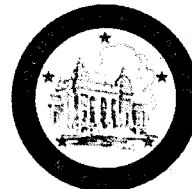


**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**ITEM**  
3.57  
(ID # 10021)

**MEETING DATE:**

Tuesday, August 27, 2019

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

**SUBJECT:** ECONOMIC DEVELOPMENT AGENCY (EDA): Approval of Third Amendment to Lease with Gary L. Carlton and Wendy Carlton, Trustees of the Gary and Wendy Carlton Living Trust, Dated August 14, 2001 - Department of Public Social Services, Banning, Seven-Year Lease Extension, CEQA Exempt, District 5 [\$11,427,255] Federal 44%; State 9%; County 0%; Other Realignment 47% (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 State CEQA Guidelines Section 15301, Existing Facilities exemption and Section 15061(b)(3) "Common Sense" exemption;
2. Approve the attached Third Amendment to Lease with Gary L. Carlton and Wendy Carlton, Trustees of the Gary and Wendy Carlton Living Trust, Dated August 14, 2001 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 within five (5) working days of approval by the Board.

**ACTION:**Policy, CIP

Robert Field, Assistant County Executive Officer/ECD

7/31/2019

Sarah S. Mack, Asst. County Executive Officer

7/31/2019

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**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Washington, seconded by Supervisor Spiegel and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt  
Nays: None  
Absent: None  
Date: August 27, 2019  
xc: EDA

Kecia R. Harper  
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>	\$2,064,193	\$2,038,837	\$11,427,255	\$
<b>NET COUNTY COST</b>	\$0	\$0	\$0	\$
<b>SOURCE OF FUNDS:</b> Federal 44%; State 9%; County 0%; Other Realignment 47%			<b>Budget Adjustment:</b> No	
			<b>For Fiscal Year:</b> 2019/20 – 2026/27	

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

**BACKGROUND:**

**Summary**

The County of Riverside has been under lease at 901 Ramsey, Banning, since 2007 for use by the Department of Public Social Services' (DPSS) Children's Services Division. The lease expires October 31, 2019. The office continues to meet the needs of the Department and DPSS has requested a lease extension. The proposed Third Amendment to Lease includes a 7-year term with a reduced lease rate for a monthly savings of \$7,633.72. The Lessor has been exceptionally proactive with property maintenance and no deficiencies are reported. In addition, DPSS does not require any tenant improvements at this time. A search was conducted for County-owned office space suitable for this requirement, and it was determined that no County-owned office space is available.

Pursuant to the California Environmental Quality Act (CEQA), the Lease was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines Section 15301 class 1-Existing Facilities exemption and Section 15061(b)(3) "Common Sense" exemption. The proposed project is the letting of property involving existing facilities with no expansion of use.

A summary is as follows:

**Lessor:** Gary and Wendy Carlton Trust  
4113 Calle Juno  
San Clemente, CA 92673

**Premises Location:** 901 Ramsey  
Banning, CA 92220

**Size:** 38,286 square feet

**Term:** Seven years commencing November 1, 2019

**Option to Extend** Two, 5-year options to extend

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

Rent:	<u>Current</u>	<u>New</u>
	\$2.32 per sq. ft.	\$2.12 per sq. ft.
	\$88,800.04 per mo.	\$81,166.32 per mo.
	\$1,065,600.48 per yr.	\$973,995.84 per yr.

Rent Adjustment: 2.75% annually

Option to Terminate: Pertaining to damage and destruction only.

Utilities: County pays electric. Lessor pays all others.

Custodial: Included in rent and provided by Lessor.

Interior/Exterior  
Maintenance: Included in rent and provided by Lessor.

**Impact on Residents and Businesses**

DPSS at this location will continue to serve the needs of the community.

**Additional Fiscal Information**

See attached Exhibits A, B & C

DPSS will budget these costs in FY2019/20 through FY2026/27 and will reimburse EDA for all associated lease costs.

