

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



ITEM: 3.9
(ID # 12622)

MEETING DATE:

Tuesday, June 23, 2020

FROM: FACILITIES MANAGEMENT:

SUBJECT: FACILITIES MANAGEMENT-REAL ESTATE (FM-RE): Ratification and approval of Lease Amendment No. 2 with the United States of America, General Services Administration, District 2, CEQA Exempt [\$0] (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, Class 1 Existing Facilities Exemption and Section 15061(b)(3), Common Sense" Exemption;
2. Ratify and approve the attached Lease Amendment No. 2 with the United States of America, General Services Administration, and authorize the Chairman of the Board to execute the same on behalf of the County;
3. Authorize the Director of Facilities Management, or his/her designee, to execute any other documents and administer all actions necessary to complete this transaction; and
4. Direct the Clerk of the Board to file the Notice of Exemption with the County Clerk within five (5) days of approval of the project.

ACTION: Policy


Rose Salgado, Director of Facilities Management 6/10/2020

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Washington, 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: June 23, 2020
xc: FM-RE

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	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: 2019/20 – 2026/37	

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

BACKGROUND:

Summary

On April 18, 2017, under Minute Order 3.27, the Board of Supervisors approved the Revenue Lease Agreement between the County of Riverside and the United States of America, General Services Administration (GSA) for use of 75,527 rentable square feet (SF), yielding 64,397 ANSI/BOMA Office Area (ABOMA) square feet of office and related space, at 3420 12th Street in Riverside, California (Lease). The Lease included a tenant improvement allowance in the amount of \$1,597,799. These funds were used to complete renovations to the first floor and relocation of Bankruptcy Court staff as part of Phase 1 and Phase 2 to the tenant improvement project (Phase 1 and Phase 2).

On July 23, 2019, under Minute Order 3.22, the Board approved Lease Amendment No. 1 authorizing an additional \$1,589,122 of tenant improvement allowance for use by GSA on the renovations to a portion of the first and second floors for the occupancy of vacant space by the U.S. Probation Department (Phase 3). Phases 1, 2 and 3 are collectively referred to herein as the Renovation Project. Upon substantial completion of Phase 3 and GSA's acceptance of Renovation Project, the Lease shall be amended to commence the repayment (including interest) of the tenant improvement allowances and increase to the rentable square footage, which is what the parties are doing with the attached Lease Amendment No. 2.

Effective February 7, 2020, GSA accepts the tenant improvements for the Renovation Project for the total amount of \$2,869,693.27 as follows:

Phase 1	\$ 385,359.64
Phase 2	\$ 648,577.02
Phase 3	<u>\$1,835,756.61</u>
Total:	\$2,869,693.27

The Lease Amendment No. 2 provides the following amendments, additions and deletions to the Lease:

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STATE OF CALIFORNIA**

- Paragraph 1.01 A Office and Related Space, is amended to increase the rentable square footage (SF) from 75,527 SF to 77,249 SF, and an increase to the ABOMA SF from 64,397 SF to 65,865 SF.
- Paragraph 1.01 B Common Area Factor ("CAF"), is amended from 17.2834% to 17.2838%.
- Paragraph 1.02 A Parking, is amended to add fourteen (14) parking spaces to be leased by GSA located at the CAC parking structure, effective as of March 14, 2020 at the rate of \$1,280 for each parking space per annum.
- Paragraph 1.03 A.1 of the Lease is deleted in its entirety and replaced with the below:

Monthly Breakdown

	3/14/2017 Through 2/6/2020	2/7/2020 Through 3/13/2020	3/14/2020 Through 3/13/2027	3/14/2027 Through 3/13/2037
	Monthly Rent	Monthly Rent	Monthly Rent	Monthly Rent
Shell Rent	\$160,117.24	\$163,767.88	\$163,767.88	\$163,767.88
Tenant Improvement Rent	\$0	\$45,137.58	\$45,137.58	\$0
Operating Costs	\$63,442.68	\$67,277.59	\$67,277.59	\$67,277.59
Parking	\$0	\$0	\$1,493.33	\$1,493.33
Total Rent	\$223,559.92	\$276,183.05	\$277,676.33	\$232,538.80

