

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



**ITEM: 3.8
(ID # 14783)**

MEETING DATE:
Tuesday, May 18, 2021

FROM: FACILITIES MANAGEMENT AND PROBATION DEPARTMENT:

SUBJECT: FACILITIES MANAGEMENT-REAL ESTATE (FM-RE) AND RIVERSIDE COUNTY PROBATION DEPARTMENT: Ratification and Approval of the First Amendment to Lease with Tower Energy Group, 46-900 Monroe Street, Indio, Probation Department, 5-Year Lease, District 4, CEQA Exempt. [\$771,439 - 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. Ratify and Approve the attached First Amendment to Lease between the County of Riverside and Tower Energy Group, and authorize the Chair 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


Rose Salgado, Director of Facilities Management 4/15/2021


Ronald L. Miller, Chief Probation Officer 4/27/2021

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Spiegel, seconded by Supervisor Perez 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: May 18, 2021
xc: FM-RE, Probation, Recorder

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 | \$52,177 | \$146,934 | \$771,439 | \$ |
| NET COUNTY COST | \$0 | \$0 | \$0 | \$ |
| SOURCE OF FUNDS: State 100% | | | Budget Adjustment: | No |
| | | | For Fiscal Year: | 2020/21- 2025/26 |

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

BACKGROUND:

Summary

The County of Riverside (County) entered into a lease agreement on behalf of the Probation Department (Probation) and with Norco Capital, LLC, predecessor in interest to Tower Energy Group, on November 17, 2015, approved by the Board of Supervisors as Minute Order 3-12. Probation uses the facility for Probation Adult Services, as a Day Reporting Center (DRC) and for the Satellite Work Release Program.

This First Amendment to the Lease (Amendment) will extend the lease for a period of five (5) years effective as of March 23, 2021. The County will have the option to terminate this lease after thirty-six (36) months. This facility continues to meet Probation's requirements to run their programs and support their client's needs. Facilities Management-Real Estate Division (FM-RE) has negotiated the rent down from \$2.06 per square foot to \$1.88 per square foot and kept annual increases at two (2%) percent. County will pay \$1,630.00 per month for custodial services provided by Lessor.

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

The attached Amendment is summarized below:

Lessor: Tower Energy Group
1983 West 190th Street, Suite 100
Torrance, California 90504

Premises Location: 46-900 Monroe Street, Suite 101, Indio, California

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

Term: Five years commencing March 23, 2021 and expiring March 22, 2026.

Termination: County has the right to terminate the lease after March 23, 2024 with 90 days written notice.

Size: 5,000 square feet

Rent:

| | Current | New |
|--|------------------------|------------------------|
| | \$ 2.06 per sq. ft. | \$ 1.88 per sq. ft. |
| | \$ 10,312.87 per month | \$ 9,400.00 per month |
| | \$ 123,754.44 per year | \$ 112,800.00 per year |

Rental Adjustment: 2% annually (applies to rent only)

Custodial: Provided by Landlord. County pays \$1,630 per month for custodial services contracted through the Lessor. This is not included in the Lease rate.

Utilities: County pays electric, gas and telephone

Maintenance: Interior County; Exterior Provided by Landlord

Impact on Residents and Businesses

Probation'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 Amendment will be budgeted in FY20/21-FY25/26 by the Probation Department. Probation will reimburse FM-RE for all associated Lease costs on an annual basis.

Contract History and Price Reasonableness

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

| <u>Lease</u> | <u>Date and M.O.</u> |
|--------------|-------------------------------|
| Lease | November 17, 2015 (M.O. 3-12) |

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

Attachments:

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

CD:ar/03172021/IN113/30.465



Gregory F. Priamos, Director County Counsel 5/6/2021

1 **FIRST AMENDMENT TO LEASE**

2 46-900 Monroe Street, Suite 101, Indio, California

3
4 This **FIRST AMENDMENT TO LEASE** ("First Amendment"), dated as of
5 May 18, 2021, is entered by and between the **COUNTY OF RIVERSIDE**, a
6 political subdivision of the State of California, ("Lessee"), and **TOWER ENERGY**
7 **GROUP**, a California Corporation, ("Lessor"), sometimes collectively referred to as the
8 "Parties".

