

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



ITEM: 3.15  
(ID # 14691)

**MEETING DATE:**

Tuesday, April 20, 2021

**FROM:** FACILITIES MANAGEMENT:

**SUBJECT:** FACILITIES MANAGEMENT - REAL ESTATE (FM-RE): Approval of Second Amendment to Ground Lease by and between the County of Riverside and Smart & Final Stores LLC located in the City of Riverside, District 1. [\$0], CEQA Exempt (Clerk of the Board to file the Notice of Exemption)

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Find that the Project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301 (c) – Existing Facilities and Section 15061 (b) (3) – Common Sense Exemption; and
2. Approve the Second Amendment to Ground Lease by and between the County of Riverside, a political subdivision of the State of California and Smart & Final Stores LLC, a California limited liability company, located in the City of Riverside and authorize the Chair of the Board to execute the same on behalf of the County; and
3. Authorize the Director of Facilities Management to execute any documents related to or ancillary to this action; and
4. Authorize and direct the Clerk of the Board to file Notice of Exemption within five (5) business days.

**ACTION: Policy**

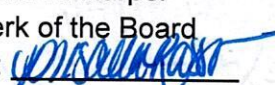
  
Rose Salgado, Director of Facilities Management 4/1/2021

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**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Jeffries, 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: April 20, 2021  
xc: FM-RE, Recorder

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>	\$0	\$0	\$0	\$0
<b>NET COUNTY COST</b>	\$0	\$0	\$0	\$0
<b>SOURCE OF FUNDS:</b> Revenue Ground Lease			<b>Budget Adjustment:</b> No	
			<b>For Fiscal Year:</b> 2020/21- 2025/26	

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

**BACKGROUND:**

**Summary**

Smart & Final Stores LLC, a California limited liability Company (Smart & Final) has been a tenant under a Ground Lease with the County of Riverside (Ground Lease) at 4039 Tyler Avenue, Riverside since June 25, 1991. The Ground Lease term is for twenty years, plus seven, five-year options to extend the term. Smart & Final wishes to exercise its third option to extend the Ground Lease for five more years commencing on June 25, 2021 and expiring on June 24, 2026. In addition, Smart & Final and the County desire to delete its current CPI escalator term and set a permanent annual escalator of 2.5%. The current monthly rent revenue is \$7,022.62 which will be increased 2.5% annually.

Therefore, a Second Amendment to Ground Lease (Second Amendment) is required to exercise the third option to extend the lease term to June 24, 2026 and update the annual escalator to 2.5%. The Ground Lease continues to meet the space requirements for Smart & Final.

Pursuant to the California Environmental Quality Act (CEQA), the Ground Lease was reviewed and determined to be categorically exempt from CEQA pursuant to State CEQA Guidelines Section 15301, Class 1 – Existing facilities and Section 1061 (b) (3) - common sense exemption. The project, the Second Amendment, is the letting of property involving existing facilities, no expansion of an existing use will occur.

This Second Amendment has been approved as to form by County Counsel.

This Second Amendment is summarized below:

Lessor: County of Riverside  
Facilities Management, Real Estate Division  
3133 Mission Inn Avenue, Riverside CA 92507



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

Lessee: Smart & Final Stores LLC  
Anthony Bernadini  
Group Vice President – Real Estate  
600 Citadel Drive  
Commerce, CA 90040

Location: 4039 Tyler Avenue, Riverside, CA

Size: Approximately 1.14 acres, APN 145-200-018

Term: Five years, June 25, 2021 to June 24, 2026

Rent: \$7,022.62 per month, increased 2.5% annually

Utilities: Smart & Final pays for all utilities associated with the Ground Lease

Maintenance: Smart & Final is responsible for maintenance of Store and Premises, including parking lot

Custodial: Smart & Final is responsible for their own custodial requirements.

**Impact on Residents and Businesses**

This Second Amendment will serve the needs of the residents within this community.