Annual Breakdown

	3/14/2017 Through 2/6/2020	2/7/2020 Through 3/13/2020	3/14/2020 Through 3/13/2027	3/14/2027 Through 3/13/2037
	Annual Rent	Annual Rent	Annual Rent	Annual Rent
Shell Rent	\$1,921,406.88	\$1,965,214.56	\$1,965,214.56	\$1,965,214.56
Tenant Improvement Rent	\$0	\$541,651.01	\$541,651.01	\$0
Operating Costs	\$761,312.16	\$807,331.03	\$807,331.03	\$807,331.03
Parking	\$0	\$0	\$17,920.00	\$17,920.00
Total Rent	\$2,682,719.04	\$3,314,196.60	\$3,332,116.60	\$2,790,465.59

Lease Amendment No. 2 has been reviewed and determined to be exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3), "Common Sense" exemption, and Section 15301, Class 1, Existing Facilities exemption, as it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. The County's approval of Lease Amendment No. 2 does not create any reasonably foreseeable physical change to the environment.

The attached Lease Amendment No. 2 has been approved as to form by County Counsel.

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

Impact on Citizens and Businesses

The U.S. Bankruptcy Court continues to provide valuable legal service to the citizens of Riverside County and at the same time has a major positive economic impact to this region of the County. The Court provides quality long-term jobs which support our local economy.

SUPPLEMENTAL:

Additional Fiscal Information

There are no net County costs for this transaction.


Attachments:

Lease Amendment No. 2

CEQA Notice of Exemption

Aerial Image

JR:dr/05122020/RV209/30.188


Steven Atkeson 6/15/2020


Gregory F. Priamos, Director County Counsel 6/11/2020

County of Riverside
Facilities Management
3133 Mission Inn Avenue, Riverside, CA

FOR COUNTY CLERK USE ONLY

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

6/26/20
Date

RP
Initial

NOTICE OF EXEMPTION

June 4, 2020

Project Name: RUHS CHC 1st Amendment to Sublease, Palm Springs

Project Number: FM042551002800

Project Location: Northwest corner of East Tahquitz Canyon Way and North Sunrise Way, Palm Springs, California; APN 508-070-042; (See Attached Exhibit)

Description of Project: On April 7, 2020 (M.O. #3.17), the Board of Supervisors approved a Sublease with Sunquitz EMC, LLC for the design, planning, entitlement, permitting, construction, operation, and maintenance of a new Community Health Center (CHC) to be constructed on the northwest corner of East Tahquitz Canyon Way and North Sunrise Way, in the City of Palm Springs. Sunquitz will complete all onsite and offsite improvements and will be responsible for all environmental aspects. The term of the Sublease will be for a period of 30 years and will provide the County the opportunity to purchase the CHC facility and all improvements after the fifteenth year of the Sublease term.

A First Amendment to the Sublease is being considered which would amend the existing Sublease by (i) updating the legal description and depictions of the Master Lease Property and Subleased Premises with those approved by the City of Palm Springs and the Department of the Interior, Bureau of Indian Affairs (BIA), (ii) directing the County to make rent and operating costs payments under the Sublease to Wells Fargo Trust Company, National Association, as Trustee for the registered certificate holders, from time to time, of the CTL Pass Through Trust, Series 2020 (Palm Springs, Riverside County) (Lender), (iii) updating the construction schedule, Estoppel Certificate, and Subordination, Non-Disturbance and Attornment Agreement (SNDA), all of which are exhibits to the Sublease, and (iv) replacing Exhibit I (Master Lease) with a revised Master Lease that governs the Sublease and has been approved by the BIA.

The new SNDA will replace the previous Board approved Agreement that was approved on April 7, 2020. The new replacement SNDA is being entered into because the name of the Lender has changed and will supersede and replace the previous agreement approved by the Board. The remaining substantive terms and conditions of the SNDA have not been changed. By execution of the SNDA, the County agrees to subordinate its leasehold estate to the liens in favor of the Lender which shall have no effect on prospective rights and obligations of the County or the Lender as set forth in the Sublease. In addition, in the event the Lender or its successor becomes the lessor, the County will recognize (attorn) the Lender or its successor as Lessor and the County's rights and obligations shall remain the same (not disturbed) as set forth in the Sublease for the remainder of the Sublease term. The First Amendment to the Sublease Agreement is defined as the proposed project under the California Environmental Quality Act (CEQA). The proposed contractual revisions will not result in direct or indirect physical environmental impacts.

