

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



**ITEM: 3.19  
(ID # 22128)**

**MEETING DATE:**

**FROM :** FACILITIES MANAGEMENT:

Tuesday, November 28, 2023

**SUBJECT:** FACILITIES MANAGEMENT - REAL ESTATE (FM-RE) AND RIVERSIDE UNIVERSITY HEALTH SYSTEM (RUHS); Ratification and Approval of the Fourth Amendment to Lease with Kaali Commercial, LLC, Indio, Five Year Lease Extension, CEQA Exempt pursuant to State CEQA Guidelines Section 15301 and 15061(b)(3); District 4. [Total Cost: \$1,158,857 - 40% Federal, 60% State - 100% RUHS General 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 Lease between the County of Riverside and Kaali Commercial, LLC, and authorize the Chair of the Board to execute the same on behalf of the County;
3. Authorize the Director of Facilities Management, or 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

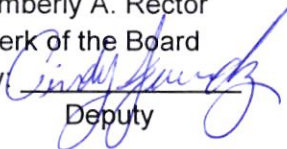
  
Rose Salgado, Director of Facilities Management 1/8/2023

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**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, RUHS, Recorder

Kimberly A. 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>	\$ 230,466	\$211,616	\$1,158,857	\$0
<b>NET COUNTY COST</b>	\$0	\$0	\$0	\$0
<b>SOURCE OF FUNDS:</b> 40% Federal, 60% State – RUHS General Fund 10000.			<b>Budget Adjustment:</b> No	
			<b>For Fiscal Year:</b> 23/24 - 28/29	

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

**BACKGROUND:**

**Summary**

Riverside University Health System (RUHS” has occupied the space at 83-912 Avenue 45, Suite 3, 5, 7, 8, 9 in Indio, since February 16, 1990, for use by their Behavioral Health Drug Abuse Program (Lease). The facility continues to meet the needs of RUHS in serving the community, and this Fourth Amendment to Lease (Amendment) will extend the term five years commencing September 1, 2023. Lessor will provide tenant improvements to update the facility which includes painting, replacement of flooring, break room cabinets, public restroom partitions, lighting and installation of a hydration station.

Pursuant to the California Environmental Quality Act (CEQA), the Amendment was reviewed and determined to be categorically exempt from State CEQA Guidelines Section 15301, Class 1 - Existing Facilities Exemption and Section 15061(b)(3), “Common Sense” Exemption, as discussed in greater detail in the attached Notice of Exemption. The proposed project, the Fourth Amendment to Lease, is the letting of property involving existing facilities.

A summary of the Amendment is as follows:

Lessor: Kaali Commercial, LLC  
44-917 Golf Center Parkway Suite 5  
Indio, California 92201

Premises: 83-912 Avenue 45, Suite 3, 5, 7, 8, 9  
Indio, California 92201

Size: 8,550 Square Feet

Term: Five (5) years, commencing September 1, 2023, and ending August 31, 2028

Rent:

<u>Current</u>	<u>New</u>
\$1.75	\$1.80
\$14,971.36	\$15,390.00
\$179,656.32	\$184,680.00

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STATE OF CALIFORNIA**

Rent Adjustments: 3.5% annual increases commencing September 1, 2023

Options: Two (2) one-year options to extend with 60 days advance written notice

Interior/Exterior  
Maintenance: Provided by Lessor

Custodial: Provided by Lessor

Utilities: County pays electric. Lessor pays water, gas, and trash removal and sewer.

Tenant  
Improvements: Lessor to provide improvements not to exceed \$112,200.00. County to Reimburse 50% of total cost.

**Impact on Residents and Businesses**

RUHS will continue to provide program services at its Indio Substance Abuse Prevention and Treatment location that will positively benefit the residents of the region. This facility will continue to provide an economic impact to the area and through long term County jobs and business that will benefit from employee and client interaction.

**Additional Fiscal Information**

See Attached Exhibits A, B, & C. RUHS will budget these costs in FY2023/24 through FY2028/29

**Contract History and Price Reasonableness**

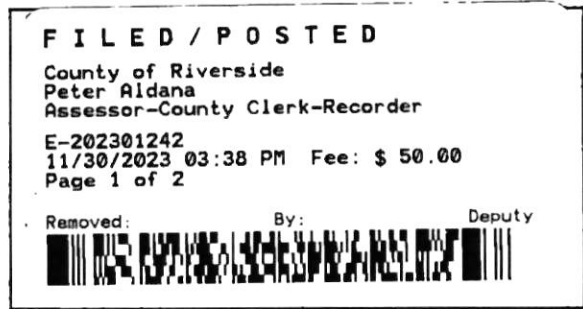
Lease	June 17, 2018 (M.O. 3.16)
First Amendment	August 20, 2013 (M.O. 3.28)
Second Amendment	July 12, 2016 (M.O. 3.15)
Third Amendment	June 7, 2022 (M.O. 3.23)

