

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



**ITEM: 3.36
(ID # 20171)**

MEETING DATE:

Tuesday, June 27, 2023

FROM : FACILITIES MANAGEMENT:

SUBJECT: FACILITIES MANAGEMENT, REAL ESTATE DIVISION (FM-RE): Ratify and Approve First Amendment to Lease Agreement with Miracle Mile Properties, LP, Riverside University Health System - Behavioral Health - Riverside, Five Year Lease, District 1. CEQA Exempt pursuant to State CEQA Guidelines Sections 15301 and 15061 (b)(3). [Total Cost: \$1,563,401 State 60%; Federal 40% - 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 First Amendment to Lease Agreement with Miracle Mile Properties, LP, a Delaware limited partnership, and authorize the Chairman 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.

ACTION:Policy, CIP

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Spiegel 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: June 27, 2023
xc: FM-RE, Recorder

Kimberly A. Rector
Clerk of the Board

By: 
Deputy

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| FINANCIAL DATA | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost |
|---|-----------------------------|--------------------------|-------------------------------------|---------------------|
| COST | 172,229 | \$300,184 | \$1,563,401 | \$ 0 |
| NET COUNTY COST | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| SOURCE OF FUNDS: State 60%, Federal 40% - Behavioral Health Fund 10000 | | | Budget Adjustment: No | |
| | | | For Fiscal Year: 22/23-27/28 | |

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The County of Riverside has been under lease at 1820 University Avenue, since July 11, 2017, for use by Riverside University Health System – Behavioral Health’s (RUHS-BH) Transitional Age Youth (TAY) program. The facility provides peer services, clinical assessment services, individual, group therapy and medication management to clients between ages 16-25.

RUHS-BH will continue to occupy the facility, and this proposed First Amendment to Lease between the County and Miracle Mile Properties, LP (Lessor) will extend the term, amend the rental amount, provide one-month rent abatement, modify County’s Right to Early Termination, and provide for minor tenant improvements (First Amendment).

Pursuant to the California Environmental Quality Act (CEQA), the First Amendment to Lease 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 First Amendment to Lease, is the letting of property involving existing facilities and no expansion of an existing use will occur.

The First Amendment is summarized as follows:

Lessor: Miracle Mile Properties, LLP
4221 Wilshire Boulevard, Suite 480
Los Angeles, CA 90010

Location: 1820 University Avenue
Suites 2A, 3A, 2B, & 3B
Riverside, California 92507

Term: Five (5) Year Lease, commencing December 1, 2022 and expiring November 30, 2027, with a right to terminate after two

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(2) years with a hundred and twenty (120) day advance written notice.

Size: 9,258 sq. ft.

| | Current | New |
|-------|------------------------|------------------------|
| Rent: | \$ 2.41 per sq. ft. | \$ 2.42 per sq. ft. |
| | \$ 22,402.92 per month | \$ 22,404.36 per month |
| | \$268,835.04 per year | \$268,852.32 per year |

Rent Abatement: One month of rent equaling \$22,404.36 in April 2023

Rent Adjustment: Commencing December 1, 2023 rent shall be increased three percent (3%) annually

Utilities: County pays for telephone and electrical service. Landlord pays for all other services.

Custodial: Lessor

Maintenance: Lessor

Tenant Improvements: Sole expense and cost paid by Lessor.

Impact on Citizens and Businesses

There will be a positive impact on residents and local businesses. This RUHS-BH facility provides behavioral health peer services, clinical assessment services, individual, group therapy and medication management to clients between ages 16-25.

SUPPLEMENTAL:

Additional Fiscal Information

See attached Exhibit A, B, and C

All the associated costs for this First Amendment will be budgeted for FY 22/23 through FY 26/27 through the RUHS-Behavioral Health budget. The RUHS-Behavioral Health will reimburse Facilities Management-Real Estate Division (FM-RE) for all associated lease costs on a monthly basis.

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Lease & Amendments

Lease

Date an M.O.

