

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



ITEM: 3.17
(ID # 21891)

MEETING DATE:

FROM : FACILITIES MANAGEMENT:

Tuesday, November 28, 2023

SUBJECT: FACILITIES MANAGEMENT, REAL ESTATE (FM-RE) and DEPARTMENT OF PUBLIC SOCIAL SERVICES (DPSS): Ratify and Approve the Sixth Amendment to Lease with Banning #169, LP and JNW Banning Properties, LLC - Department of Public Social Services, Banning, Five-Year Lease Extension, California Environmental Quality Act Exempt pursuant to State CEQA Guidelines Sections 15301 and 15061(b)(3); District 5. [Total Cost: \$4,185,490 - 70.65% Federal; 24.85% State; 4.5% County - 100% DPSS General Fund 10000] (Clerk of the Board 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 Sixth Amendment to Lease with Banning #169, LP, a California limited partnership and JNW Banning 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) working days of approval by the Board.

ACTION:Policy, CIP


Charity Douglas, DPSS Director

11/13/2023


Rose Salgado, Director of Facilities Management

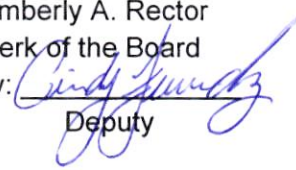
11/14/2023

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Washington, 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 and Perez and Gutierrez
Nays: None
Absent: None
Date: November 28, 2023
xc: FM-RE, DPSS, 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	\$836,480	\$863,378	\$4,185,490	\$0
NET COUNTY COST	\$37,642	\$38,852	\$188,347	\$0
SOURCE OF FUNDS: 70.65% Federal; 24.85% State; 4.5% County, 100% DPSS General Fund 10000			Budget Adjustment: No	
			For Fiscal Year: 23/24 – 27/28	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:
Summary

The County of Riverside (County) has been under lease at 63 S. Fourth Street, Banning, since 1999 (Lease). The facility, occupied by the Department of Public Social Services (DPSS), continues to meet the needs of the Self-Sufficiency Division. The attached Sixth Amendment to Lease (Amendment) extends the term five years commencing July 1, 2023, and includes exterior painting and minor landscaping upgrades at Lessor's sole cost and expense. Also included is a one-time right to terminate the lease between June 30, 2026, and December 31, 2026.

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 is the letting of property involving existing facilities with minor tenant improvement alterations.

A summary of the Amendment is as follows:

Lessor: Banning #169, LP
c/o B.A.G. Investments, Inc.
and JNW Banning Properties, LLC
10100 Culver Blvd.
Culver City, CA 90232

Premises Location: 63 S. Fourth Street
Banning, CA 92220

Size: 24,695 square feet

Term: Five (5) years commencing July 1, 2023, and terminating June 30, 2028.

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Option to Terminate: After June 30, 2026, but prior to December 31, 2026, County shall have a one-time option to terminate the Lease by providing notice to Lessor between June 30, 2026, and December 31, 2026, whereupon the Lease shall terminate on March 31, 2027.

Rent:	<u>Current</u>	<u>New</u>
	\$1.99 per sq. ft.	\$2.05 per sq. ft.
	\$49,245.48 per month	\$50,722.84 per month
	\$590,945.76 per year	\$608,674.08 per year

Rent Adjustments: 3% annual increase commencing July 1, 2024

Day Porter: \$4,817.00 per month in addition to rent

Interior/Exterior Maintenance: Provided by Lessor

Custodial: Provided by Lessor

Utilities: County pays all utilities.

Tenant Improvements: Lessor to paint exterior of building and minor landscaping upgrades at Lessor's sole cost and expense. County to reimburse Lessor for future requested renovations not to exceed \$300,000.00, with three payments over three fiscal years at 7.75% interest.

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

Impact on Residents and Businesses

DPSS at this location will continue to serve the needs of the community with Self-Sufficiency program services.

Additional Fiscal Information

See attached Exhibits A, B & C

DPSS will budget these costs in FY23/24 through FY27/28 and will reimburse Facilities Management - Real Estate (FM-RE) for all associated lease costs.

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Contract History and Price Reasonableness

The Lease rate is deemed competitive based upon the current market. This contract has been in place since May 11, 1999.