9 **RECITALS**

10 A. Norco Capital, LLC, a California limited liability company, predecessor in
11 interest to Tower Energy Company, A California corporation as Lessor, and County of
12 Riverside as Lessee, have entered into that certain Lease dated November 17, 2015,
13 (the "Original Lease") pursuant to which Lessee has agreed to lease from Lessor a
14 portion of that certain building located at 46-900 Monroe Street, Suite 101, Indio,
15 California ("Building"), as more particularly described in the Original Lease.

16 B. The Original Lease together with the Amendment are collectively referred
17 to hereinafter as the "Lease."

18 C. The Parties now desire to extend the lease term, amend the rental
19 amounts, adjust the custodial requirements, and modify termination language.

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

22 1. **Term.** Section 3 of the Lease is hereby amended as follows:
23 The term of this Lease shall be extended for a period of five (5) years effective March
24 23, 2021 and expiring on March 22, 2026 ("Extended Term").

25 2. **Rent.** Section 5 subsection (a) of the Lease is hereby amended by the
26 following:

1 (a) County shall pay to Lessor the monthly sums as rent for the leased
2 premises during the term of this Lease as indicated below:

| 3 <u>Year</u> | <u>Rent</u> | <u>Custodial Costs</u> | <u>Total Monthly Rent</u> |
|--------------------------|-------------|------------------------|---------------------------|
| 4 3/23/2021 to 3/22/2022 | \$9,400.00 | + \$1,630 = | \$11,030.00 |
| 5 3/23/2022 to 3/22/2023 | \$9,588.00 | + \$1,630 = | \$11,218.00 |
| 6 3/23/2023 to 3/22/2024 | \$9,779.76 | + \$1,630 = | \$11,409.76 |
| 7 3/23/2024 to 3/22/2025 | \$9,975.36 | + \$1,630 = | \$11,605.36 |
| 8 3/23/2025 to 3/22/2026 | \$10,174.86 | + \$1,630 = | \$11,804.86 |

9 3. **Custodial Services.** Section 6 of the Lease is hereby amended by
10 adding the following:

11 (a) County shall have the option to cancel the custodial services with sixty
12 (60) day written notice to Lessor. In the event the County cancels the custodial
13 services, sixteen hundred and thirty dollars (\$1,630) will be deducted from the total
14 monthly rent.

15 4. **Option to Termination.** Section 14 of the Lease is amended by adding
16 the following:

17 The County has the option to terminate the Lease after March 23, 2024 with ninety (90)
18 days written notice to Lessor.

19 5. **First Amendment to Prevail.** The provisions of this First Amendment
20 shall prevail over any inconsistency of conflicting provisions of the Lease, as heretofore
21 amended, and shall supplement the remaining provisions thereof.

22 6. **Miscellaneous.** Except as amended or modified herein, all the terms of
23 the Original Lease shall remain in full force and effect and shall apply with the same
24 force and effect. Time is of the essence in this Amendment and the Lease and each
25 and all their respective provisions. Subject to the provisions of the Lease as to
26 assignment, the agreements, conditions, and provisions herein contained shall apply to
27 and bind the heirs, executors, administrators, successors and assigns of the parties
28 hereto. If any provisions of this Amendment or the Lease shall be determined to be

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

LESSEE:
COUNTY OF RIVERSIDE, a political
subdivision of the State of California

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

LESSOR:
TOWER ENERGY GROUP,
a California Corporation

By: JR
John Rogers,
Chief Executive Officer

ATTEST:
Kecia Harper
Clerk of the Board

By: Michelle Ruse
Deputy

APPROVED AS TO FORM:
Gregory P. Priamos
County Counsel

By: Wesley Stanfield
Wesley Stanfield
Deputy County Counsel

CD:dr/04232021/IN113/30.465

Exhibit A

FY 2020/21

Probation

46-900 Monroe Street, Suite 101, Indio

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

| | | | |
|--|-------------|------|---------------------|
| Current Office: | 5,000 | SQFT | |
| Approximate Cost per SQFT(April-June) | \$ 1.88 | | |
| Lease Cost per Month(April-June) | \$ 9,400.00 | | |
| Total Lease Cost(April-June) | | | \$ 28,200.00 |
| Total Estimated Lease Cost for FY 2020/21 | | | \$ 28,200.00 |