July 11, 2017 (M.O. 3.13)

ATTACHMENTS:

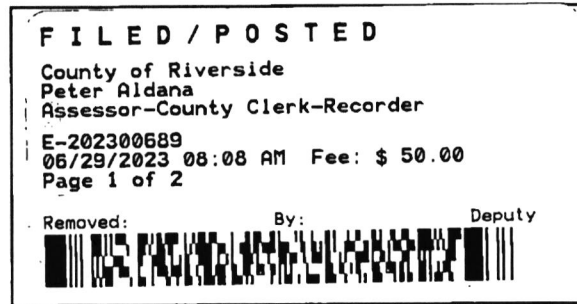
- First Amendment
- Exhibits A, B & C
- Notice of Exemption
- Aerial Map

JG:sc/11102022/RV593/30.835

Veronica Santillan
Veronica Santillan, Principal Management Analyst 6/13/2023

Aaron Gettis
Aaron Gettis, Deputy County Counsel 6/12/2023

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



NOTICE OF EXEMPTION

September 27, 2022

Project Name: Approval of First Amendment with Miracle Mile Properties for Riverside University Health System Department of Behavioral Health (RUHS-BH), 1820 University Avenue, Riverside

Project Number: FM042611031000

Project Location: 1820 University Avenue, Suites 2A, 3A, 2B, and 3B, west of Chicago Avenue, Riverside, California, 92507, Assessor's Parcel Number (APN) 221-061-007

Description of Project: The County of Riverside (County) has been leasing office space located at 1820 University Avenue, Riverside, since July 2017 pursuant to that certain Lease between the County and Miracle Mile Properties. The office is occupied by RUHS-BH and continues to meet the needs of the Department. A First Amendment to Lease is being sought to extend the lease term for five years, commencing December 1, 2022 through November 30, 2027 and includes minor tenant improvements to the offices, restrooms, group rooms, break rooms and conference room, as well as other minor repairs within the facility. The First Amendment to the Lease Agreement with Miracle Mile Properties 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 First Amendment to the Lease Agreement.

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FIRST AMENDMENT TO LEASE
1820 University Avenue, Suites 2A, 3A, 2B & 3B
Riverside, California

This **FIRST AMENDMENT TO LEASE** ("First Amendment") dated as of June 27, 2023 is entered by and between **MIRACLE MILE PROPERTIES, LP**, a Delaware limited partnership ("Lessor"), and the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California ("County"), sometimes collectively referred to as the "Parties".

RECITALS

a. **MIRACLE MILE PROPERTIES, LP** as lessor, and County entered into that certain Lease dated July 11, 2017 ("Original Lease") whereby **MIRACLE MILE PROPERTIES, LP** agreed to lease to County and County agreed to lease from **MIRACLE MILE PROPERTIES, LP** that certain building located at 1820 University Avenue, Suites 2A, 3A, 2B & 3B, Riverside, California ("the Building"), as more particularly described in the Lease ("the Original Premises").

b. The Original Lease, as amended, shall hereafter be referred to as the "Lease."

c. County and Lessor desire to amend the Lease to extend the term, amend the monthly rent, modify County's Right to Early Termination, Tenant Improvements and update the Notice section.

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 Original Lease is amended by the following: The term of the Lease shall be extended for a period of five (5) years commencing December 1, 2022 and expiring November 30, 2027 (the "Extension Term").

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1 **2. Rent.** Section 5.1 of the Original Lease is amended by the following:
2 County shall pay the sum of Twenty-two Thousand, Four Hundred Four Dollars, and
3 36/100 (\$22,404.36) per month to Lessor as rent for the Leased Premises.

4 **3. Rent Abatement.** Lessor agrees to reduce the rent (Rent Abatement) in
5 the amount of Twenty-Two Thousand, Four Hundred Four Dollars, and 36/100
6 (\$22,404.36) for the month of April 2023.

7 **4. County's Right to Early Termination.** Sections 6.4, 6.4.1, 6.4.2, and
8 6.4.3 of the Lease are hereby deleted in their entirety and replaced by the following:

9 **6.4 County's Right to Early Termination.** The County shall have the
10 option to terminate the Lease, without cause, after November 30, 2024, with one
11 hundred twenty (120) days advance written notice to Lessor.

