

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



**ITEM: 3.16
(ID # 11233)**

MEETING DATE:
Tuesday, March 10, 2020

FROM : FACILITIES MANAGEMENT AND Probation Department :

SUBJECT: FACILITIES MANAGEMENT (FM): Approval of the Second Amendment to Lease with 1020 Iowa Ave, Inc., 1020 Iowa Ave, Riverside, Probation Department, 5-Year Lease, District 1, CEQA Exempt. [\$2,922,844 - 100% State Funds] (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 Second Amendment to Lease between the County of Riverside and 1020 Iowa Avenue, Inc., 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 the Board.

ACTION: Policy, CIP


Rose Salgado, Interim Director of Facilities Management

2/18/2020



Ronald L. Miller, Interim Chief Probation Officer

2/19/2020

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: March 10, 2020
xc: EDA

Kecia R. Harper
Clerk of the Board
By: 
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$452,350	\$498,177	\$ 2,922,844	\$
NET COUNTY COST	\$	\$	\$	\$
SOURCE OF FUNDS: 100% State Funds			Budget Adjustment: No	
			For Fiscal Year: 2019/20-2024/25	

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

BACKGROUND:

Summary

The County of Riverside entered into a lease agreement on behalf of the Probation Department with 1020 Iowa Avenue, Inc., on June 25, 2013, Minute Order 3.8. The Probation Department uses the facility for Probation Adult Services, Day Reporting Center (DRC), and the Satellite Work Release Program. This Second Amendment to the lease will extend the lease for a period of five (5) years effective as of April 22, 2020. This facility continues to meet the department's requirements to run their programs and support their client's needs. The Real Estate Division has negotiated the rent at \$1.47 per square foot and lowered the annual increases from three (3%) percent to two and a half (2.5%) percent.

Pursuant to the California Environmental Quality Act (CEQA), the Lease was reviewed and determined to be categorically exempt from CEQA under CEQA Guidelines 15301, Class 1 – Existing Facilities. The proposed project, the Lease, is the letting of property involving existing facilities and no expansion of an existing use will occur. This Lease is summarized below:

Lessor: 1020 Iowa Avenue Inc.
2025 Pioneer Ct.
San Mateo, CA 94403

Premises Location: 1020 Iowa Avenue, Riverside, CA

Size: 24,830 Square Feet

Rent:	Current	New
	\$ 1.29 per sq. ft.	\$ 1.47 per sq. ft.
	\$ 31,951.10 per month	\$ 36,500.00 per month
	\$383,413.20 per year	\$438,000.00 per year

Term: Five (5) years; commencing April 22, 2020

Rent Adjustment: Two and a half (2 ½) percent annual increase

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Option: One (1) five (5) year option to extend the Lease with one hundred and eighty (180) days' written notice

Utilities: County pays for telephone and electrical services, Landlord pays for all others services

Custodial Services: Landlord

Maintenance: Landlord

Tenant Improvement Cost: Lessor at Lessor's sole cost and expense shall replace damaged/defective carpet throughout the Premises

The attached Lease has been reviewed and approved by County Counsel as to legal form.

Impact on Residents and Businesses

The Probation Department's presence throughout the county continues to provide an important public benefit to the community by serving clients where they live and effectively improving public safety.

Additional Fiscal Information

See attached Exhibits A, B, and C. All associated costs for this Lease will be budgeted in FY19/20-FY24/25 by the Probation Department. The Probation Department will reimburse the Department of Facilities Management for all associated Lease costs on an annual basis.

Contract History and Price Reasonableness

This is a five-year lease and the lease rate is deemed competitive based upon the current market.


The Lease has been amended one time previously to modify the delay and delivery of premises due to the revision of the commencement date, added additional tenant improvements to the lease, and revised the early termination clause in the lease.

<u>Amendment</u>	<u>Date and M.O.</u>
Lease	June 25, 2013 (M.O. 3-8)
First Amendment	August 5, 2014

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Attachments:

- Lease
- Exhibits A,B & C
- Aerial Image
- Notice of Exemption


Steven Atkeson 2/27/2020


Gregory H. Priamos, Director County Counsel 2/27/2020

1 **SECOND AMENDMENT TO LEASE**

2 **1020 Iowa Avenue, Riverside, California**

3 This **SECOND AMENDMENT TO LEASE** ("Second Amendment") dated as of
4 March 10, 2020 is entered by and between the **COUNTY OF**
5 **RIVERSIDE**, a political subdivision of the State of California ("County"), as Lessee, and
6 **1020 IOWA AVENUE, INC.**, a California corporation ("Lessor"), hereinafter collectively
7 referred to as the "Parties" or individually as a "Party."

8 RECITALS:

9 A. Lessor and County entered into that certain Lease dated June 25, 2013
10 (the "Original Lease"), pursuant to which Lessor has agreed to lease to County, and
11 County has agreed to lease from Lessor, a portion of that certain building located at
12 1020 Iowa Avenue, Riverside, California, (the "Premises"), as more particularly
13 described in the Original Lease.

14 B. The Original Lease has been amended as follows:

15 1. The First Amendment to Lease ("First Amendment") dated August
16 5, 2014, by and between County and 1020 Iowa Avenue, inc., whereby County and
17 1020 Iowa Avenue, inc. agreed to revise the commencement date to the Lease, modify
18 the delay and delivery of premises due to the revision of the commencement date,
19 added additional tenant improvements to the Lease, and revised the early termination
20 clause in the lease.

21 C. The Original Lease, together with the Amendment, are collectively
22 referred to hereinafter as the "Lease."

23 NOW THEREFORE, for good and valuable consideration, the receipt and
24 sufficiency of which is hereby acknowledged, Lessor and County agree as follows:

25 1. TERM.