Name of Public Agency Approving Project: Riverside County

Name of Person or Agency Carrying Out Project: Riverside County Facilities Management

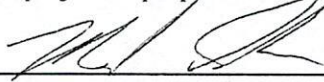
JUN 23 2020 3.9

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.

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 involve unusual circumstances that could potentially 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 1st Amendment to the Sublease Agreement.

- **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 1st Amendment to the Sublease Agreement may have a significant physical effect on the environment. The direct effects of the 1st Amendment to Sublease are limited to the execution of the agreements, which entail a revision to certain exhibits of the Sublease and a change to the lender’s name in the SNDA. The indirect effects of the 1st Amendment would allow the design, construction, and operation of the CHC to continue, and the indirect effects of this process were previously found to be exempt upon the April 7, 2020 Board approval. 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.

Therefore, the County of Riverside Facilities Management 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:** 6/4/20
Mike Sullivan, Senior Environmental Planner
County of Riverside, Facilities Management

RIVERSIDE COUNTY CLERK & RECORDER

AUTHORIZATION
TO BILL
BY JOURNAL VOUCHER

Project Name: Lease Amendment No. 2 for US Bankruptcy Court, Riverside

Accounting String: 524830-47220-7200400000 - FM047611020900

DATE: May 14, 2020

AGENCY: Riverside County Facilities Management

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, Facilities Management

Signature:  _____

PRESENTED BY: Jose Ruiz, Real Property Agent, Facilities Management

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: -

DATE: -

RECEIPT # (S) -

County of Riverside
Facilities Management
3133 Mission Inn Avenue, Riverside, CA 92507

Date: May 14, 2020
To: Kiyomi Moore/Josefina Castillo, Office of the County Clerk
From: Mike Sullivan, Senior Environmental Planner, Facilities Management
Subject: **County of Riverside Facilities Management Project # FM047611020900**
Lease Amendment No. 2 for US Bankruptcy Court, Riverside

The Riverside County's Facilities Management'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 #2600

Attention: Mike Sullivan, Senior Environmental Planner,
Facilities Management,
3133 Mission Inn Avenue, Riverside, CA 92507

If you have any questions, please contact Mike Sullivan at 955-8009 or email at msullivan@rivco.org.

Attachment

cc: file

GENERAL SERVICES ADMINISTRATION PUBLIC BUILDINGS SERVICE LEASE AMENDMENT	LEASE AMENDMENT No. 2
	TO LEASE NO. GS-09P-LCA00137
ADDRESS OF PREMISES 3420 12 TH STREET RIVERSIDE, CA 92501	PDN Number: N/A WHEN DOCUMENT IS FULLY EXECUTED RETURN CLERK'S COPY

THIS AMENDMENT is made and entered into between **County of Riverside** Riverside County Clerk of the Board, Stop 1010
Post Office Box 1147, Riverside, Ca 92502-1147
Thank you.

whose address is: 3133 Mission Inn Ave
Riverside, CA 92507-4138

hereinafter called the Lessor, and the **UNITED STATES OF AMERICA**, hereinafter called the Government:

WHEREAS, the parties hereto desire to amend and accept the above Lease to add an additional 1,722 rentable square feet, addfourteen (14) structured parking spaces, accept Tenant Improvements (TIs), establish annual rent, and accept changeorders No. 1 – 3.

NOW THEREFORE, these parties for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, covenant and agree that the said Lease is amended, effective upon Government execution, as follows:

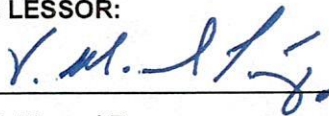
Accordingly, Paragraphs 1.01A, 1.01B, and 1.02A are hereby amended and 1.03A.1 is deleted in its entirety and substituted therefore as follows:

1.01A Office and Related Space: Effective February 7, 2020, 77,249 rentable square feet (RSF), yielding approximately 65,865 ANSI/BOMA Office Area (ABOA) square feet of (SF) of office and related Space located on the 1st, 2nd, and 3rd floor(s), of the Building. This includes the 1,468 USF / 1,722 RSF of space on the 2nd floor detailed in Paragraph 7.05 **FUTURE ACCEPTANCE OF BLOCK B** of Lease Amendment No. 1 and Exhibit I.