**ATTACHMENT:**

- First Amendment to Lease
- Form 11 Exhibits
- Notice of Exemption
- Aerial

  
Aaron Gettis, Deputy County Counsel 11/14/2023

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



## NOTICE OF EXEMPTION

September 22, 2023

**Project Name:** Riverside University Health System Department of Behavioral Health (RUHS-BH) Fourth Amendment to Lease with Kaali Commercial, LLC, Indio

**Project Number:** FM042341003900

**Project Location:** 83-912 Avenue 45, Suite 3, 5, 7, 8, 9, east of Commerce Street, Indio, California 92201 Assessor's Parcel Number (APN): 611-392-025

**Description of Project:** RUHS-BH has occupied the space at 83-912 Avenue 45, Suite 3, 5, 7, 8, 9 in Indio, since February 16, 1990, for use by the Drug Abuse Program (Lease). The facility continues to meet the needs of RUHS-BH in serving the community, and this Fourth Amendment to Lease (Fourth Amendment) will extend the term five years commencing September 1, 2023. Lessor will provide tenant improvements to update the facility, which includes painting, replacement of flooring, break room cabinets, public restroom partitions, lighting and installation of a hydration station.

The Fourth Amendment to the Lease Agreement is identified as the proposed project under the California Environmental Quality Act (CEQA). No expansion of an existing use will occur. The operation of the facility will continue to provide behavioral health services for RUHS and will not result in an increase in the intensity of the use of the site. No additional direct or indirect physical environmental impacts are anticipated.

**Name of Public Agency Approving Project:** Riverside County

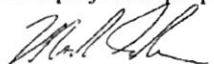
**Name of Person or Agency Carrying Out Project:** Riverside County Facilities Management

**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 Fourth 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 an Amendment to a Facilities Lease Agreement to extend the term, and complete minor interior tenant improvements, including painting and flooring replacement, a hydration station, and upgrades to the break room cabinets, restroom partitions, and lighting. The revisions will result in the continued use, operation, and maintenance of the facility. The use of the facility would not result in any physical changes and no expansion of public services would occur as a result of the Fourth Amendment. 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 Fourth Amendment, which will extend the term of the Lease and include minor interior tenant improvements, 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: 9-25-2023  
Mike Sullivan, Senior Environmental Planner  
County of Riverside, Facilities Management

1 **FOURTH AMENDMENT TO LEASE**

2 **83-912 Avenue 45, Suite 3,5,7,8,9**

3 **Indio, California**

4  
5 This **FOURTH AMENDMENT TO LEASE** ("Fourth Amendment") dated as of  
6 November 28, 2023 is entered by and between **KAALI COMMERCIAL, LLC**,  
7 a California Limited Liability Corporation ("Lessor"), and the **COUNTY OF RIVERSIDE**,  
8 a political subdivision of the State of California ("County"), sometimes collectively  
9 referred to as the "Parties".

10 **RECITALS**

11 a. **KAALI COMMERCIAL, LLC** as lessor, and County entered into  
12 that certain Lease dated June 17, 2008 ("Original Lease") whereby Lessor agreed to  
13 lease to County and County agreed to lease from Lessor Suites 3,5,7,8, and 9 situated  
14 in that certain building located at 83-912 Avenue 45, Indio, California ("the Building"),  
15 as more particularly described in the Lease ("the Premises").

16 b. The Original Lease has been amended by:

17 1. The certain First Amendment to Lease dated as of August  
18 20, 2013, by and between the County and Lessor (the "First Amendment") whereby the  
19 Parties amended the Lease to extend the term, amend the rent amount, and account  
20 for tenant improvements performed by Lessor at the Premises.

21 2. The certain Second Amendment to Lease dated as of July  
22 12, 2016, by and between the County and Lessor (the "Second Amendment") whereby  
23 the Parties amended the Lease to add Suite 1, consisting of 2,350 rentable square feet  
24 (the "Expansion Space") to the leased space, extend the term, amend the monthly rent  
25 amount, reduce the annual increase in rent, and perform improvements to the  
26 Expansion Space. The Original Premises and the Expansion Space are collectively  
27 referred to herein as the "Premises".

28 3. The certain Third Amendment to Lease dated as of June 7,

1 2022, by and between the County and Lessor (the "Third Amendment") whereby the  
2 Parties amended the Lease to extend the term period, amend the rent amount, and  
3 account for tenant improvements performed by Lessor at the Premises.

4 c. County and Lessor desire to amend the Lease with this Fourth  
5 Amendment to extend the term, amend the rental amount, amend the option to extend,  
6 and update the notice section.

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

9 **1. Term.** Section 3(a) of the Original Lease is amended by the following:  
10 The term of the Lease shall be extended for a period of five (5) years commencing  
11 September 1, 2023, and expiring August 31, 2028 (the "Extension Term").

12 **2. Option to Extend.** Section 4 of the Original Lease is amended by the  
13 following: Lessor grants to County two (2) options to extend the Lease ("Extension  
14 Options"). The Extensions Option shall be for a period of one (1) year ("Extended  
15 Term") each, subject to the conditions described in Sections 4(a) and 4(b).