Estimated Additional Costs:

| | | | |
|---|-------------|-----------|---------------------|
| Utility Cost per SQFT | \$ 0.12 | | |
| Estimated Utility Costs per Month | | \$ 600.00 | |
| Total Estimated Utility Cost(April-June) | | | \$ 1,800.00 |
| Total Estimated Utility Cost for FY 2020/21 | | | \$ 1,800.00 |
| Custodial Costs per Month | \$ 1,630.00 | | |
| Total Custodial Cost for FY 2020/21 | | | \$ 19,560.00 |
| Total Estimated Additional Costs for FY2021/22 | | | \$ 21,360.00 |
| FM Lease Management Fee as of April 2021 | 5.28% | | \$ 2,616.77 |
| TOTAL ESTIMATED COST FOR FY 2020/21 | | | \$ 52,176.77 |
| TOTAL COUNTY COST | 0% | | \$ - |

Exhibit B

FY 2021/22

Probation

46-900 Monroe Street, Suite 101, Indio

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

| | | |
|--|-------------|----------------------|
| Current Office: | 5,000 SQFT | |
| Approximate Cost per SQFT(July-March) | \$ 1.88 | |
| Approximate Cost per SQFT(April-June) | \$ 1.92 | |
| Lease Cost per Month(July-March) | \$ 9,400.00 | |
| Lease Cost per Month(April-June) | \$ 9,588.00 | |
| Total Lease Cost(July-March) | | \$ 84,600.00 |
| Total Lease Cost(April-June) | | \$ 28,764.00 |
| Total Estimated Lease Cost for FY 2021/22 | | \$ 113,364.00 |

Estimated Additional Costs:

| | | |
|---|-------------|----------------------|
| Utility Cost per SQFT | \$ 0.12 | |
| Estimated Utility Costs per Month | \$ 600.00 | |
| Total Estimated Utility Cost (Jul-Jun) | | \$ 7,200.00 |
| Custodial Costs per Month | \$ 1,630.00 | |
| Total Custodial Cost for FY 2021/22 | | \$ 19,560.00 |
| Total Estimated Additional Costs for FY2021/22 | | \$ 26,760.00 |
| FM Lease Management Fee as of 07/01/2021 | 4.86% | \$ 6,810.03 |
| TOTAL ESTIMATED COST FOR FY 2021/22 | | \$ 146,934.03 |
| TOTAL COUNTY COST | 0% | \$ - |

Exhibit C

FY 2022/23 to 2025/26 Probation 46-900 Monroe Street, Suite 101, Indio

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office: 5,000 SQFT

| | FY 2022/23 | FY 2023/24 | FY 2024/25 | FY 2025/26 |
|---|----------------------|----------------------|----------------------|---------------------|
| Approximate Cost per SQFT(July-March) | \$ 1.92 | \$ 1.96 | \$ 2.00 | \$ 2.03 |
| Approximate Cost per SQFT(April-June) | \$ 1.96 | \$ 2.00 | \$ 2.03 | \$ - |
| Lease Cost per Month(July-March) | 9,588 | \$ 9,779.76 | \$ 9,975.36 | \$ 10,174.87 |
| Lease Cost per Month(April-June) | 9,779.76 | 9,975.36 | 10,174.87 | |
| Total Lease Cost(July-March) | \$ 86,292.00 | \$ 88,017.84 | \$ 89,778.24 | \$ 91,573.83 |
| Total Lease Cost(April-June) | \$ 29,339.28 | \$ 29,926.08 | \$ 30,524.61 | \$ - |
| Total Estimated Lease Cost for FY 2022/23 to 2025/26 | \$ 115,631.28 | \$ 117,943.92 | \$ 120,302.85 | \$ 91,573.83 |

