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



ITEM: 3.16 (ID # 20173)

MEETING DATE:

Tuesday, May 23, 2023

FROM: FACILITIES MANAGEMENT:

SUBJECT: Facilities Management, Real Estate Division: Ratification and Approval of Fifth Amendment to Lease with B.H. PROPERTIES, LLC, Riverside University Health System - Behavioral Health, 5 Year Lease Extension, CEQA Exempt pursuant to State CEQA Guidelines Sections 15301 and 15061(b)(3), District 1. [\$3,729,834 - Federal 40%, State 60% - Behavioral Health Fund 10000] (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 Fifth Amendment to Lease with B.H. PROPERTIES, LLC, a California limited liability company, and authorize the Chair of the Board to execute the same on behalf of the County;
- 3. Authorize the Director of Facilities Management, or their 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 by the Board; and

ACTION:Policy, CIP

Matthew Chang, Director 4/21/2023 Rose Salgado, Director of Facilities Management 5/3/

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Spiegel, seconded by Supervisor Washington 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:

May 23, 2023

XC:

FM, Recorder

Clerk of the Board

Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost		
COST	\$333,141	\$685,043	\$3,729,834	\$0		
NET COUNTY COST	\$0	\$0	\$0	\$0		
SOURCE OF FUNDS Health Fund 10000	Budget Adjus	Budget Adjustment: No				
	For Fiscal Ye	For Fiscal Year:2022/23-2027/28				

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Riverside University Health System – Behavioral Health (RUHS-BH) has been under lease at 769 and 771 Blaine Street, Riverside since November 4, 2003. The facility continues to meet the needs of RUHS-BH program services and this Fifth Amendment to Lease ("Fifth Amendment") represents a request to extend the lease by five (5) years commencing January 1, 2023 through December 31, 2027. The County shall have the option to terminate the Lease, without cause, after December 31, 2026 with a minimum of one hundred fifty (150) days advance written notice to Lessor. An annual rent increase will be calculated by a change in the Riverside, San Bernardino and Ontario, California CPI index, with a minimum increase of 2% and not to exceed increase of 6%. Minor Tenant Improvements are included at Lessor's sole cost and expense.

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

This Fifth Amendment is summarized below:

Lessor: B. H. Properties, LLC

11111 Santa Monica Blvd., #1800 Los Angeles, California 90025

Premises Location: 769 and 771 Blaine Street, Riverside, California 92507

Size: 28,400 sq. ft.

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 Current
 New

 \$ 1.60 per sq. ft.
 \$ 1.75 per sq. ft.

 \$ 45,455.00 per month
 \$ 49,700.00 per month

Term: Effective January 1, 2023 through December 31, 2027

\$545,460.00 per year

Rent Adjustment: Commencing January 1, 2024 annually utilizing the CPI index,

with a minimum of 2% increase, not to exceed 6% increase.

\$596,400.00 per year

Utilities: County pays for telephone and electrical services; Landlord pays

for all other services.

Custodial Services: Provided by Lessor

Maintenance: Provided by Lessor

RCIT Costs: N/A

Tenant Improvements: Minor Tenant Improvements at Lessor's sole cost and expense.

Option to Terminate: Termination for any reason after December 31, 2026 with One

Hundred, Fifty (150) day advance written notice.

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

Impact on Residents and Businesses

This facility will continue to provide important behavioral health services for the residents and community of Riverside. The continued occupancy of this facility provides a positive economic impact to this area's residents and businesses.

SUPPLEMENTAL:

Additional Fiscal Information

See attached Exhibits A, B, & C.

The RUHS-BH has budgeted these costs in FY 2022/23-2027/28 and will reimburse Facilities Management, Real Estate Division for all lease costs on a monthly basis.

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Contract History and Price Reasonableness

This is a five-year renewal. This contract has been in place since November 2003.