16 **3. Rent.** Section 5(a) of the Original Lease is amended by the following:

17 (a) County shall pay the sum of Fifteen Thousand, Three Hundred  
18 Ninety Dollars (\$15,390.00) per month to Lessor as rent for the Leased Premises.

19 (b) The monthly rent shall be increased on each anniversary of this  
20 Lease by an amount equal to three-and-one-half percent (3.5%) of the then-current  
21 monthly rent.

22 **4. Improvements By Lessor.** Section 9(a) of the Lease shall be amended  
23 as follows: Lessor, shall construct certain tenant improvements, as set forth in Exhibit  
24 "D" hereto. Lessor agrees to pay and set aside the sum of One Hundred Two  
25 Thousand Dollars (\$102,000.00), plus a ten percent (10%) contingency for additional  
26 requested improvements, for a total of One Hundred Twelve Thousand and Two  
27 Hundred Dollars (\$112,200.00), to be used for said tenant improvements. Lessor and  
28 County shall each pay fifty percent (50%) of the total cost of tenant improvements.

1 County shall reimburse Lessor its fifty percent (50%) portion within thirty (30) days after  
2 completion of the improvements and receipt of invoices for the same.

3 **5. Notice.** Section 14 of the Lease shall be amended as follows:

4 **County's Notification Address:**

5 County of Riverside  
6 Facilities Management  
7 Real Estate Division  
8 3450 14<sup>th</sup> St., Suite 200  
9 Riverside, CA 92501  
10 ATTN: Deputy Director of Real Estate  
11 Telephone: (951) 955-4820  
12 Other Inquiries - [FM-Leasing@Rivco.org](mailto:FM-Leasing@Rivco.org)

13 **Lessor's Notification Address:**

14 Seecon Management  
15 44-917 Golf Center Parkway, Suite 5  
16 Indo, CA 92201  
17 ATTN: Monica Tarango  
18 Telephone: 760-775-5100

19 **5. Capitalized Terms.** FOURTH AMENDMENT TO PREVAIL. Unless  
20 defined herein or the context requires otherwise, all capitalized terms herein shall have  
21 the meaning defined in the Lease, as heretofore amended. The provisions of this  
22 Fourth Amendment shall prevail over any inconsistency or conflicting provisions of the  
23 Lease, as heretofore amended, and shall supplement the remaining provisions thereof.

24 **6. Miscellaneous.** Except as amended or modified herein, all the terms of  
25 the Lease shall remain in full force and effect and shall apply with the same force and  
26 effect. If any provisions of this Fourth Amendment or the Lease shall be determined to  
27 be illegal or unenforceable, such determination shall not affect any other provision of  
28 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 Fourth  
Amendment, nor the Lease, nor any notice nor memorandum regarding the terms  
hereof, shall be recorded by Lessee.

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1           **7. Effective Date.** This Fourth Amendment shall not be binding or  
2 consummated until its approval by the Riverside County Board of Supervisors and fully  
3 executed by the Parties.

4           **In Witness Whereof**, the Parties have executed this Fourth Amendment as of  
5 the date first written above.

6 Dated: 11/28/2023  
7

8 **COUNTY:**

9 County of Riverside, a political  
10 subdivision of the State of California

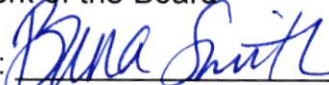
**LESSOR:**

Kaali Commercial, a California Limited Liability  
Corporation

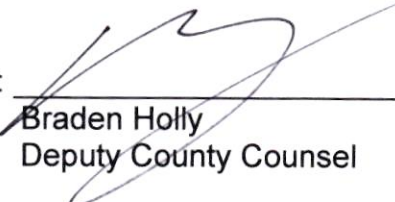
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12   
13 By: \_\_\_\_\_  
14 Kevin Jeffries, Chair  
Board of Supervisors

11  
12   
13 By: \_\_\_\_\_  
14 Steven Kaali-Nagy,  
President

15  
16 **ATTEST:**  
17 Kimberly Rector  
18 Clerk of the Board

18   
19 By: \_\_\_\_\_  
20 Deputy

21 **APPROVED AS TO FORM:**  
22 Minh C. Tran  
23 **COUNTY COUNSEL**

24   
25 By: \_\_\_\_\_  
26 Braden Holly  
27 Deputy County Counsel

28 HR:kt/09192023/IN039/30.955

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**Exhibit D**  
Tenant Improvements

- County will remove any free-standing furniture where painting and flooring needs to be done.
- Lessor will utilize appropriate equipment to lift cubicles as needed to replace flooring.
- Lessor shall replace all existing flooring with hard-surface LVT flooring and or carpet where LVT will not adhere.
- Lessor shall paint the entire premises.
- Lessor shall replace four (4) bathroom ventilation fans.
- Lessor shall install a new hydration station.
- Lessor shall replace main Break room kitchen cabinets.
- Lessor shall replace Childcare room kitchen faucet.
- Lessor shall install new toilet partitions in the women's and men's public restrooms.
- Lessor shall install new hand dryer, lighting, and mirrors in the public restrooms.
- Total cost not to exceed \$102,000.00.