**Contract History and Price Reasonableness**

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

**Attachments:**

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

RF:HM:VY:SG:HR:jb BA030 20.611  
Minute Traq ID 10021

  
Rahini Dasika, Principal Management Analyst 8/19/2019

  
Gregory F. Priamos, Director County Counsel 8/8/2019

# Exhibit A

**FY 2019/20**  
**Department of Public Social Services**  
**901 Ramsey, Banning**

***ESTIMATED AMOUNTS***

**Total Square Footage to be Leased:**

Current Office:	38,286 SQFT	
Approximate Cost per SQFT (Jul-Oct)	\$ 2.32	
Approximate Cost per SQFT (Nov-Jun)	\$ 2.12	
Lease Cost per Month (Jul-Oct)		\$ 88,800.04
Lease Cost per Month (Nov-Jun)		\$ 81,166.32
Total Lease Cost (Jul-Oct)		\$ 355,200.16
Total Lease Cost (Nov-Jun)		\$ 649,330.56
<b>Total Estimated Lease Cost for FY 2019/20</b>		<b>\$ 1,004,530.72</b>

**Estimated Additional Costs:**

Utility Cost per SQFT	\$ 0.12	
Estimated Utility Costs per Month		\$ 4,594.32
Total Estimated Utility Cost (Jul-Oct)		\$ 18,377.28
Total Estimated Utility Cost (Nov-Jun)		\$ 36,754.56
<b>Total Estimated Utility Cost for FY 2019/20</b>		<b>\$ 55,131.84</b>
EDA Lease Management Fee as of 11/01/2019	4.92%	\$ 1,004,530.72
<b>TOTAL ESTIMATED COST FOR FY 2019/20</b>		<b>\$ 2,064,193.28</b>
<b>TOTAL COUNTY COST</b>	<b>0%</b>	<b>\$ -</b>

# Exhibit B

FY 2020/21  
Department of Public Social Services  
901 Ramsey, Banning

## ESTIMATED AMOUNTS

### Total Square Footage to be Leased:

Current Office:	38,286	SQFT	
Approximate Cost per SQFT (Jul-Oct)	\$ 2.12		
Approximate Cost per SQFT (Nov-Jun)	\$ 2.18		
Lease Cost per Month (Jul-Oct)			\$ 81,166.32
Lease Cost per Month (Nov-Jun)			\$ 83,398.39
Total Lease Cost (Jul-Oct)			\$ 324,665.28
Total Lease Cost (Nov-Jun)			\$ 667,187.12
<b>Total Estimated Lease Cost for FY 2020/21</b>			<b>\$ 991,852.40</b>

### Estimated Additional Costs:

Utility Cost per SQFT	\$ 0.12		
Estimated Utility Costs per Month		\$ 4,594.32	
Total Estimated Utility Cost (Jul-Jun)			\$ 55,131.84
EDA Lease Management Fee as of 11/01/2019	4.92%		\$ 991,852.40
<b>TOTAL ESTIMATED COST FOR FY 2020/21</b>			<b>\$ 2,038,836.64</b>
<b>TOTAL COUNTY COST</b>	<b>0%</b>		<b>\$ -</b>

# Exhibit C

**FY 2021/22 to 2026/27**  
**Department of Public Social Services**  
**901 Ramsey, Banning**

**ESTIMATED AMOUNTS**

**Total Square Footage to be Leased:**

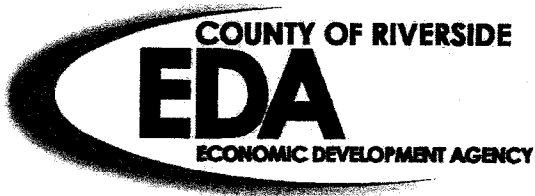
Current Office: 38,286 SQFT

	FY 2021/22	FY 2022/23	FY 2023/24 - FY 2026/27
Approximate Cost per SQFT (Jul-Oct)	\$ 2.18	\$ 2.24	\$ -
Approximate Cost per SQFT (Nov-Jun)	\$ 2.24	\$ 2.30	\$ -
Lease Cost per Month (Jul-Oct)	\$ 83,398.39	\$ 85,691.85	
Lease Cost per Month (Nov-Jun)	\$ 85,691.85	\$ 88,048.37	
Total Lease Cost (July - Nov)	\$ 333,593.56	\$ 342,767.38	1,467,959
Total Lease Cost (Dec - June)	\$ 685,534.77	\$ 704,386.97	2,231,530
<b>Total Estimated Lease Cost for FY 2021/22 to 2026/27</b>	<b>\$ 1,019,128.33</b>	<b>\$ 1,047,154.35</b>	<b>\$ 3,699,488.76</b>

**Estimated Additional Costs:**

Utility Cost per SQFT	\$ 0.12	\$ 0.12	
Estimated Utility Costs per Month	\$ 4,594.32	\$ 4,594.32	
Total Estimated Utility Cost	<b>\$ 55,131.84</b>	<b>\$ 55,131.84</b>	<b>\$ 183,772.80</b>
EDA Lease Management Fee as of 11/01/2019 4.92%	\$ 1,019,128.33	\$ 54,232.48	\$ 191,056.47
<b>TOTAL ESTIMATED COST FOR FY 2021/22 to 2026/27</b>	<b>\$ 2,093,388.50</b>	<b>\$ 1,156,518.67</b>	<b>\$ 4,074,318.03</b>