**Attachments:**

- Second Amendment to Ground Lease
- Aerial Map
- Notice of Exemption

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

CC:ar/03042021/RV126/30.464

  
Steven Atkeson 4/13/2021

  
Gregory L. Priamos, Director County Counsel 4/7/2021

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.	
4.22.21 Date	YPR Initial

## NOTICE OF EXEMPTION

March 4, 2021

**Project Name:** Second Amendment to the Lease Agreement with Smart & Final LLC

**Project Number** FM0473611012600

**Project Location:** 4039 Tyler Avenue, north of Hole Avenue, Riverside, California; Assessor's Parcel Number (APN) 145-200-018

**Description of Project:** Smart & Final Stores LLC, a California limited liability Company (Smart & Final) has been a tenant under a Ground Lease with the County of Riverside (Original Ground Lease) at 4039 Tyler Avenue, Riverside since June 25, 1991. The Ground Lease term is for twenty years, plus seven, five-year options to extend the term. Smart & Final wishes to exercise its third option to extend the Ground Lease for five more years commencing on June 24, 2021 and expiring on June 25, 2026. Therefore, a Second Amendment to Ground Lease is required to exercise the third option to extend the lease term to June 25, 2026. The Ground Lease continues to meet the space requirements for Smart & Final. The Second Amendment to the Lease Agreement with the Smart & Final is for a five-year extension of term and is defined as the proposed project under the California Environmental Quality Act (CEQA). The project is the lease of an existing facility; no expansion of the existing facility will occur. The operation of the facility will continue to provide retail services for Smart & Final. No additional direct or indirect physical environmental impacts are anticipated.

**Name of Public Agency Approving Project:** Riverside County

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

**Exempt Status:** State CEQA Guidelines Section 15301, Class 1, Existing Facilities Exemption; 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 Second Amendment to the Lease Agreement.

APR 20 2021 3.15



- **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 use of an existing building. The project will not require physical modifications to the existing building which would 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 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 will not create any new environmental impacts to the surrounding area. 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.

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: 3-4-2021

Mike Sullivan, Senior Environmental Planner  
County of Riverside, Facilities Management

**RIVERSIDE COUNTY CLERK & RECORDER**

**AUTHORIZATION  
TO BILL  
BY JOURNAL VOUCHER**

**Project Name: Second Amendment to Lease Agreement with Smart & Final LLC,  
Riverside**

**Accounting String: 524830-47220-7200400000 - FM0473611012600**

DATE: March 4, 2021

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: Cindy Campos, Senior 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: March 4, 2021  
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 # FM0473611012600**  
Second Amendment to Lease Agreement with Smart & Final LLC, 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](mailto:msullivan@rivco.org).**

Attachment

cc: file



**SECOND AMENDMENT TO GROUND LEASE AGREEMENT  
(COUNTY OF RIVERSIDE / SMART & FINAL STORES LLC, 4039 TYLER AVENUE, RIVERSIDE)**

THIS **SECOND AMENDMENT TO GROUND LEASE** ("Second Amendment to Ground Lease") dated as of April 20, 2021, is entered by and between **COUNTY OF RIVERSIDE**, a political subdivision of the State of California ("County"), as Lessor, and **SMART & FINAL STORES LLC**, a California limited liability company ("SMART & FINAL"), as Lessee. County and SMART & FINAL are hereinafter collectively referred to as the "Parties".

**RECITALS**

- A. County and SMART & FINAL (successor in interest to Casino Realty, Inc.) have entered into a Ground Lease, dated June 25, 1991, ("Original Lease") pursuant to which County has agreed to ground lease to Smart & Final space 4039 Tyler Street, Riverside California, as more particularly described in Exhibit A of the Original Ground Lease.
- B. The Original Lease has been amended by:
  - a. That certain First Amendment to Lease dated on or about April 21, 1992, by and between County and Casino Realty, Inc., predecessor in interest to SMART & FINAL ("First Amendment to Lease"), whereby the Parties amended the Lease to change the rental due date to the thirty-seventh (37) month.
- C. On August 10, 1999, the Board approved SMART & FINAL's assumption of the Original Ground Lease from Casino USA, Inc., which had merged with Casino Realty, Inc. to become the surviving corporation.
- D. The Original Lease and First Amendment, together with this Second Amendment are collectively referred to herein as the "Lease."
- E. The Parties now desire to amend the Original Ground Lease in which SMART & FINAL will exercise its third option to extend the term and set an annual rent escalator and delete the CPI for future rent calculations.