12 **5. Improvements By Lessor.** Section 11.1 of the Lease shall be amended
13 to add Subsection 11.1.10 as follows: Lessor, at its sole cost and expense, shall
14 construct certain tenant improvements, as set forth in Exhibit I, attached hereto and
15 incorporated herein. Lessor's responsibility shall include lifting of workstations utilizing
16 Shaw furniture jacks or jacks approved in advance by County, removal of existing
17 carpet, and installation of carpet tiles and base.

18 County's responsibility for hard-walled offices shall include packing and
19 moving files, removal of personal property, file cabinets, chairs, computers, other
20 electronics and telephones. Desk furniture shall be dismantled and either removed or
21 relocated within the hard-walled offices for further movement by the carpet vendor.
22 County's responsibility for cubicles shall include packing and moving freestanding
23 pedestal files, chairs, personal property, and lifting any wiring off the floor for clear
24 access. Computers and telephones to remain on cubicle surfaces.

25 **6. Notice.** Section 19.18 of the Lease shall be amended as follows:

26 **County's Notification Address:**

27 County of Riverside

28 Facilities Management

1 3450 14th St., Suite 200
2 Riverside, CA 92501
3 ATTN: Deputy Director of Real Estate
4 Other Inquiries - FM-Leasing@Rivco.org
5 Telephone: (951) 955-4820

6 **Lessor's Notification Address:**

7 Miracle Mile Properties, LP
8 4221 Wilshire Blvd., Suite 480
9 Los Angeles, CA 90010

10 **7. Capitalized Terms.** FIRST AMENDMENT TO PREVAIL. Unless defined
11 herein or the context requires otherwise, all capitalized terms herein shall have the
12 meaning defined in the Lease, as heretofore amended. The provisions of this First
13 Amendment shall prevail over any inconsistency or conflicting provisions of the Lease,
14 as heretofore amended, and shall supplement the remaining provisions thereof.

15 **8. Miscellaneous.** Except as amended or modified herein, all the terms of
16 the Lease shall remain in full force and effect and shall apply with the same force and
17 effect. If any provisions of this First Amendment or the Lease shall be determined to
18 be illegal or unenforceable, such determination shall not affect any other provision of
19 the Lease and all such other provisions shall remain in full force and effect. The
20 language in all parts of the Lease shall be construed according to its normal and usual
21 meaning and not strictly for or against either Lessor or Lessee. Neither this First
22 Amendment, nor the Lease, nor any notice nor memorandum regarding the terms
23 hereof, shall be recorded by Lessee.

24 **9. Effective Date.** This First Amendment shall not be binding or
25 consummated until its approval by the Riverside County Board of Supervisors and fully
26 executed by the Parties.

27 (SIGNATURE ON NEXT PAGE)
28

11-11-11

EXHIBIT I
TENANT IMPROVEMENTS
1820 University Avenue, Suites 2A, 3A, 2B & 3B
Riverside, California

Tenant Improvements:

Carpet replacement in suite 2A and 3A with the exception of the office suites with new carpet due to flood in 2022.

Exhibit A

FY 2022/23
RUHS Behavioral Health
1820 University Avenue, Suite 2A, 3A, 2B & 3B

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

| | | |
|--|--------------|----------------------|
| Current Office: | 9,258 SQFT | |
| Approximate Cost per SQFT(Dec-Jun) | \$ 2.42 | |
| Lease Cost per Month(Dec-Jun) | \$ 22,404.36 | |
| Total Lease Cost(Dec-Jun) | | <u>\$ 156,830.52</u> |
| Total Estimated Lease Cost for FY 2022/23 | | \$ 156,830.52 |

Estimated Additional Costs:

| | | |
|--|--------------------|----------------------|
| Utility Cost per SQFT | \$ 0.12 | |
| Estimated Utility Costs per Month | <u>\$ 1,110.96</u> | |
| Total Estimated Utility Cost(Jul-Nov) | | <u>\$ 7,776.72</u> |
| Total Estimated Utility Cost for FY 2022/23 | | \$ 7,776.72 |
| FM Lease Management Fee as of 7/1/2022 | 4.86% | <u>\$ 7,621.96</u> |
| TOTAL ESTIMATED COST FOR FY 2022/23 | | \$ 172,229.20 |
| TOTAL COUNTY COST | 0% | \$ - |