- November 4, 2004 Lease
- September 29, 2009 First Amendment
- March 12, 2013 Second Amendment
- April 28, 2015 Third Amendment
- May 22, 2018 Fourth Amendment

ATTACHMENTS:

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

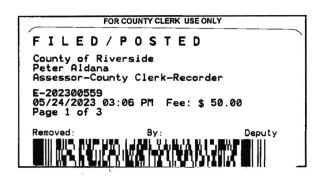
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Veronica Santillan
Veronica Santillan
Veronica Santillan, Principal Management Analyst

5/12/2023

Aaron Gettis, Deputy County Journsel 5/10/2023

County of Riverside Facilities Management-PMO 3450 14th Street, 2nd Floor, Riverside, CA



NOTICE OF EXEMPTION

September 27, 2022

Project Name: Approval of Fifth Amendment with B.H. Properties, LLC for Riverside University Health System Department of Behavioral Health (RUHS-BH), 769 and 771 Blaine Street, Riverside

Project Number: FM042611031000

Project Location: 769 and 711 Blaine Street, west of Watkins Drive, Riverside, California, 92507, portions of Assessor's Parcel Number (APN) 251-070-007

Description of Project: The County of Riverside (County) has been leasing office space located at 769 and 771 Blaine Street, Riverside, since November 2003 pursuant to that certain Lease between the County and B.H. Properties, LLC. The office is occupied by RUHS-BH and continues to meet the needs of the Department. The Lease Agreement has been amended four times previously for extension of terms, rental adjustments, tenant improvements, and contractual responsibilities for termination. A Fifth Amendment to Lease is being sought to extend the lease term for five years, commencing January 1, 2023 through December 31, 2028 and includes minor tenant improvements including interior painting, floor coverings, restrooms partition repairs, break room counter top replacement, installation of edge guards, and other minor repairs within the facility. The Fifth Amendment to the Lease Agreement with B.H. Properties, LLC 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 fire department 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 Fifth Amendment to the Lease Agreement.

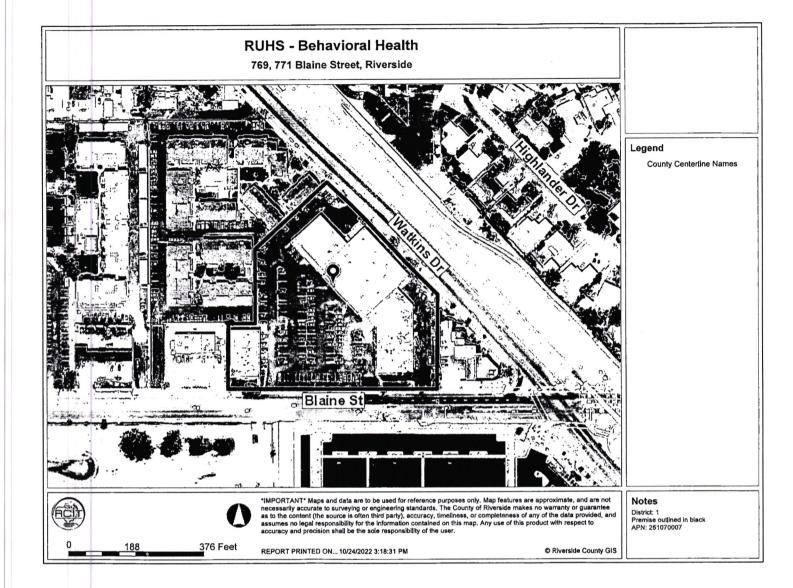
- Section 15301 Class 1 Existing Facilities Exemption: This categorical exemption includes the operation, repair, maintenance, leasing, or minor alteration of existing public or private structures or facilities, provided the exemption only involves negligible or no expansion of the previous site's use. The project, as proposed, is limited to the extension of term as well as minor interior tenant improvements. 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 five-year extension of 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:

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

_____Date: 9-27-2022



FIFTH AMENDMENT TO LEASE

769 and 771 Blaine Street, Riverside, California

This FIFTH AMENDMENT TO LEASE ("Fifth Amendment"), dated as of 12, 1013, is entered by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California, ("Lessee" or "County"), and B.H. PROPERTIES, LLC, a California limited liability company ("Lessor"), sometimes collectively referred to as the "Parties".