This Lease Amendment contains 4 pages.

All other terms and conditions of the lease shall remain in force and effect.
IN WITNESS WHEREOF, the parties subscribed their names as of the below date.

FOR THE LESSOR:




Name: V. Manuel Perez
Title: Chairman, Board of Supervisors
Entity: County of Riverside
Date: _____

FOR THE GOVERNMENT:

Name: John Bell
Title: Lease Contracting Officer
General Services Administration, Public Buildings Service
Date: _____

WITNESSED FOR THE LESSOR BY:



Name: Priscilla Rasso
Title: Board Assistant
Date: 06.23.20

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



Thomas Oh, Deputy County Counsel

1.01B **Common Area Factor:** The Common Area Factor (CAF) is established as 17.2838 percent. This factor, which represents the conversion from ABOA to rentable square feet, rounded to the nearest whole percentage, shall be used for the purposes of rental adjustments in accordance with the Payment Clause of the General Clauses.

1.02A **Parking:** 5 parking spaces as depicted on the plan attached hereto as Exhibit B, reserved for the exclusive use of the Government, of which 5 shall be structured/inside parking spaces, and 0 shall be surface/outside parking spaces. In addition, the Lessor shall provide such additional parking spaces as required by the applicable code of the local government entity having jurisdiction over the Property.

Additionally, effective March 14, 2020, The Government agrees to lease fourteen (14) additional structured parking spaces, located at on the 2nd floor of the CAC Garage, whose address is 4136 Lemon St, Riverside, CA 92501. The parking plan is depicted in Exhibit J.

The cost per space for the 14 additional structured parking spaces is broken down as follows:

	Annual Rates
Cost Per Space	\$500
Cost Per Access Card	\$780 (\$65/mo)
Total Cost Per Space	\$1,280

1.03A.1 The Government shall pay the Lessor annual rent, payable in monthly installments in arrears, at the following rates:

Monthly Breakdown

	3/14/2017 Through 2/6/2020	2/7/2020 Through 3/13/2020	3/14/2020 Through 3/13/2027	3/14/2027 Through 3/13/2037
	Monthly Rent	Monthly Rent	Monthly Rent	Monthly Rent
Shell Rent ¹	\$160,117.24	\$163,767.88	\$163,767.88	\$163,767.88
Tenant Improvement Rent ²	\$0	\$45,137.58	\$45,137.58	\$0
Operating Costs ³	\$63,442.68	\$67,277.59	\$67,277.59	\$67,277.59
Parking ⁴	\$0	\$0	\$1,493.33	\$1,493.33
Total Rent	\$223,559.92	\$276,183.05	\$277,676.33	\$232,538.80

Annual Breakdown

	3/14/2017 Through 2/6/2020	2/7/2020 Through 3/13/2020	3/14/2020 Through 3/13/2027	3/14/2027 Through 3/13/2037
	Annual Rent	Annual Rent	Annual Rent	Annual Rent
Shell Rent ¹	\$1,921,406.88	\$1,965,214.56	\$1,965,214.56	\$1,965,214.56
Tenant Improvement Rent ²	\$0	\$541,851.01	\$541,851.01	\$0
Operating Costs ³	\$761,312.16	\$807,331.03	\$807,331.03	\$807,331.03
Parking ⁴	\$0	\$0	\$17,920.00	\$17,920.00
Total Rent	\$2,682,719.04	\$3,314,196.60	\$3,332,116.60	\$2,790,465.59

¹Shell Rent Calculation:

