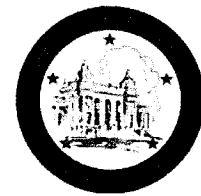


**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM: 3.14
(ID # 11159)

MEETING DATE:

Tuesday, December 17, 2019

FROM: ECONOMIC DEVELOPMENT AGENCY (EDA):

SUBJECT: ECONOMIC DEVELOPMENT AGENCY (EDA) AND RIVERSIDE UNIVERSITY HEALTH SYSTEM:: Ratification and Approval of First Amendment to Lease with E & R Rancho Pacific, Inc., Riverside University Health System - Behavioral Health, Lake Elsinore, 3-Year Lease Extension, CEQA Exempt, District 1, [\$1,388,294]; Federal 58%, State 42% (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 State CEQA Guidelines Section 15301, Existing Facilities exemption and Section 15061(b)(3) "common sense" exemption;
2. Ratify and Approve the attached First Amendment to Lease with E&R Rancho Pacific, Inc., as the successor-in-interest to RP Lakeview Plaza, 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) days of approval by Board.

ACTION:Policy, CIP


Robert Field, Assistant County Executive Officer/ECD

11/19/2019


Matthew Chang, Director

11/19/2019

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Hewitt 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: December 17, 2019
xc: EDA

Kecia R. Harper
Clerk of the Board

By: 
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$37,729	\$453,637	\$1,388,294	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: Federal 58%, State 42%			Budget Adjustment: No	
			For Fiscal Year: 2018/19-2021/22	

C.E.O. RECOMMENDATION: [CEO use]

BACKGROUND:

Summary

The County of Riverside (County) and E & R Rancho Pacific, Inc., as the successor-in-interest to RP Lakeview Plaza, LLC, a California limited liability company (Lessor), entered into a lease agreement on December 10, 2013, Minute Order 3.16 (Lease) for the purpose of providing office space for the Riverside University Health System – Behavioral Health (RUHS-BH). The leased facility is located at 31760 Casino Drive, Suites 100, 200, & 300, Lake Elsinore, California. This facility has been in place June 1, 2014.

This First Amendment to Lease represents a request from the Riverside University Health System – Behavioral Health (RUHS-BH) to extend the lease commencing on June 1, 2019 through May 31, 2022. The Economic Development Agency (EDA) Real Estate Division, has negotiated a three (3) year lease renewal with a 7% rental rate reduction.

Pursuant to the California Environmental Quality Act (CEQA), the First Amendment 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, the First Amendment, is the continuation of the letting of property involving existing facilities with no significant physical changes, and no expansion of an existing use will occur.

This First Amendment to Lease is summarized below:

Lessor: E & R Rancho Pacific, Inc
10470 Foothill Blvd., #100
Rancho Cucamonga, Ca 91730

Premises Location: 31760 Casino Drive, Suites 100, 200 & 300, Lake Elsinore, California

Size: 18,306sf

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

Rent:	<u>Existing</u>	<u>New</u>
	\$ 1.98 per sq. ft.	\$ 1.85 per month
	\$ 36,262.27 per month	\$ 33,866.10 per month
	\$435,147.24 per year	\$406,393.20 per year
Term:	Three years commencing June 1, 2019 terminating May 31, 2022	
Annual Increase:	two and one half (2.5%) percent	
Custodial:	Landlord is responsible	
Maintenance:	Landlord is responsible	
Option to Terminate:	Right to terminate for any reason after twelve months providing 60 days' notice	

The attached First Amendment to Lease has been approved as to form by County Counsel.

Impact on Residents and Businesses

This facility will continue to provide important mental health adult services to the residents of the region. The continued occupancy of this facility provides a positive economic impact to this area's residents and businesses.

Contract History and Price Reasonableness

The lease has been in place since June 2014. The lease rate is deemed competitive based upon the current market. The Lease Agreement was approved by the Board on December 10, 2013 (M.O. 3.16).

Fiscal Information

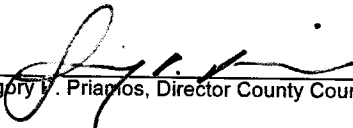
See attached Exhibits A, B, & C

The RUHS- BH has budgeted these costs in FY 2019/20 and will reimburse Economic Development Agency for all lease costs on a monthly basis.