F11 Total Cost		\$	11,427,255.12
F11 Total County Cost	0%	\$	-



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

8/27/19 Date [Signature] Initial

NOTICE OF EXEMPTION

July 8, 2019

Project Name: Third Amendment to Lease Agreement, Department of Public Social Services (DPSS) Children's Services Division (CSD), Ramsey Street, Banning

Project Number: FM042130003000

Project Location: 901 Ramsey Street, east of Hargrave Street, Banning, California 92220; Assessor's Parcel Number (APN) 541-161-036 (See attached exhibit)

Description of Project: The County of Riverside (County) proposes to extend the term of the lease with Gary and Wendy Carlton Trust (Lessor). DPSS has occupied the location at 901 Ramsey Street in the City of Banning for its CSD since 2007; The Lease Agreement is set to expire on October 31, 2019. The location continues to meet the needs of DPSS, and the County wishes to Amend the Lease Agreement for a third time to extend the term of the lease for an additional seven years, commencing November 1, 2019 through October 31, 2026. The Third Amendment to the Lease Agreement also has two, five-year options to extend and is identified as the proposed project under California Environmental Quality Act (CEQA). The leased premise consists of approximately 38,286 square feet and the proposed project is the letting of property involving existing facilities; no alterations or expansion to the existing facility will occur. The operation of the facility will continue to provide public services for DPSS and will not result in an increase in the intensity of the use of the site. 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, Gary and Wendy Carlton Trust

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 extension of the Lease.

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- **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 seven year extension of lease and is limited to administrative responsibilities and terms which would not include physical alterations to the building. The project will not increase or expand the use of the site, and is limited to the continued use of the site in a similar capacity; 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 seven year extension of the Lease will not result in any direct or indirect physical environmental impacts. The use and operation of the facility will be substantially similar to the existing use and will not create any new environmental impacts to the surrounding area. No alterations, expansion, or increase in intensity of use for the facility would occur. 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 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: 7/8/19

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



**RIVERSIDE COUNTY CLERK & RECORDER**

**AUTHORIZATION  
TO BILL  
BY JOURNAL VOUCHER**

**Project Name: DPPS CSD Third Amendment to Lease Agreement, Banning**

**Accounting String: 524830-47220-7200400000 - FM042130003000**

DATE: July 8, 2019

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: Heidi Rigler, Senior Real Property Agent, Economic Development Agency

-TO BE FILLED IN BY COUNTY CLERK-

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

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

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



Date: July 8, 2019

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 # FM042130003000  
DPPS CSD Third Amendment to Lease Agreement, Banning**

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.**

Attachment

cc: file

1 **THIRD AMENDMENT TO LEASE**

2 901 Ramsey Street, Banning, California

3  
4 This **Third Amendment to Lease** ("Third Amendment") dated as of  
5 August 27, 2019, is entered into by and between the **County of Riverside**,  
6 a political subdivision of the State of California ("County"), as lessee, and **Gary L.**  
7 **Carlton and Wendy Carlton, Trustees of the Gary and Wendy Carlton Living**  
8 **Trust, Dated August 14, 2001** ("Lessor") and sometimes collectively referred to as the  
9 "Parties".

10 **RECITALS**

11 a. Lessor, and County entered into that certain Lease dated July 17,  
12 2007, ("Original Lease") whereby Original Lessor agreed to lease to County and  
13 County agreed to lease from Original Lessor that certain building located at 901  
14 Ramsey Street, Banning, California, as more particularly described in the Lease ("the  
15 Premises").

16 b. The Lease has been amended by:

17 That certain First Amendment to Lease dated July 1, 2008, by and  
18 between Lessor and County, ("First Amendment") whereby the Parties amended the  
19 Original Lease to complete tenant improvements;

20 That certain Second Amendment to Lease dated February 5,  
21 2013, by and between Lessor and County ("Second Amendment"), whereby the Parties  
22 amended the Original Lease to extend the term and modify the rent;

23 c. County and Lessor desire to further amend the Lease by extending  
24 the term of the Lease, and setting forth the monthly rent during the Extension Term (as  
25 defined herein); and

26 d. The Original Lease together with the First Amendment, Second  
27 Amendment, and Third Amendment are collectively referred to herein as the "Lease."  
28

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1 e. The Parties now desire to amend the Lease to extend the term of the  
2 Lease, modify the rental amount, and provide for two five- (5-) year options to extend  
3 the Lease to County.

