

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



**ITEM: 3.7**  
(ID # 19999)

**MEETING DATE:**  
Tuesday, January 31, 2023

**FROM :** FACILITIES MANAGEMENT AND TREASURER-TAX COLLECTOR :

**SUBJECT:** FACILITIES MANAGEMENT-REAL ESTATE (FM-RE) AND RIVERSIDE COUNTY TREASURER-TAX COLLECTOR: Ratification and Approval of Sixth Amendment to Lease between County of Riverside and PREG Temecula, LLC, 40935 County Center Drive, Suite C, Temecula, Treasurer-Tax Collector, CEQA Exempt per State CEQA Guidelines section 15301 and 15061(b)(3), District 3. [\$125,493 - 100% Treasurer-Tax Collector Budget] (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 Sixth Amendment to Lease between the County of Riverside and PREG Temecula, LLC, to extend the term period for two (2) years 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 1/12/2023

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**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Washington, seconded by Supervisor Gutierrez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez  
Nays: None  
Absent: None  
Date: January 31, 2023  
xc: FM, Tax-Collector, Recorder

Kimberly Rector  
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>	\$30,492	\$48,717	\$125,493	\$ 0
<b>NET COUNTY COST</b>	\$2,077	\$3,318	\$8,546	\$ 0
<b>SOURCE OF FUNDS:</b> Treasurer/Tax Collector Budget- 100%			<b>Budget Adjustment:</b> No	
			<b>For Fiscal Year:</b> 2022/23- 2023-24	

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

**BACKGROUND:**

**Summary**

On August 27, 2002, the County of Riverside (County) entered into a Lease Agreement with Temecula Highlands, LLC, predecessor in interest to PREG Temecula, LLC, a California limited liability company. The leased facility for the Treasurer-Tax Collector is located at 40935 County Center Drive, Suite C, Temecula. This Sixth Amendment to the Lease will extend the Lease for a period of two (2) years effective November 1, 2022. County may terminate this Lease for any reason after October 31, 2023 by providing no less than ninety (90) days advance written notice. This facility will continue to serve the public until a larger facility is located to meet the Treasurer-Tax Collector's current office space requirements.

Pursuant to the California Environmental Quality Act (CEQA), the Sixth Amendment was reviewed and determined to be categorically exempt from State CEQA Guidelines Section 15301- Class 1, Existing Facilities Exemption and 15061(b)(3) Common Sense exemption. The proposed project, the Sixth Amendment, is the letting of property involving existing facilities and no expansion of an existing use will occur.

The Sixth Amendment to Lease is summarized below:

**Lessor:** PREG Temecula, LLC  
11225 W. Bernardo Ct., Suite 100  
San Diego, California 92127

**Premises Location:** 40935 County Center Drive, Suite C  
Temecula, California 92591

**Size:** Approximately 1,764 square feet

**Term:** Two-year lease extension commencing  
November 1, 2022, and expiring October 31, 2024

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

Rent:	<u>Current</u>	<u>New</u>
	\$ 2.00 per square foot	\$ 2.05 per square foot
	\$ 3,521.56 per month	\$ 3,609.60 per month
	\$ 42,258.72 per year	\$ 43,315.20 per year
Rental Adjustments:	2.5% percent annual increase was applied to the rent, per Section 5.2 of the Lease	
Utilities:	County pays electric	
Custodial:	Lessor pays for custodial services	
Maintenance:	Lessor pays for maintenance services	

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

**Impact on Residents and Businesses**

The Treasurer-Tax Collector's continued occupancy of this office space provides a positive impact on the local residents and businesses. This facility is centrally located and provides convenience to County residents.

**Additional Fiscal Information**

See attached Exhibits A, B and C. All associated costs for this Lease extension will be budgeted in FY22/23-FY23/24 by the Treasurer-Tax Collector. The Treasurer-Tax Collector will reimburse FM-RE for all associated Lease costs on a monthly basis.

**Contract History and Price Reasonableness**

This is a two-year renewal. The lease rate is deemed competitive based upon the current market.

The Lease has been amended five (5) times previously for rent adjustments, extensions to the term, and tenant improvements.