Exhibit B

FY 2023/24

RUHS Behavioral Health

1820 University Avenue, Suite 2A, 3A, 2B & 3B

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

| | | | |
|--|---------|----------------------|--|
| Current Office: | 9,258 | SQFT | |
| Approximate Cost per SQFT(Jul-Nov) | \$ 2.42 | | |
| Approximate Cost per SQFT(Dec-Jun) | \$ 2.49 | | |
| Lease Cost per Month(Jul-Nov) | | \$ 22,404.36 | |
| Lease Cost per Month(Dec-Jun) | | \$ 23,076.49 | |
| Total Lease Cost(Jul-Nov) | | \$ 112,021.80 | |
| Total Lease Cost(Dec-Jun) | | \$ 161,535.44 | |
| Total Estimated Lease Cost for FY 2023/24 | | \$ 273,557.24 | |

Estimated Additional Costs:

| | | | |
|--|-----------|----------------------|--|
| Utility Cost per SQFT | \$ 0.12 | | |
| Estimated Utility Costs per Month | | \$ 1,110.96 | |
| Total Estimated Utility Cost (Jul-Jun) | | \$ 13,331.52 | |
| Total Estimated Utility Cost FY 2023/24 | | \$ 13,331.52 | |
| FM Lease Management Fee as of 7/1/2022 | 4.86% | \$ 13,294.88 | |
| TOTAL ESTIMATED COST FOR FY 2023/24 | | \$ 300,183.64 | |
| TOTAL COUNTY COST | 0% | \$ - | |