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

6 **1. Term.** Section 3(a) of the Lease is amended by the following: The term  
7 of the Lease shall be extended for a period of seven (7) years commencing November  
8 1, 2019, and expiring October 31, 2026 (the "Second Extension Term").

9 **2. Rent.** Section 5 of the Lease shall be deleted in its entirety and replaced  
10 with the following:

11 **5. Rent**

12 (a) Commencing November 1, 2019, ("Rent Commencement Date")  
13 County shall pay the sum of \$81,166.32 per month to Lessor as rent for the Leased  
14 Premises, payable, in advance, on the first day of the month or soon thereafter as a  
15 warrant can be issued in the normal course of County's business.

16 (b) Commencing November 1, 2020, the monthly rent shall be  
17 increased on each anniversary of the Rent Commencement Date by an amount equal  
18 to two and one-three fourths percent (2.75%) of such monthly rental for the preceding  
19 Lease year.

20 **3. Options to Extend.** Section 4 shall be deleted in its entirety and replaced  
21 with the following:

22 **4. Options to Extend.** County shall have options to extend the term of  
23 this Lease for two (2) separate five (5) year periods, which options shall be exercised in  
24 the following manner:

25 (a) The first option shall be exercised by County giving Lessor notice  
26 of its election thereof, in writing, not later than sixty (60) days prior to the expiration of  
27 the extended term.

1 (b) The second option shall be exercised by County giving Lessor  
2 notice of its election thereof, in writing, not later than sixty (60) days prior to the  
3 expiration of the second extended term.

4 4. The Lease is amended to redefine the Lessor's name as follows: "**Gary L.  
5 Carlton and Wendy Carlton, Trustees of the Gary and Wendy Carlton  
6 Living Trust, Dated August 14, 2001**".

7 5. **Notice.** Section 13 of the Lease shall be amended as follows:

8 <b>County's Notification Address:</b>	9 <b>Lessors Notification Address:</b>
10 County of Riverside	Gary and Wendy Carlton Trust
11 Economic Development Agency	4113 Calle Juno
12 3403 Tenth Street, Suite 400	San Clemente, CA 92673
13 Riverside, CA 92501	Attn: Gary and Wendy Carlton
14 Attn: Deputy Director of Real Estate	Telephone: (760) 578-4620
15 Telephone: (951) 955-4820	

16 6. **Capitalized Terms/Third Amendment to Prevail.** Unless defined herein  
17 or the context requires otherwise, all capitalized terms herein shall have the meaning  
18 defined in the Lease, as heretofore amended. The provisions of this Third Amendment  
19 shall prevail over any inconsistency or conflicting provisions of the Lease, as heretofore  
20 amended, and shall supplement the remaining provisions thereof.

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

1           **8. Effective Date.** This Third Amendment to Lease shall not be binding or  
2 consummated until its approval by the Riverside County Board of Supervisors and fully  
3 executed by the Parties.

4           **IN WITNESS WHEREOF,** the Parties have executed this Third Amendment as  
5 of the date first written above.

6  
7 Dated:           AUG 27 2019          


8  
9 **LESSEE:**

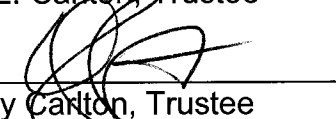
10 COUNTY OF RIVERSIDE, a  
11 political subdivision of the State of  
12 California

13 By:   
14 Kevin Jeffries, Chairman  
15 Board of Supervisors

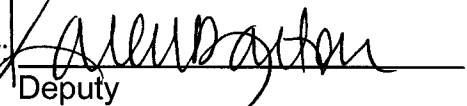
**LESSOR:**

GARY L. CARLTON AND WENDY CARLTON,  
Trustees of the Gary and Wendy Carlton  
Living Trust dated August 14, 2001

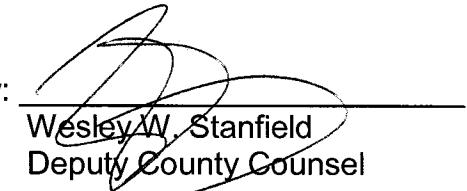
By:   
Gary L. Carlton, Trustee

By:   
Wendy Carlton, Trustee

16 **ATTEST:**  
17 Kecia R. Harper  
18 Clerk of the Board

19 By:   
20 Deputy

21 **APPROVED AS TO FORM:**  
22 Gregory P. Priamos  
23 County Counsel

24 By:   
25 Wesley W. Stanfield  
26 Deputy County Counsel

27  
28 HR:jb/072419/BA030/20.475