<u>Amendment</u>	<u>Date and M.O.</u>
First Amendment	March 11, 2008 (M.O. 3-26)
Second Amendment	September 29, 2009 (M.O. 3-33)
Third Amendment	August 5, 2014 (M.O. 3-15)
Fourth Amendment	July 23, 2019 (M.O. 3-10)
Fifth Amendment	August 24, 2021 (M.O. 3-15)

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

ATTACHMENTS:

- Sixth Amendment to Lease
- Exhibits A, B & C
- Notice of Exemption
- Aerial Map

JC:sc/08262022/TM024/30.829


*Meghan Hahn*  
Meghan Hahn, Principal Management Analyst

1/19/2023

*Aaron Gettis*  
Aaron Gettis, Deputy County Counsel

1/19/2023

County of Riverside  
Facilities Management  
3450 14<sup>th</sup> Street, Suite 200, Riverside, CA

FOR COUNTY CLERK USE ONLY		
FILED / POSTED		
County of Riverside		
Peter Aldana		
Assessor-County Clerk-Recorder		
E-202300114		
01/31/2023 12:22 PM Fee: \$ 50.00		
Page 1 of 2		
Removed:	By:	Deputy
		

## NOTICE OF EXEMPTION

September 15, 2022

**Project Name:** Approval of Sixth Amendment to Lease with PREG Temecula LLC, Temecula

**Project Number:** FM042670002400

**Project Location:** 40935 County Center Drive, Suite C, east of Ynez Road, Temecula, California 92591, Assessor's Parcel Number (APN) 910-110-086

**Description of Project:** The County of Riverside (County) has been leasing office space located at 40935 County Center Drive, Suite C, Temecula, since August 27, 2022 pursuant to a Lease between the County and PREG Temecula, LLC. The Lease Agreement has been amended five times previously for modifications to the term and rent. The office is occupied by the Treasurer Tax Collector and continues to meet the needs of the department. A Sixth Amendment to Lease is being sought to extend the lease term for two years, effective November 1, 2021 and expiring October 31, 2024. The Sixth Amendment to the Lease Agreement is defined as the proposed project under the California Environmental Quality Act (CEQA). The project is the letting of property involving existing facilities; no expansion of the existing facility will occur. The operation of the facility will continue to provide public services. 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.

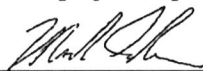
**Reasons Why Project is Exempt:** The proposed project is categorically exempt from the provisions of CEQA specifically by the State CEQA Guidelines as identified below. The project will not result in any specific or general exceptions to the use of the categorical exemption as detailed under State 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 Sixth Amendment to the Lease Agreement.

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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 the extension of term, rental adjustment, and inclusion of an early termination after six months with thirty-day advanced notice. The project would not substantially increase or expand the use of the site; use 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 two-year extension of the Lease Agreement and minor administrative contractual modifications to 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: 9-15-2022

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

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**SIXTH AMENDMENT TO LEASE**  
**40935 County Center Drive, Suite C**  
**Temecula, California, 92590**

This **SIXTH AMENDMENT TO LEASE** ("Sixth Amendment") is made as of January 31<sup>st</sup>, 202~~2~~<sup>3</sup> by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California (County), as Lessee, and PREG TEMECULA, LLC, a California Limited Liability Company (Lessor), sometimes collectively referred to as the "Parties".

**RECITALS**

A. Temecula Highlands, LLC, a California limited liability company, ("Original Lessor") and County entered into that certain Lease dated August 27, 2002 ("Original Lease") pursuant to which Original Lessor agreed to lease to County and County agreed to lease from Original Lessor a portion of that certain building located at 40935 County Center Drive, Suite C, Temecula, California, as more particularly described in the Lease, and also referred to as the "Premises."

B. The amendments to the Original Lease are summarized as follows:

1. The First Amendment to Lease ("First Amendment") dated March 11, 2008, by and between County and Original Lessor whereby County and Original Lessor agreed to extend the lease term, provide the County the option to extend the lease term, and modify the rent.

2. The Second Amendment to Lease ("Second Amendment") dated September 29, 2009, by and between County and Original Lessor, whereby County and Original Lessor agreed to extend the lease term and modify the rent.