Exhibit C

**FY 2024/25 to 2027/28
RUHS Behavioral Health
1820 University Avenue, Suite 2A, 3A, 2B & 3B**

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

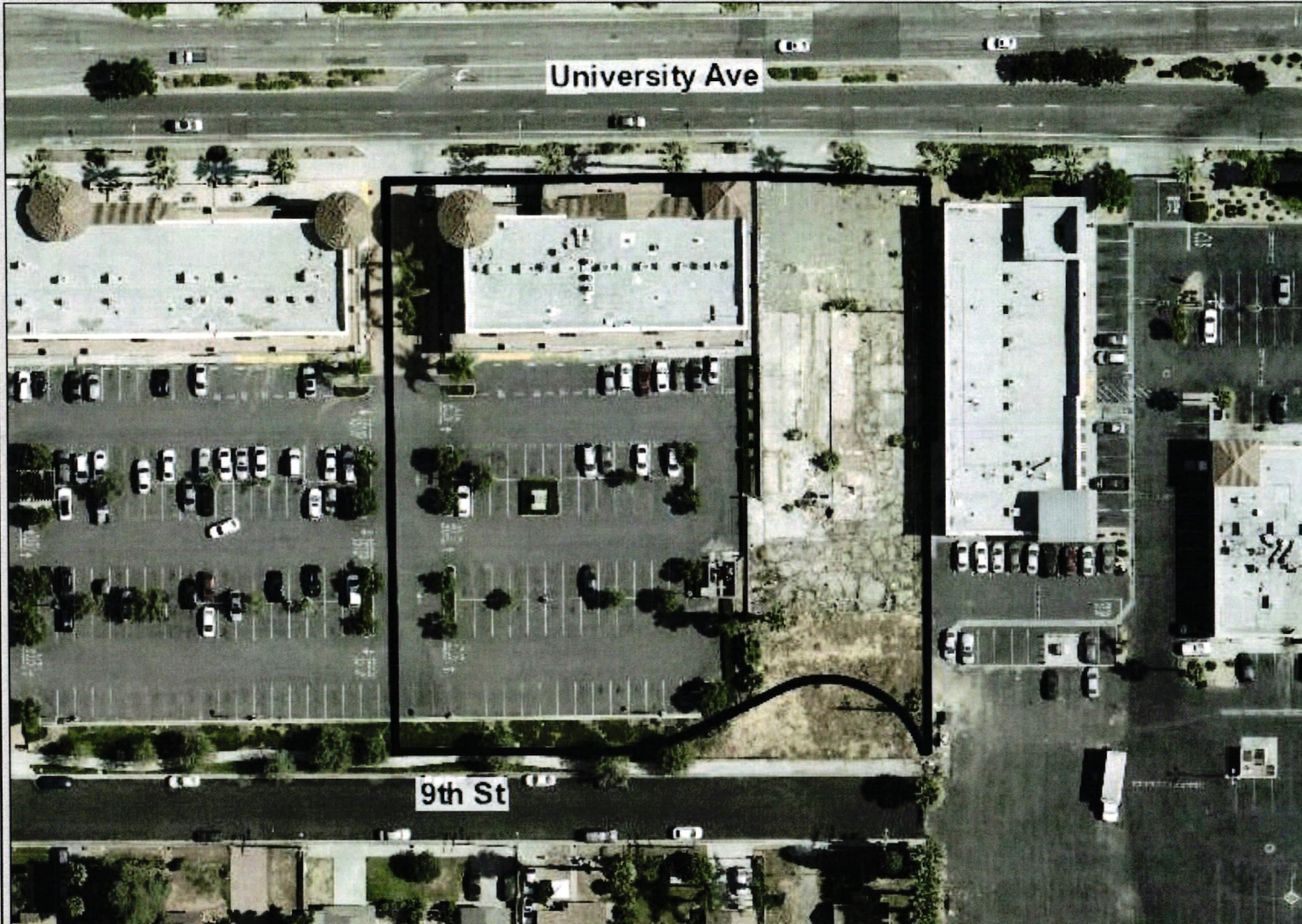
Current Office: 9,258 SQFT

| | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|---|----------------------|----------------------|----------------------|----------------------|
| Approximate Cost per SQFT(Jul-Nov) | \$ 2.49 | \$ 2.57 | \$ 2.64 | \$ 2.72 |
| Approximate Cost per SQFT(Dec-Jun) | \$ 2.57 | \$ 2.64 | \$ 2.72 | \$ - |
| Lease Cost per Month(Jul-Nov) | 23,076.49 | \$ 23,768.79 | \$ 24,481.85 | \$ 25,216.30 |
| Lease Cost per Month(Dec-Jun) | 23,768.79 | 24,481.85 | 25,216.30 | |
| Total Lease Cost(Jul-Nov) | \$ 115,382.45 | \$ 118,843.93 | \$ 122,409.25 | \$ 126,081.52 |
| Total Lease Cost(Dec-Jun) | \$ 166,381.50 | \$ 171,372.94 | \$ 176,514.13 | \$ - |
| Total Estimated Lease Cost for FY 2024/25 to 2027/28 | \$ 281,763.95 | \$ 290,216.87 | \$ 298,923.38 | \$ 126,081.52 |
| <u>Estimated Additional Costs:</u> | | | | |
| Utility Cost per SQFT | \$ 0.12 | \$ 0.12 | \$ 0.12 | \$ 0.12 |
| Estimated Utility Costs per Month | \$ 1,110.96 | \$ 1,110.96 | \$ 1,110.96 | \$ 1,110.96 |
| Total Estimated Utility Cost for FY 2024/25 to 2027/28 | \$ 13,331.52 | \$ 13,331.52 | \$ 13,331.52 | \$ 5,554.80 |
| FM Lease Management Fee as of 7/1/2022 4.86% | \$ 13,693.73 | \$ 14,104.54 | \$ 14,527.68 | \$ 6,127.56 |
| TOTAL ESTIMATED COST FOR FY 2024/25 to 2027/28 | \$ 308,789.20 | \$ 317,652.93 | \$ 326,782.57 | \$ 137,763.88 |

| | | | |
|-----------------------|----|-----------------|--|
| F11 Total Cost | | \$ 1,563,401.43 | |
| F11 Total County Cost | 0% | \$ - | |

Riverside University Health System - Behavioral Health

1820 University Avenue, Suites 2A, 3A, 2B & 3B, 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
Leased area outlined in black
APN:221061007

0 94 188 Feet

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