26 a. Section 4.1 of the Lease shall be amended as follows:

27 The term of this Lease is hereby extended for five (5) years, commencing April 22, 2020
28 and expiring April 21, 2025 ("Extended Term").

MAR 10 2020

3.16

1 2. **RENT.**

2 a. Section 5.1 of the Lease is deleted in its entirety and replaced with
3 the following:

4 County shall pay the sum of thirty-six thousand five hundred dollars (\$ 36,500.00) per
5 month to Lessor as rent for the Leased Premises.

6 b. Section 5.2 of the Lease is deleted in its entirety and replaced with
7 the following:

8 The monthly rent shall be increased by two and a half percent (2.5%) annually, starting
9 April 1, 2021.

10 3. **OPTIONS.**

11 a. Section 6.1, Option to Extend Term, of the Lease shall be amended
12 as follows:

13 Lessor grants to County one (1) option to extend the Lease term ("Extension Option").
14 Extension Option shall be for a period of five (5) years ("Option Period").

15 b. Section 6.1.1 of the Lease shall be amended as follows:
16 The Extension Option shall be exercised by County delivering to Lessor written notice
17 thereof no later than one hundred and eight days (180) days prior to the expiration of
18 the Extension Term or any future extension thereof.

19 c. Section 6.1.2 of the Lease shall be amended as follows:
20 The rent payable by County during the Extension Term shall be equal to the then Fair
21 Market Value. Fair Market Value will be determined based on lease comparables of
22 similar office use in the area, and mutually agreed upon between both Parties.
23 Additionally, such monthly rent shall be increased by two and a half percent (2.5%) on
24 an annual basis.

25 4. **TENANT IMPROVEMENTS.** Lessor at Lessors sole cost and expense
26 shall replace all damaged and defective carpet throughout the Premises.

27 5. **SECOND AMENDMENT TO PREVAIL.** The provisions of this Second
28 Amendment shall prevail over any inconsistent or conflicting provisions of the Lease.

1 Any capitalized terms shall have the meaning defined in the Lease, unless defined
2 herein or the context requires otherwise.

3 6. **MISCELLANEOUS.** Except as amended or modified herein, all terms of
4 the Lease shall remain in full force and effect. Time is of the essence in this Second
5 Amendment and the Lease and each and all of their respective provisions. Subject to
6 the provisions of the Lease as to assignment, the agreements, conditions and
7 provisions herein contained shall apply to and bind the heirs, executors, administrators,
8 successors and assigns of the parties hereto. If any provisions of this Second
9 Amendment shall be determined to be illegal or unenforceable, such determination
10 shall not affect any other provision of the Lease. The language in all parts of the Lease
11 shall be construed according to its normal and usual meaning and not strictly for or
12 against either Lessor or County. Neither this Second Amendment nor the Lease shall
13 be recorded by the County.

14 7. **EFFECTIVE DATE.** This Second Amendment to Lease shall not be
15 binding or consummated until its approval by the Riverside County Board of Supervisors
16 and fully executed by the Parties.

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18 (Signatures on the following Page)
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1 WITNESS WHEREOF, the Parties have executed this Second Amendment as of the
2 date first written above.

3 Dated: MAR 10 2020
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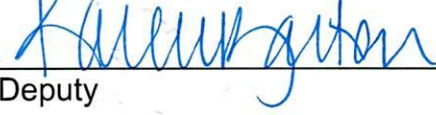
5 LESSEE:
6 COUNTY OF RIVERSIDE

LESSOR:
1020 Iowa Avenue, Inc., a California
corporation

7
8 By: 
9 Chairman **V. MANUEL PEREZ**
10 Board of Supervisors

By: 
~~Garry Spanner, CEO~~
Victor Kwok, CFO

11 ATTEST:
12 Kecia R. Harper
13 Clerk of the Board

14 By: 
15 Deputy

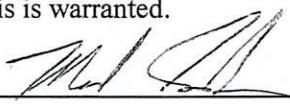
16 APPROVED AS TO FORM:
17 Gregory P. Priamos
18 County Counsel

19 By: 
20 Wesley Stanfield
21 Deputy County Counsel

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 unusual circumstances which would have a potentially significant effect on the environment. No significant environmental impacts are anticipated to occur with the Second Amendment to the Lease Agreement.

- **Section 15301 –Existing Facilities:** This Class 1 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 n amendment to an existing lease for an existing building and is limited to a five year extension of term. The extension of term will not substantially 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 Second 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 substantially similar to the existing use and would not require additional parking, facilities, or infrastructure, such that an expansion of increase in capacity could 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: 11/7/19

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

RIVERSIDE COUNTY CLERK & RECORDER

**AUTHORIZATION
TO BILL
BY JOURNAL VOUCHER**

Project Name: Department of Probation Second Amendment to Lease Agreement with 1020 Iowa Ave, Inc., Riverside

Accounting String: 524830-47220-7200400000- - FM042611050500


DATE: November 7, 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: 

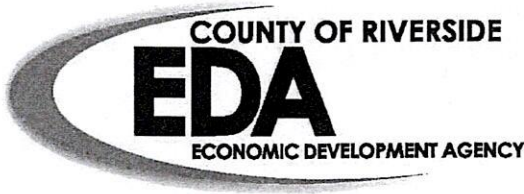
PRESENTED BY: Candice Diaz, Real Property Agent II, Economic Development Agency

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: -

DATE: -

RECEIPT # (S) -



Date: November 7, 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 # FM042611050500**
Department of Probation Second Amendment to Lease Agreement with 1020 Iowa Ave, Inc.,
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 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