<u>Amendment</u>	<u>Date and M.O.</u>
Lease Agreement	May 11, 1999 (M.O. 3.8)
First Amendment	November 9, 1999 (M.O. 3.6)
Second Amendment	July 27, 2010 (M.O. 3.20)
Third Amendment	August 16, 2011 (M.O. 3.38)
Fourth Amendment	March 19, 2013 (M.O. 3.15)
Fifth Amendment	July 12, 2016 (M.O. 3.18)

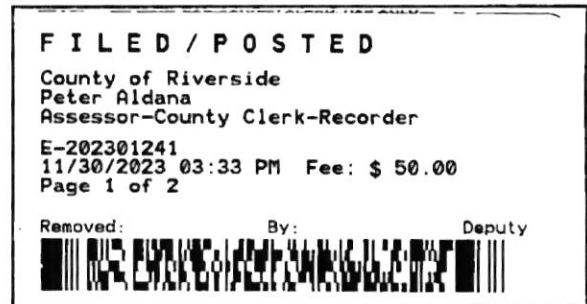
Attachments:

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


Veronica Santillan, Principal Management Analyst 11/21/2023


Aaron Gettis, Deputy County Counsel 11/15/2023

County of Riverside
Facilities Management-
3450 14th Street, Riverside, CA



NOTICE OF EXEMPTION

May 11, 2023

Project Name: Approval of Sixth Amendment with Banning #169, LP for Department of Public Social Services (DPSS), Banning

Project Number: FM042130001900

Project Location: 63 South Fourth Street, south of West Ramsey Street, Banning, California, 92220, Assessor's Parcel Number (APN) 540-192-002

Description of Project: The County of Riverside (County) has been leasing office space for DPSS, located at 63 South Fourth Street, in Banning since 1995. The facility continues to meet the needs of DPSS and the Department is seeking a Sixth Amendment to the Lease Agreement to extend the term of the Lease for five years and complete tenant improvements. Tenant improvements are to include exterior painting of the building and light landscaping. The Sixth Amendment to the Lease Agreement, which will commence on July 1, 2023 and terminate on June 30, 2028 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 social services. No additional direct or indirect physical environmental impacts are anticipated.

Name of Public Agency Approving Project: Riverside County

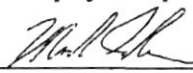
Name of Person or Agency Carrying Out Project: Riverside County Facilities Management

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.

- **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, completion of minor tenant improvements, consisting of painting the exterior of the existing building and landscaping 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 Sixth Amendment to the Lease Agreement will not result in any direct or indirect physical environmental impacts. The Project includes an extension of term and minor facility improvements to keep the facility operating efficiently. The tenant improvements would not alter the building footprint, would be limited to the use of existing space, and would not exceed the planned capacity or intensity of use for the office building. 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: 5-11-2023
Mike Sullivan, Senior Environmental Planner
County of Riverside, Facilities Management

1 4. That certain Fourth Amendment to Lease, dated March 19, 2013, by
2 and between County of Riverside and Banning #169, LP, ("Fourth Amendment")
3 whereby the Parties amended the Lease to increase the square footage and modify the
4 premises with tenant improvements.

5 5. That certain Fifth Amendment to Lease, dated July 12, 2016, by and
6 between County of Riverside and Banning #169, LP, ("Fifth Amendment") whereby the
7 Parties amended the Lease by extending the lease term, adding provisions for day
8 porter services, and providing for modifications to the premises with tenant
9 improvements.

10 **C.** The Original Lease, together with this Sixth Amendment, is collectively
11 referred to as the "Lease".

12 **D.** County and Lessor desire to further amend the Lease by extending the
13 lease term, amending the rental amount and annual percentage increases to the rental
14 amount, and by modifying the Option to Terminate, Tenant Improvements sections,
15 and updating the Notice section.

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

18 **1. Term.** Section 3 of the Lease shall be amended as follows:

19 The term of this Lease shall be extended for a period of five (5) years
20 commencing July 1, 2023, and expiring June 30, 2028 (the "Extension Term").

21 **2. Rent.** Section 5 of the Lease shall be deleted in its entirety during the
22 Extension Term and replaced as follows:

23 **5(a)** Commencing July 1, 2023, County shall pay the sum of Fifty
24 Thousand Seven Hundred Twenty-Two Dollars and Eighty-Four Cents (\$50,722.84)
25 per month to Lessor as rent for the Leased Premises, payable, in advance, on the first
26 day of the month or as soon thereafter as possible in the normal course of County's
27 business.

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1 **5(b)** Commencing July 1, 2024, the monthly rent shall be increased on
2 each anniversary of this Sixth Amendment to Lease by an amount equal to three
3 percent (3%) of such monthly rent for the preceding Lease year.

4 **3. Option to Terminate.** Section 12 of the Lease shall be amended to add
5 a subsection 12(e) as follows: After June 30, 2026, but prior to December 31, 2026,
6 County shall have a one-time option to terminate the Lease by providing written notice
7 to Lessor, whereupon the Lease shall terminate on March 31, 2027. If so elected,
8 County shall have no obligation to pay any additional rent following termination of the
9 Lease pursuant to the provisions of this subsection 12(e). If the option to terminate the
10 Lease is not exercised by County on or before December 31, 2026, the option shall
11 lapse and become null and void.

