Diligence Period ended on April 8, 2018, and pursuant  
2 to Section 2(d) of the Original Sublease, the Original Due Diligence Period may be  
3 extended pursuant to an amendment to the Original Sublease for up to two (2)  
4 additional six (6) month periods upon the sole and subjective determination by the  
5 County that reasonable progress is being made by Stronghold to obtain the Permits for  
6 the Solar Facility as described in Section 2 of the Original Sublease.

7 F. The County, on behalf of DWR, determines that Stronghold is making  
8 reasonable progress to obtain the Permits for the Solar Facility as described in Section  
9 2 of the Original Sublease.

10 G. The Parties now desire to amend the Original Sublease to extend the  
11 Original Due Diligence Period for two (2) additional six (6) month periods.

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

14 1. **Section 2.** Section 2 of the Original Sublease is hereby amended by the  
15 following: The Parties hereby agree to extend the Original Due Diligence Period for  
16 two (2) additional six (6) month periods pursuant to Section 2(d) of the Original  
17 Sublease. The Due Diligence Period set forth in Section 2(a) of the Original Sublease  
18 shall now expire on April 8, 2019.

19 2. **Miscellaneous.** Except as amended or modified herein, all terms of the  
20 Original Sublease shall remain in full force and effect. If any provisions of this First  
21 Amendment shall be determined to be illegal or unenforceable, such determination  
22 shall not affect any other provision of the Original Sublease. Neither this First  
23 Amendment nor the Original Sublease shall be recorded by Stronghold. Unless  
24 defined herein or the context requires otherwise, all capitalized terms herein shall have  
25 the meaning defined in the Original Sublease, as heretofore amended. The provisions  
26 of this First Amendment shall prevail over any inconsistency or conflicting provisions of  
27 the Original Sublease, as heretofore amended, and shall supplement the remaining  
28 provisions thereof. Time is of the essence in this First Amendment and the Original

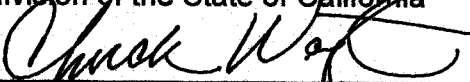
1 Sublease and each and all of their respective provisions. Subject to the provisions of  
2 the Original Sublease as to assignment, the agreements, conditions and provisions  
3 herein contained shall apply to and bind the heirs, executors, administrators,  
4 successors and assigns of the Parties hereto. The language in all parts of the Original  
5 Sublease shall be construed according to its normal and usual meaning and not strictly  
6 for or against either County or Stronghold.

7 **3. Effective Date.** This First Amendment shall not be binding or  
8 consummated until its approval by the Riverside County Board of Supervisors and fully  
9 executed by the Parties.

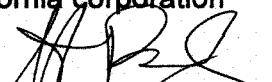
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11 [signatures on the following page]  
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1           **IN WITNESS WHEREOF**, the Parties have executed this First Amendment as of  
2 the date first written above.


3 **COUNTY OF RIVERSIDE**, a political  
4 Subdivision of the State of California

5 By:   
6 Chuck Washington, Chairman  
7 Board of Supervisors

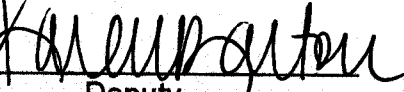
**STRONGHOLD ENGINEERING INC.**, a  
California corporation

By:   
Scott Bailey  
Chief Operations Officer


8 **RIVERSIDE COUNTY DEPARTMENT OF**  
9 **WASTE RESOURCES**

10 By:   
11 Hans Kernkamp  
12 General Manager

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

16 By:   
17 Deputy

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

21 By:   
22 Thomas Oh  
23 Deputy County Counsel

24  
25 CAO:ra/092118/19.992  
26  
27  
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