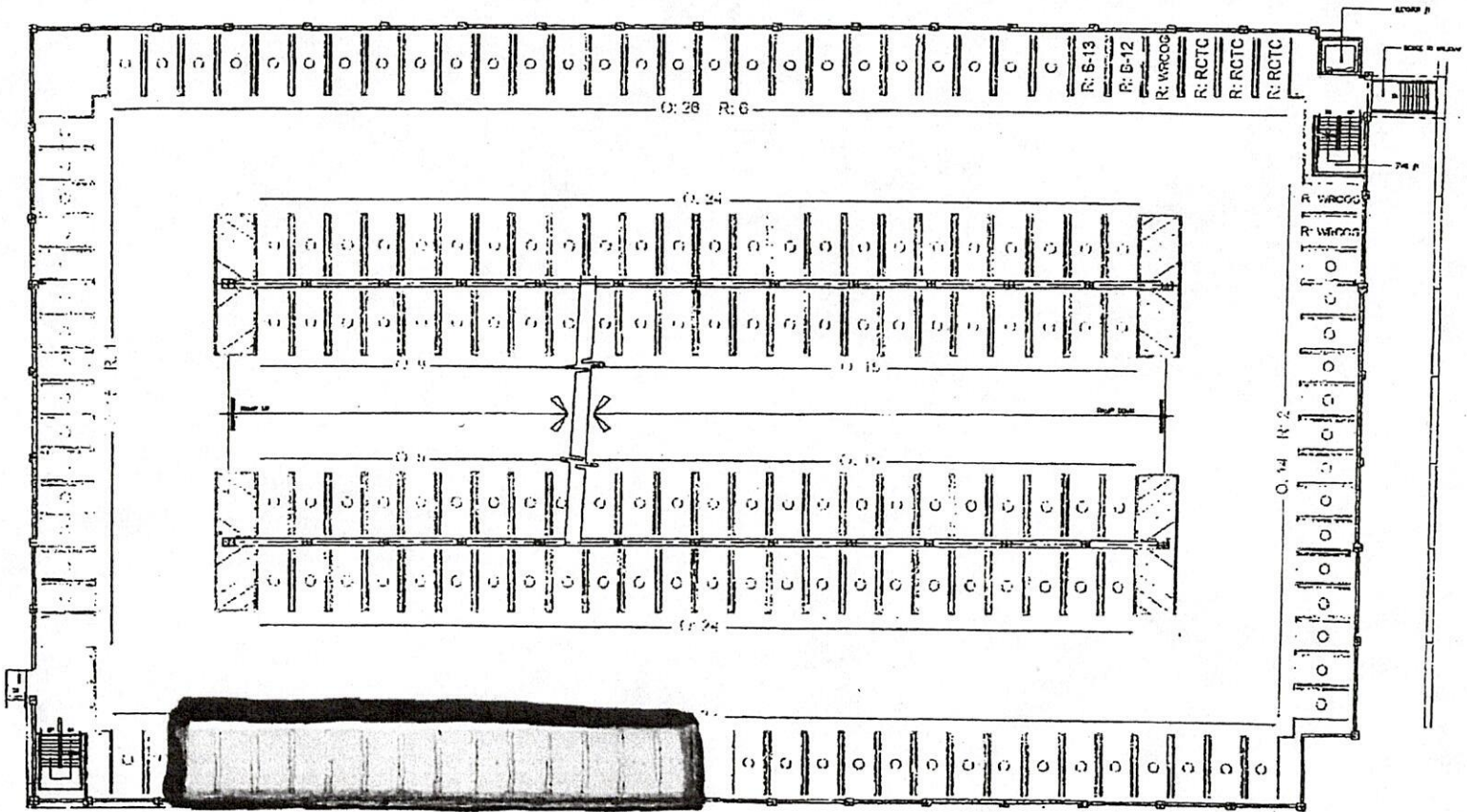
(3/14/2017 - 3/13/2037) \$25.44 per RSF multiplied by 77,249 RSF

² See Paragraph 7.06 ACCEPTANCE OF TENANT IMPROVEMENTS below.

³ Operating Costs rent calculation: \$10.45 per RSF multiplied by 77,249 RSF. This cost is rounded to the nearest cent and includes a CPI escalation March 2020.

⁴ Parking costs for five (5) structured parking spaces are included in the shell rent. Effective 3/14/2020 the Government is adding an additional fourteen (14) structured parking spaces as detailed above.

X LESSOR: _____ GOVERNMENT: _____



C = Open Parking (183 spaces)
 R = Reserved Parking (9 spaces)
 = Compact Parking
Total = 192 Spaces

RIVERSIDE CAC PARKING STRUCTURE
2nd LEVEL

LESSOR: *[Signature]*
GOVERNMENT: _____