12 **4. Improvements.** Section 9(a) shall be amended and subsection 9(m)
13 added:

14 **9(a) Improvements by Lessor.** Lessor shall, at Lessor's sole cost
15 and expense, not subject to reimbursement, complete exterior paint and light
16 landscape upgrades (determined by Lessor in good faith) to the Leased Premises.
17 Work to commence upon Board approval of this Sixth Amendment to Lease or a
18 mutually agreeable date by County and Lessor. The cumulative cost of the upgrades
19 completed by Lessor shall not exceed \$125,000. Accordingly, if the cumulative costs
20 of the Improvements set forth herein are expected to exceed \$125,000, Lessor may
21 prioritize projects based on an amount not to exceed \$125,000.

22 **9(m) Additional Improvements by Lessor (County to reimburse**
23 **Lessor).** Lessor, at its expense, subject to reimbursement by County, shall construct
24 additional improvements defined by County. Lessor shall provide County with an
25 allowance equal to the cost of County's improvements not to exceed Three Hundred
26 Thousand (\$300,000.00) ("Allowance").

27 County shall repay the Allowance to Lessor over three (3) fiscal years at an
28 annual interest rate of 7.75%, as follows:

1 1. One third (1/3) of the reimbursement amount shall be paid
2 within sixty (60) days after completion of any Leasehold Improvements and receipt of
3 invoicing with appropriate backup documents.

4 2. One half (1/2) of the remaining balance, together with
5 interest thereon at an annual interest rate of 7.75%, from the date of Substantial
6 Completion until the date of the payment, shall be paid in the next County fiscal year in
7 which the initial payment referenced in the preceding paragraph.

8 3. The remaining balance, together with interest thereon at the
9 annual rate of 7.75%, from the date of Substantial Completion until the date of
10 payment, shall be paid no later than one month after the payment referenced in the
11 preceding paragraph was paid.

12 If County elects to terminate the Lease, pursuant to Paragraph 3 herein,
13 any outstanding tenant improvement balance shall be repaid in full not later than 30
14 days prior to the new lease termination date.

15 **5. Notice.** Section 13 of Lease to be amended as follows:

16 County:	Lessor:
17 County of Riverside	Banning #169, LP
18 3450 14 th Street, Suite 200	c/o B.A.G Investments Inc.
19 Riverside, CA 92501	10100 Culver Blvd., Suite D
20 Attn: Deputy Director of Real Estate	Culver City, CA 90232
21 <u>FM-Leasing@Rivco.org</u>	
22 (951) 955-4820	

23 **6. Sixth Amendment to Prevail.** Unless defined herein or the context
24 requires otherwise, all capitalized terms herein shall have the meaning defined in the
25 Lease, as heretofore amended. The provisions of this Sixth Amendment shall prevail
26 over any inconsistency or conflicting provisions of the Lease, as heretofore amended,
27 and shall supplement the remaining provisions thereof.

28 **7. Miscellaneous.** Except as amended or modified herein, all terms of the
Lease shall remain in full force and effect and shall apply with the same force and

1 effect. If any provisions of this Amendment or the Lease shall be determined to be
2 illegal or unenforceable, such determination shall not affect any other provision of the
3 Lease and all such other provisions shall remain in full force and effect. The language
4 in all parts of the Lease shall be construed according to its normal and usual meaning
5 and not strictly for or against either Lessor or Lessee. Neither this Amendment, nor the
6 Lease, nor any notice nor memorandum regarding the terms hereof, shall be recorded
7 by the County.

8 **8. Effective Date.** This Sixth Amendment to Lease shall not be binding or
9 consummated until its approval by the County's Board of Supervisors and fully
10 executed by the Parties.

11 (SIGNATURE ON NEXT PAGE)

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1 **IN WITNESS WHEREOF**, the Parties have executed this Amendment as of the
2 date first written above.

3 Dated: 11/28/2023

4 LESSEE:
5 COUNTY OF RIVERSIDE

LESSOR:
BANNING #169, LP, a California limited
partnership

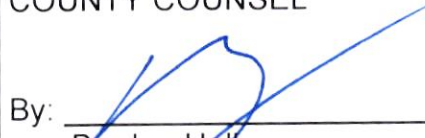
7 
8 By: _____
9 Kevin Jeffries, Chairman
Board of Supervisors

7 
8 By: _____
9 Alan J. Gindi, President of B.A.G.
Investments, Inc., General Partner

10 ATTEST:
11 Kimberly Rector
12 Clerk of the Board

13 
14 By: _____
15 Deputy

16 APPROVED AS TO FORM:
17 COUNTY COUNSEL

18 
19 By: _____
20 Braden Holly
Deputy County Counsel

23 JG:kt/09112023/BA019/30.914

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