3. The Third Amendment to Lease ("Third Amendment") dated August 5, 2014, by and between County and Heritage Partners Temecula Properties, LLC ("Heritage Partners"), successor-in-interest to Original Lessor, whereby County and Heritage Partners agreed to extend the lease term, modify the rent, and provide tenant

1 improvements.

2 4. The Fourth Amendment to Lease ("Fourth Amendment") dated July 23,  
3 2019, by and between County and PREG Temecula, LLC, a California limited liability  
4 company, successor-in-interest to Heritage Partners, whereby County and PREG  
5 Temecula, LLC agreed to extend the lease term, modify the rent, and provide an option  
6 for the County to extend the Lease term.

7 5. The Fifth Amendment to Lease ("Fifth Amendment") dated August 24,  
8 2021, by and between County and PREG Temecula, LLC, whereby County and PREG  
9 Temecula, LLC agreed to extend the lease term, modify the rent, and provide an option  
10 for the County to extend the Lease term.

11 C. The Original Lease together with the First, Second, Third, Fourth, Fifth  
12 Amendments, and this Sixth Amendment, are collectively referred to herein as the  
13 "Lease."

14 D. County and Lessor now desire to amend the Lease with this Sixth  
15 Amendment to extend the term period, amend the rental amount and yearly percentage  
16 increase, modify County's Right to Early Termination and update the Notice section.

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

19 1. **TERM.**

20 a. Section 4.1 of the Lease shall be amended as follows:  
21 The term of this Lease is hereby extended for two (2) years, commencing November 1,  
22 2022 and expiring October 31, 2024.

23 2. **RENT.**

24 a. Section 5.1 of the Original Lease shall be amended as follows:  
25 County shall pay the sum of Three Thousand Six Hundred Nine dollars and 60/100  
26 (\$3,609.60) per month to Lessor as rent for the Leased Premises.

27 3. **ANNUAL INCREASE.**

28 a. Section 5.2 of the Lease shall be amended as follows:



1 Notwithstanding the provision of section 5.1 herein, the monthly rent shall be increased  
2 on each anniversary of the Sixth Amendment by an amount equal to two and one half  
3 percent (2.5%) of such monthly rental.

4 **4. RIGHT TO EARLY TERMINATION.**

5 a. Section 6.4 of the Lease shall be replaced in its entirety by the  
6 following: The County shall have the option to terminate the Lease, without cause, after  
7 October 31, 2023, with ninety-day (90) day advance written notice to Lessor.

8 **5. NOTICE.**

9 a. Section 19.18 of the Original Lease shall be amended as follows:  
10 Except as expressly provided elsewhere in this Lease, all notices and other  
11 communication required under this Lease shall be in writing and delivered by: (a)  
12 Certified Mail, postage prepaid, return receipt requested, in the United States mail; or  
13 (b) via an overnight courier that provides written evidence of delivery and addressed to  
14 the Party hereto to whom the same is directed at the addresses set forth in this Section.  
15 Either Party hereto may from time to time change its mailing address by written notice to  
16 the other Party.

17 **County's Notification Address:**

18 County of Riverside  
19 Department of Facilities Management  
20 3450 14<sup>th</sup> St., Suite 200  
21 Riverside, California 92501  
22 Attention: Deputy Director of Real Estate

23 **Lessor's Notification Address:**

24 PREG Temecula, a California Limited Liability Company  
25 11225 W. Bernardo Ct., Suite 100  
26 San Diego, California 92127

27 **6. SIXTH AMENDMENT TO PREVAIL.** The provisions of this Sixth  
28 Amendment shall prevail over any inconsistent or conflicting provisions of the Original

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

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

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

16 (Signatures on the following Page)

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IN WITNESS WHEREOF, the Parties have executed this Sixth Amendment to Lease as of the date first written above.