Attachments:

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

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



Gregory V. Priamos, Director County Counsel 11/21/2019

Exhibit A

FY 2018/19

RUHS-Behavioral Health - 1st Amendment to Lease
31760 Casino Drive, Suites 100, 200, & 300, Lake Elsinore, CA

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	18,306 SQFT	
Approximate Cost per SQFT (Jun)	\$ 1.85	
Lease Cost per Month (Jun)	\$ 33,866.10	
Total Lease Cost (Jun)		\$ 33,866.10
Total Estimated Lease Cost for FY 2018/19		\$ 33,866.10

Estimated Additional Costs:

Utility Cost per SQFT	\$ 0.12	
Estimated Utility Costs per Month		\$ 2,196.72
Total Estimated Utility Cost (Jun)		\$ 2,196.72
Total Estimated Utility Cost for FY 2018/19		\$ 2,196.72
EDA Lease Management Fee as of 06/01/2019	4.92%	\$ 1,666.21
TOTAL ESTIMATED COST FOR FY 2018/19		\$ 37,729.03

Exhibit B

FY 2019/20

RUHS-Behavioral Health - 1st Amendment to Lease
31760 Casino Drive, Suites 100, 200, & 300, Lake Elsinore, CA

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	18,306	SQFT	
Approximate Cost per SQFT (Jul-May)	\$ 1.85		
Approximate Cost per SQFT (Jun)	\$ 1.90		
Lease Cost per Month (Jul-May)		\$ 33,866.10	
Lease Cost per Month (Jun)		\$ 34,712.75	
Total Lease Cost (Jun-May)		\$ 372,527.10	
Total Lease Cost (Jun)		\$ 34,712.75	
Total Estimated Lease Cost for FY 2019/20		\$ 407,239.85	

Estimated Additional Costs:

Utility Cost per SQFT	\$ 0.12		
Estimated Utility Costs per Month		\$ 2,196.72	
Total Estimated Utility Cost (Jul-Jun)		\$ 26,360.64	
EDA Lease Management Fee as of 06/01/2019	4.92%	\$ 20,036.20	
TOTAL ESTIMATED COST FOR FY 2019/20		\$ 453,636.69	

Exhibit C

FY 2020/21-2021/22

RUHS-Behavioral Health - 1st Amendment to Lease

31760 Casino Drive, Suites 100, 200, & 300, Lake Elsinore, CA

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office: 18,306

	FY 2020/21	FY 2021/22
Approximate Cost per SQFT (Jul-May)	\$ 1.90	\$ 1.94
Approximate Cost per SQFT (Jun)	\$ 1.94	\$ -
Lease Cost per Month (Jul-May)	\$ 34,712.75	\$ 35,580.57
Lease Cost per Month (Jun)	\$ 35,580.57	
Total Lease Cost (Jul-May)	\$ 381,840.25	\$ 391,386.26
Total Lease Cost (Jun)	\$ 35,580.57	\$ -
Total Estimated Lease Cost for FY 2020/21-2021/22	\$ 417,420.82	\$ 391,386.26

Estimated Additional Costs:

Utility Cost per SQFT	\$ 0.12	\$ 0.12
Estimated Utility Costs per Month	\$ 2,196.72	\$ 2,196.72
Total Estimated Utility Cost	\$ 24,163.92	\$ 24,163.92
EDA Lease Management Fee as of 06/01/2019 4.92%	\$ 20,537.10	\$ 19,256.20
TOTAL ESTIMATED COST FOR FY 2020/21-2021/22	\$ 462,121.84	\$ 434,806.38

F11 Total Cost \$ 1,388,293.94



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

12/18/19
Date

WV
Initial

NOTICE OF EXEMPTION

September 4, 2019

Project Name: County of Riverside, Riverside University Health System-Behavioral Health (RUHS-BH) First Amendment to Lease – Lake Elsinore

Project Number: FM042431003000

Project Location: 31760 Casino Drive, south of Diamond Drive, Lake Elsinore, California 92530; Assessor’s Parcel Number (APN) 363-171-023; (See Attached Exhibit)

Description of Project: On December 10, 2013, County of Riverside entered into a Lease Agreement RP Lakeview Plaza, LLC, a California limited liability company for the use of office space located at 31760 Casino Drive, Suites 100, 200, and 300, in the City of Lake Elsinore. E & R Rancho Pacific, Inc. (Lessor) has since become successor-in-interest to RP Lakeview Plaza. The space provides public health services to the community of Lake Elsinore and this facility continues to meet the needs and requirements of RUHS-BS and the County desires to amend the existing Lease Agreement to extend the term an additional three years commencing June 1, 2019 and terminating May 31, 2022. The First Amendment to the Lease Agreement is identified as the proposed project under the California Environmental Quality Act (CEQA). The proposed project would involve the letting of office space and would involve ongoing use, maintenance and repair of the facility. No expansion of the existing office space will occur. The operation of the facility will continue to provide behavioral health services and 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, E & R Rancho Pacific, Inc.

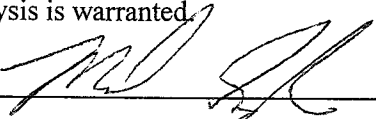
Exempt Status: State CEQA Guidelines, Section 15301, Class 1, Existing Facilities Exemption; Section 15061(b) (3), General Rule or “Common Sense” Exemption, Codified under Title 14, Articles 5 and 19, Sections 15061 and 15300 to 15301.

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 Lease Agreement for the use and operation of the RUHS-BH office space.