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

- 1. **TERM.** Section 5 of the Original Lease is hereby amended as follows: Smart & Final has exercised its third (3<sup>rd</sup>) option to extend the term for five (5) more years commencing on June 25, 2021 and expiring on June 24, 2026.
- 2. **BASIC RENTAL ADJUSTMENT.** Sections 8(a) and 8(b) of the Original Lease shall be deleted in its entirety and replaced with the following: The basic rent shall be adjusted annually at 2.5%.

3. **NOTICES:** Section 36 of the Original Lease is amended as set forth below:

**COUNTY:**

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

**SMART & FINAL STORES LLC:**

Anthony Bernardini  
Group Vice President - Real Estate  
600 Citadel Drive  
Commerce, CA 90040

4. **COUNTY'S REPRESENTATIVE.** Section 39 of the Original Lease is hereby amended as follows: COUNTY hereby appoints the Director of Facilities Management as its authorized representative to administer this lease.
5. **CAPITALIZED TERMS.** Second Amendment to Prevail. Unless defined herein or the context requires otherwise, all capitalized terms herein shall have the meaning defined in the Lease, as heretofore amended. The provisions of this Second Amendment shall prevail over any inconsistency or conflicting provisions of the Lease, as heretofore amended, and shall supplement the remaining provisions thereof.
6. **MISCELLANEOUS.** Except as amended or modified herein, all the terms of the Original Lease shall remain in full force and effect and shall apply with the same force and effect. Time is of the essence in this Amendment and the Lease and each and all of their respective provisions. Subject to the provisions of the Lease as to assignment, the agreements, conditions and provisions herein contained shall apply to and bind the heirs, executors, administrators, successors and assigns of the parties hereto. If any provisions of this Amendment or the Lease shall be determined to be illegal or unenforceable, such determination shall not affect any other provision of the Lease and all such other provisions shall remain in full force and effect. The language in all parts of the Lease shall be construed according to its normal and usual meaning and not strictly for or against either Lessor or Lessee. Neither this Amendment, nor the Original Lease, nor any notice nor memorandum regarding the terms hereof, shall be recorded by Lessee.

7. **ELECTRONIC SIGNATURES.** This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument. Each party of this Agreement agrees to the use of electronic signatures, such as digital signatures that meet the requirements of the California Uniform Electronic Transactions Act ("CUETA") Cal. Civ. Code §§ 1633.1 to 1633.17), for executing this Agreement. The parties further agree that the electronic signatures of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record pursuant to the CUETA as amended from time to time. The CUETA authorizes use of an electronic signature for transactions and contracts among parties in California, including a government agency. Digital signature means an electronic identifier, created by computer, intended by the party using it to have the same force and effect as the use of a manual signature, and shall be reasonably relied upon by the parties. For purposes of this section, a digital signature is a type of "electronic signature" as defined in subdivision (i) of Section 1633.2 of the Civil Code.
8. **EFFECTIVE DATE.** This Second Amendment to Ground Lease shall not be binding or consummated until its approval by the County Board of Supervisors.

[Signatures appear on next page]



IN WITNESS WHEREOF, the County and SMART & FINAL have caused this Amendment to be executed by each Party's duly authorized representative effective as of the last written date below.

Dated: APR 20 2021

**COUNTY OF RIVERSIDE**

By: Karen S. Spiegel  
Karen Spiegel, Chair  
Board of Supervisors

**SMART & FINAL STORES LLC**

By: Anthony Bernardini  
Anthony Bernardini  
Title: Group Vice President – Real Estate

**ATTEST:**

Kecia R. Harper  
Clerk of the Board

By: Richard Phegley  
Richard Phegley  
Title: Executive Vice President, CFO

By: Priscilla Raso  
Deputy

**APPROVED AS TO FORM:**

Gregory P. Priamos  
County Counsel

By: Ryan Yabko  
Ryan Yabko  
County Counsel