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

LESSOR:  
PREG TEMECULA, LLC,  
a California limited Liability company

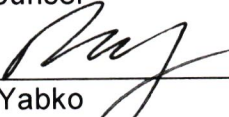
By:   
**KEVIN JEFFRIES** Chairman  
Board of Supervisors

By:   
Kyle P. Nelson  
Manager

ATTEST:  
**KIMBERLY A. RECTOR**  
Clerk of the Board

By:   
Deputy

APPROVED AS TO FORM:  
County Counsel

By:   
Ryan Yabko  
Deputy County Counsel

JG:sc/08262022/TM024/30.829

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# Exhibit A

FY 2022/23

Treasurer-Tax Collector Temecula  
40935 County Center Drive, Suite C, Temecula

## ***ESTIMATED AMOUNTS***

### **Total Square Footage to be Leased:**

Current Office:	1,764 SQFT	
Approximate Cost per SQFT(Nov-Jun)	\$ 2.05	
Lease Cost per Month(Nov-Jun)	\$ 3,609.60	
Total Lease Cost(Nov-Jun)		\$ 28,876.80
<b>Total Estimated Lease Cost for FY 2022/23</b>		<b>\$ 28,876.80</b>

### **Estimated Additional Costs:**

Utility Cost per SQFT	\$ 0.12	
Estimated Utility Costs per Month	\$ 211.68	
Total Estimated Utility Cost(July-Oct)		\$ 211.68
<b>Total Estimated Utility Cost for FY 2022/23</b>		<b>\$ 211.68</b>
FM Lease Management Fee as of 7/1/2021	4.86%	\$ 1,403.41
<b>TOTAL ESTIMATED COST FOR FY 2022/23</b>		<b>\$ 30,491.89</b>
<b>TOTAL COUNTY COST</b>	<b>7%</b>	<b>\$ 2,076.50</b>

# Exhibit B

FY 2023/24

Treasurer-Tax Collector Temecula  
40935 County Center Drive, Suite C, Temecula

## **ESTIMATED AMOUNTS**

### **Total Square Footage to be Leased:**

Current Office:	1,764 SQFT	
Approximate Cost per SQFT(July-Oct)	\$ 2.05	
Approximate Cost per SQFT(Nov-Jun)	\$ 2.10	
Lease Cost per Month(July-Oct)	\$ 3,609.60	
Lease Cost per Month(Nov-Jun)	\$ 3,699.84	
Total Lease Cost(July-Oct)		\$ 14,438.40
Total Lease Cost(Nov-Jun)		\$ 29,598.72
<b>Total Estimated Lease Cost for FY 2023/24</b>		<b>\$ 44,037.12</b>

### **Estimated Additional Costs:**

Utility Cost per SQFT	\$ 0.12	
Estimated Utility Costs per Month	\$ 211.68	
Total Estimated Utility Cost (Jul-Jun)		\$ 2,540.16
<b>Total Estimated Utility Cost FY 2023/2</b>		<b>\$ 2,540.16</b>
FM Lease Management Fee as of 7/1/2021	4.86%	\$ 2,140.20
<b>TOTAL ESTIMATED COST FOR FY 2023/24</b>		<b>\$ 48,717.48</b>
<b>TOTAL COUNTY COST</b>	<b>7%</b>	<b>\$ 3,317.66</b>

# Exhibit C

**FY 2024/25 to 2024/25**  
**Treasurer-Tax Collector Temecula**  
**40935 County Center Drive, Suite C, Temecula**

**ESTIMATED AMOUNTS**

**Total Square Footage to be Leased:**

Current Office: 1,764

	<b>FY 2024/25</b>
Approximate Cost per SQFT(July-Oct)	\$ 2.15
Lease Cost per Month(July-Oct)	3,792.34
Total Lease Cost(July-Oct)	\$ 41,715.70
<b>Total Estimated Lease Cost for FY 2024/25 to 2024/25</b>	<b>\$ 41,715.70</b>

**Estimated Additional Costs:**

Utility Cost per SQFT	\$ 0.12
Estimated Utility Costs per Month	\$ 211.68
<b>Total Estimated Utility Cost for FY 2024/25</b>	<b>\$ 2,540.16</b>

FM Lease Management Fee as of 7/1/2021 4.86% \$ 2,027.38

**TOTAL ESTIMATED COST FOR FY 2024/25 to 2024/25** **\$ 46,283.24**

<b>F11 Total Cost</b>	<b>\$ 125,492.61</b>
<b>F11 Total County Cost</b> 7%	<b>\$ 8,546.05</b>

# Treasurer/Tax Collector

40935 County Center Drive, Suite C, Temecula, CA 92590



## Legend

County Centerline Names



**\*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.

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## Notes

District 3  
Premise outlined in black  
APN: 910110086