Estimated Additional Costs:

| | | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| Utility Cost per SQFT | \$ 0.12 | \$ 0.12 | \$ 0.12 | \$ 0.12 |
| Estimated Utility Costs per Month | \$ 600.00 | \$ 600.00 | \$ 600.00 | \$ 600.00 |
| Total Estimated Utility Cost | \$ 7,200.00 | \$ 7,200.00 | \$ 7,200.00 | \$ 5,400.00 |
| Custodial Costs per Month | \$ 1,630.00 | \$ 1,630.00 | \$ 1,630.00 | \$ 1,630.00 |
| Total Custodial Cost for FY 2022/23 to 2025/26 | \$ 19,560.00 | \$ 19,560.00 | \$ 19,560.00 | \$ 14,670.00 |
| Total Estimated Additional Costs for FY 2022/23 to 2025/26 | \$ 26,760.00 | \$ 26,760.00 | \$ 26,760.00 | \$ 20,070.00 |
| FM Lease Management Fee as of 07/01/2021 4.86% | \$ 6,920.22 | \$ 7,032.61 | \$ 7,147.25 | \$ 5,425.89 |
| TOTAL ESTIMATED COST FOR FY 2022/23 to 2025/26 | \$ 149,311.50 | \$ 151,736.53 | \$ 154,210.10 | \$ 117,069.72 |

| | | |
|-----------------------|----|---------------|
| F11 Total Cost | | \$ 771,438.65 |
| F11 Total County Cost | 0% | \$ - |

Probation-First Amendment

46-900 Monroe Street, Indio



Legend



IMPORTANT Maps and data are to be used for reference purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. The County of Riverside makes no warranty or guarantee as to the content (the source is often third party), accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for the information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.

0 188 376 Feet

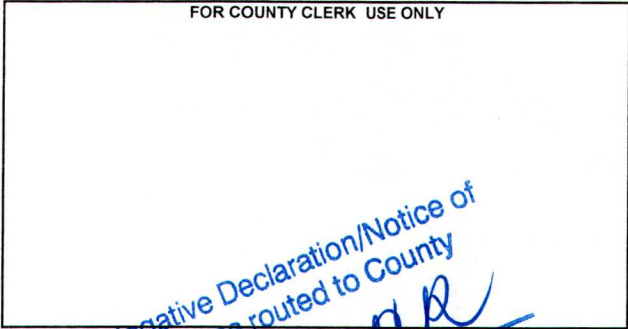
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Notes

District 4

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



NOTICE OF EXEMPTION

Original Negative Declaration/Notice of
Determination was routed to County
Clerk for posting on.
5/17/21 Date
CPR Initial

March 17, 2021

Project Name: Indio Probation First Amendment to Lease with Tower Energy Group

Project Number: FM042341011300

Project Location: 46-900 Monroe Street, Suite 101, north of Doctor Carreon Boulevard, Indio, California 92201;
Assessor's Parcel Number (APN) 614-130-029

Description of Project: The County of Riverside (County) entered into a lease agreement on behalf of the Probation Department with Norco Capital, LLC, predecessor in interest to Tower Energy Company, on November 17, 2015, Minute Order 3.12. The Probation Department uses the facility for Probation Adult Services, Day Reporting Center (DRC), and the Satellite Work Release Program. This First Amendment to the lease will extend the lease for a period of five years effective as of March 23, 2021. The County will have the option to terminate this lease after 36 months. This facility continues to meet the Probation Department's requirements to run their programs and support their client's needs. The First Amendment to the Lease Agreement with Tower Energy Group is identified as the proposed project under the California Environmental Quality Act (CEQA). The proposed project would involve the letting of space and would involve ongoing use of office space for the Probation Department. No expansion of the existing facility will occur. The operation of the facility will continue to provide probation services and 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 five-year extension of the Lease.

MAY 18 2021 3.8

- **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 an extension of an existing lease for the use of office space for the Probation Department. The First Amendment will extend the Lease for an additional five-year term; 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 proposed 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 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:** 3/17/21
Mike Sullivan, Senior Environmental Planner
County of Riverside, Facilities Management

RIVERSIDE COUNTY CLERK & RECORDER

**AUTHORIZATION
TO BILL
BY JOURNAL VOUCHER**

Project Name: Indio Probation First Amendment to Lease with Tower Energy Group

Accounting String: 526700-47220-7200400000 - FM042341011300

DATE: March 17, 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: **Candice Diaz, 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 17, 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 # FM042341011300**
Indio Probation First Amendment to Lease with Tower Energy Group

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