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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 contractual agreement for an existing facility and would include the continued use of the facility to keep the RUHS-BH office space functional. The use of the facility by the County would be consistent with the current 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 State 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 First Amendment to the Lease Agreement is a contractual transaction to continue use of an existing facility. The indirect effects would be limited to existing maintenance and use of an existing building. The Lease Agreement will not result in any direct or indirect physical environmental impacts. The use and operation of the facility will not differ from the existing use and will not create any new environmental impacts to the surrounding area. No impacts beyond the minor maintenance and continued use of the facility 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: 9/4/19

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

RIVERSIDE COUNTY CLERK & RECORDER

**AUTHORIZATION
TO BILL
BY JOURNAL VOUCHER**

Project Name: County of Riverside, Riverside University Health System-Behavioral Health First Amendment to Lease – Lake Elsinore

Accounting String: 524830-47220-7200400000 - FM042431003000

DATE: September 4, 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: Maribel Hyer, Senior Real Property Agent, Economic Development Agency

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: -

DATE: -

RECEIPT # (S) -



Date: September 4, 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 # FM042431003000
County of Riverside, Riverside University Health System-Behavioral Health First Amendment to Lease – Lake Elsinore

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 or email at msullivan@rivco.org.

Attachment

cc: file

1 **FIRST AMENDMENT TO LEASE**

2 **31760 Casino Drive, Suites 100, 200, and 300, Lake Elsinore, California**

3
4 This **FIRST AMENDMENT TO LEASE** ("First Amendment"), dated as of
5 December 17, 2019 is entered by and between the **COUNTY OF RIVERSIDE**, a
6 political subdivision of the State of California, ("Lessee" or "County"), and **E & R**
7 **RANCHO PACIFIC, Inc.** ("Lessor") as successor-in-interest to RP Lakeview Plaza,
8 LLC., a limited liability company, sometimes collectively referred to as the "Parties".

9 **RECITALS.**

10 a. Lessor (as successor-in-interest to RP Lakeview Plaza, LLC., a limited
11 liability company) and County entered into that certain lease dated December 10,
12 2013, pursuant to which Lessor has agreed to lease to County and County has agreed
13 to lease from Lessor a portion of that certain building located at 31760 Casino Drive,
14 Suites 100, 200, and 300, Lake Elsinore, California ("Building"), as more particularly
15 described in the Lease (the "Original Lease").

16 b. The Original Lease together with this First Amendment are collectively
17 referred to herein as the "Lease".

18 c. The Parties now desire to amend the Lease with this First Amendment to
19 extend the term period, amend the rental amounts, annual rent increases, and option
20 to terminate.

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

23 **1. TERM.** Section 4.1 of the Lease is hereby amended to extend the lease
24 term from June 1, 2019 to May 31, 2022 ("Term").

25 **2. RENT.** Sections 5.1 and 5.2 of the Lease are hereby amended by the
26 following: Lessee shall pay to Lessor the monthly sum of \$33,866.10 as rent for the
27 leased premises effective June 1, 2019 ("Effective Date"). Thereafter, the monthly rent
28 shall be increased annually on each anniversary of the Effective Date by an amount

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1 equal to two and one half percent (2.5%) of the monthly rent paid during the preceding
2 year.

3 **3. COUNTY'S RIGHT TO EARLY TERMINATION.** The language in
4 Section 6.4 of the Lease is hereby deleted in its entirety and replaced with the
5 following:

6 6.4. County shall have the right to terminate this Lease for any reason
7 after twelve months of the Lease extension by providing Lessor sixty (60) days
8 advance written notice.

9 **4. CAPITALIZED TERMS/First Amendment to Prevail.** Unless defined
10 herein or the context requires otherwise, all capitalized terms herein shall have the
11 meaning defined in the Lease, as heretofore amended. The provisions of this First
12 Amendment shall prevail over any inconsistency or conflicting provisions of the Lease,
13 as heretofore amended, and shall supplement the remaining provision thereof.

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

27 (Remainder of Page Intentionally Left Blank)
28


1 **6. EFFECTIVE DATE.** This First Amendment to Lease shall not be binding
2 or consummated until its approval by the Riverside County Board of Supervisors and
3 fully executed by the Parties.


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

6 Dated: DEC 17 2019

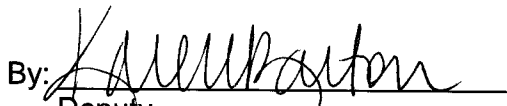
8 **LESSEE:**
9 **COUNTY OF RIVERSIDE,**
10 a political subdivision of the
11 State of California

LESSOR:
E & R RANCHO PACIFIC, INC.


12
13 By: 
14 Kevin Jeffries, Chairman
Board of Supervisors

By: 
Name: William D. Angel
Its: President

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

19
20 By: 
21 Deputy

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

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

28 RF:HM:VY:SG:MH:ar/090319/LE030/20.710