RECITALS.

- a. Lessor and Lessee entered into a lease dated November 4, 2003, pursuant to which Lessor has agreed to lease to Lessee and Lessee has agreed to lease from Lessor a portion of that certain building located at 769 and 771 Blaine Street, Riverside, California ("Building"), as more particularly described in the Lease (the "Original Lease").
 - b. The Original Lease has been amended by:
- i. That certain First Amendment to Lease dated September 29, 2009, by and between Lessee and Lessor (the "First Amendment"), whereby the Parties amended the Original Lease to extend the term, amend the monthly rent, the right to early termination, satisfaction, options, and tenant improvements.
- ii. That certain Second Amendment to Lease dated March 12, 2013, by and between Lessee and Lessor (the "Second Amendment"), whereby the Parties amended the Original Lease to extend the term, amend the monthly rent, premises, improvements, and options to terminate.
- iii. That certain Third Amendment to Lease dated April 28, 2015, by and between Lessee and Lessor (the "Third Amendment"), whereby the Parties amended the Original Lease to do improvements.
- iv. That certain Fourth Amendment to Lease dated May 22, 2018, by and between Lessee and Lessor (the "Fourth Amendment"), whereby the

Parties amended the Original Lease to extend the term, and amend the monthly rent, the premises, the option to terminate and include minor improvements.

- c. The Original Lease together with the First, Second, Third, and Fourth Amendments are collectively referred to herein as the "Lease".
- d. The Parties now desire to amend the Lease with this Fifth Amendment to extend the term, amend the rental amounts, annual rent increases, minor improvements, and option to terminate.

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

- 1. **TERM.** Section 4.1 of the Lease is hereby amended by the following: The term of the Lease shall be extended from January 1, 2023 through December 31, 2027.
- **2. RENT.** Section 5.1 of the Lease is hereby amended by the following: Lessee shall pay to Lessor the monthly sum of Forty-Nine Thousand, Seven Hundred 00/100 Dollars (\$49,700) as rent for the leased premises effective January 1, 2023 ("Effective Date").
- 3. ANNUAL INCREASE. Section 5.2 of the Lease shall be amended as follows: The monthly rent shall be increased annually on each anniversary of the Lease based on the Consumer Price Index ("CPI"), defined below, with a minimum range of two (2%) percent and a maximum rate not to exceed six (6%) percent. CPI means the Consumer Price Index of All Urban Customers, Los Angeles-Riverside-Orange County, CA (1982-1984 = 100) as published by the U.S. Department of Labor, Bureau of Labor Statistics. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculations. In the event that Lessor and Lessee cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in the county in which the Premises are located, in accordance

with the then rules of said association and the decision of the arbitrators shall be binding upon the parties, notwithstanding one party failing to appear after due notice of the proceeding. The cost of said Arbitrators shall be paid equally by Lessor and Lessee.

- 4. COUNTY'S RIGHT TO EARLY TERMINATION. Section 6.4 of the Lease shall be replaced in its entirety by the following: The County shall have the option to terminate the Lease, without cause, after December 31, 2026 with a minimum of One Hundred Fifty (150) days advance written notice to Lessor.
- 5. IMPROVEMENTS BY LESSOR. Section 11.1 of the Lease shall be amended to add subsection 11.1.7 as follows: Lessor, at its sole cost and expense, shall construct certain tenant improvements, as set forth in the attached Exhibit I.
- 6. CAPITALIZED TERMS: Fifth 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 Fifth Amendment shall prevail over any inconsistency or conflicting provisions of the Lease, as heretofore amended, and shall supplement the remaining provision thereof.
- 7. MISCELLANEOUS. Except as amended or modified herein, all the terms of the Lease shall remain in full force and effect and shall apply with the same force and effect. Time is of the essence in this Fifth Amendment and the Lease and each and all 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 provision of this Fifth 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 Fifth Amendment,

nor the Lease, nor any notice nor memorandum regarding the terms hereof, shall be recorded by Lessee.

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

(Signatures on the following Page)

1	IN WITNESS WHEREOF, the
2	date first written above.
3	
4	Dated: <u>5/23/23</u>
5	3/20/2
6	LESSEE:
7	COUNTY OF RIVERSIDE,
8	a political subdivision of the State of California
9	State of California
10	Mai
11	By:
12 ^K	EVIN JEFFRIEShair Board of Supervisors
13	
14	
15	
16	ATTEST:
17	Clerk of the Board
18	Monum his
19	By: Deputy
20	Deputy
21	
22	APPROVED AS TO FORM:
23	County Counsel
24	By:
25	Ryan Yabko
26	Deputy County Counsel

LESSOR:

B.H. PROPERTIES, LLC a California limited liability company

By: B.H. Partnership A, L.P.

a Delaware limited partnership

parties have executed this Amendment as of the

Its: Sole Member

By: B.H. Holding Company I, Inc. a Delaware corporation

Its: General Partner

Arsalan Gozini

Its: President

JG:sc/09202022/RV310/30.834

27

28

EXHIBIT I TENANT IMPROVEMENTS 769, and 771 Blaine Street Riverside, California

Tenant Improvements:

Men's Restroom by room 157 – Laminate countertops need to be replaced.

Conference Room right hand side – Laminate countertop by sink needs to be replaced.

Conference Room, right hand side – Ceiling tiles need to be replaced.

Employee Break Room – Paint needed on light blue wall.

Employee Break Room – Laminate countertops need to be replaced.

Several doors throughout both suites 769 and 771, need to be repainted.

Exhibit A

FY 2022/23 **RUHS - BH** 769 and 771 Blaine Street

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	28,400 SQFT		
Approximate Cost per SQFT(Jul - Dec) Approximate Cost per SQFT(Jan - Jun)	\$ - \$ 1.75		
Lease Cost per Month(Jul - Dec) Lease Cost per Month(Jan - Jun)	\$ - \$ 49,700.00		
Total Lease Cost(Jul - Dec) Total Lease Cost(Jan - Jun) Total Estimated Lease Cost for FY 2022/23		\$ \$	298,200.00 298,200.00
Estimated Additional Costs:			
Utility Cost per SQFT Estimated Utility Costs per Month Total Estimated Utility Cost(Jul - Dec) Total Estimated Utility Cost(Jan - Jun) Total Estimated Utility Cost for FY 2022/23	\$ 0.12	\$ \$	20,448.00 20,448.00
FM Lease Management Fee as of 7/1/2022	4.86%	\$	14,492.52
TOTAL ESTIMATED COST FOR FY 2022/23		\$	333,140.52
TOTAL COUNTY COST	0%	\$	-

Exhibit A

FY 2023/24 RUHS - BH 769 and 771 Blaine Street

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

TOTAL COUNTY COST

Current Office:	28,400 SQFT	
Approximate Cost per SQFT(Jul - Dec) Approximate Cost per SQFT(Jan - Jun)	\$ 1.75 \$ 1.86	
Lease Cost per Month(Jul - Dec) Lease Cost per Month(Jan - Jun)	\$ 49,700.00 \$ 52,682.00	
Total Lease Cost(Jul - Dec) Total Lease Cost(Jan - Jun) Total Estimated Lease Cost for FY 2023/24	-	\$ 298,200.00 \$ 316,092.00 \$ 614,292.00
Estimated Additional Costs:		
Utility Cost per SQFT Estimated Utility Costs per Month Total Estimated Utility Cost(Jul - Jun)	\$ 0.12 <u>\$ 3,408.00</u>	\$ 40,896.00
Total Estimated Utility Cost for FY 2023/24		\$ 40,896.00
FM Lease Management Fee as of 7/1/2022	4.86%	\$ 29,854.59
TOTAL ESTIMATED COST FOR FY 2023/24	_	\$ 685,042.59

0%

Exhibit C

FY 2024/25 to 2027/28 RUHS - BH 769 and 771 Blaine Street

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:

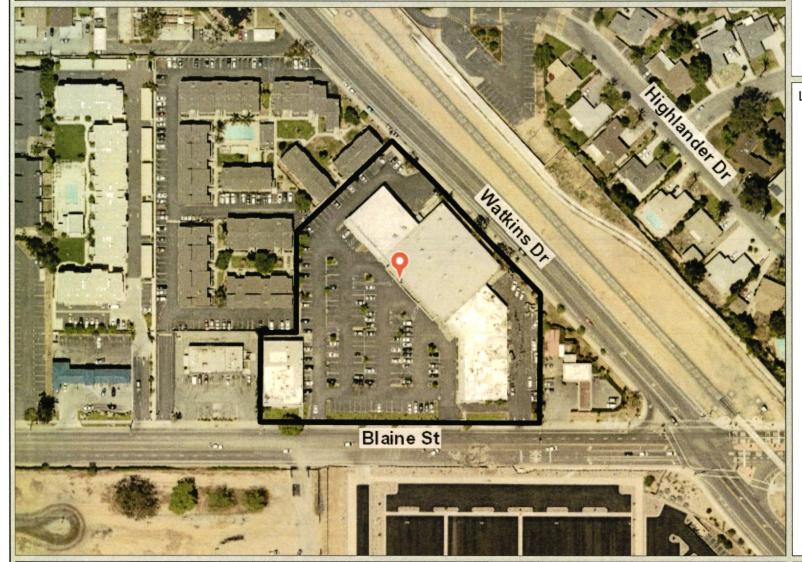
28,400 SQFT

	1	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Approximate Cost per SQFT(Jul - Dec)	\$	1.86	\$ 1.97	\$ 2.08	\$ 2.21
Approximate Cost per SQFT(Jan - Jun)	\$	1.97	\$ 2.08	\$ 2.21	\$ -
Lease Cost per Month(Jul - Dec)		52,682.00	\$ 55,842.92	\$ 59,193.50	\$ 62,745.10
Lease Cost per Month(Jan - Jun)		55,842.92	59,193.50	62,745.10	\$ -
Total Lease Cost(Jul - Dec)	\$	316,092.00	\$ 335,057.52	\$ 355,160.97	\$ 376,470.63
Total Lease Cost(Jan - Jun)	\$	335,057.52	\$ 355,160.97	\$ 376,470.63	\$ -
Total Estimated Lease Cost for FY 2024/25 to 2027/28	\$	651,149.52	\$ 690,218.49	\$ 731,631.60	\$ 376,470.63
Estimated Additional Costs:					
Utility Cost per SQFT	\$	0.12	\$ 0.12	\$ 0.12	\$ 0.12
Estimated Utility Costs per Month	\$	3,408.00	\$ 3,408.00	\$ 3,408.00	\$ 3,408.00
Total Estimated Utility Cost for FY 2024/25 to 2026/27	\$	40,896.00	\$ 40,896.00	\$ 40,896.00	\$ 20,448.00
FM Lease Management Fee as of 7/1/2021 4.86%	\$	31,645.87	\$ 33,544.62	\$ 35,557.30	\$ 18,296.47
TOTAL ESTIMATED COST FOR FY 2024/25 to 2027/28	\$	723,691.39	\$ 764,659.11	\$ 808,084.90	\$ 415,215.10

F11 Total Cost \$ 3,729,833.61 F11 Total County Cost 0% \$ -

RUHS - Behavioral Health

769, 771 Blaine Street, Riverside



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.

Notes

District: 1

Premise outlined in black APN: 251070007

188

376 Feet

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