



City of Arts & Innovation

Successor Agency to the Redevelopment Agency of the City of Riverside

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: OCTOBER 24, 2023

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARD: 1
DEPARTMENT

SUBJECT: LEASE AGREEMENT BETWEEN THE SUCCESSOR AGENCY AND
LINKUSYSTEMS, INC. TO LEASE SUITE 107 AT CALIFORNIA TOWER
BUILDING, LOCATED AT 3737 MAIN STREET

ISSUE:

Adopt a resolution authorizing the City of Riverside, as the Successor Agency to the Redevelopment Agency of the City of Riverside, to enter into a Standard Commercial Multi-Tenant Lease – Modified Net Lease (Lease Agreement) with Linkusystems, Inc. to lease Suite 107 at the California Tower building, located at 3737 Main Street (Cal Tower), with the term expiring on September 30, 2024.

RECOMMENDATIONS:

That the Successor Agency:

1. Adopt the attached resolution (Attachment 1) authorizing the execution of the attached Lease Agreement (Attachment 2) with Linkusystems, Inc. for the lease of Suite 107 at Cal Tower;
2. Recommend that the Countywide Oversight Board adopt a Board resolution authorizing the execution of the attached Lease Agreement (Attachment 2) with Linkusystems, Inc. for the lease of Suite 107 at Cal Tower. The lease terms are consistent with the State Department of Finance approved Long-Range Property Management Plan, to be presented to the Countywide Oversight Board for final consideration and approval; and
3. Authorize the Executive Director, or designee, to take any and all actions, including making minor and non-substantive modifications, and execute the Lease Agreement with Linkusystems, Inc.

LEGISLATIVE HISTORY:

State Legislations

In 2011, the State of California passed Assembly Bill X1 26 (State Dissolution Act), which

eliminated redevelopment agencies throughout the state and required a successor in interest to manage the dissolution of each redevelopment agency. In 2012, pursuant to the State Dissolution Act, the City Council adopted a resolution for the City of Riverside (City) to become the Successor Agency (Successor Agency) to the former Redevelopment Agency of the City of Riverside (RDA). As the Successor Agency, the City is responsible for winding down the affairs of the RDA and oversee the disposition of its assets and properties.

In 2013, the State of California passed Assembly Bill 1484 (AB 1484), which directed all successor agencies to prepare a long-range property management plan to address the use and disposition of the RDA's assets and properties. In accordance with AB 1484, the Successor Agency submitted a plan to the Department of Finance (DOF). In 2014, the DOF approved the Successor Agency's Long-Range Property Management Plan with a total of 33 properties for disposition and development (State Approved LRPMP). Since the State Approved LRPMP, the Successor Agency has sold a total of 19 properties. The Successor Agency currently has 12 surplus land sites, an occupied building (known as Cal Tower), and an electronic pylon sign remaining for disposition.

The State Approved LRPMP lists Cal Tower as Site 4, and it is to be disposed through an existing enforceable obligation with the California Department of General Services (DGS). DGS currently leases Cal Tower from the Successor Agency, and the lease expires on October 1, 2024.

BACKGROUND:

On April 26, 1994, the RDA entered into a Lease Agreement leasing to DGS the entire 160,000-square-foot office tower with approximately 22,400 square feet of ground floor retail and office space for a term of 30 years (State Lease). Concurrently, both parties entered into a Leaseback Agreement in which the RDA leases back the ground floor retail and office space (Ground Floor) from DGS for the same term of 30 years (Leaseback Agreement). Pursuant to Section 25 of the State Lease, DGS may assume ownership of Cal Tower at the conclusion of the lease, on October 1, 2024, for \$1. Additionally, DGS may purchase Cal Tower prior to 2024, but the State would be required to repay the bonds that were issued in 1994 to fund the purchase and improvement of the building. Furthermore, pursuant to the Leaseback Agreement, the RDA has an option to extend the Leaseback Agreement for an additional ten years, which would extend the Leaseback Agreement until October 1, 2034.

The existing enforceable obligation with DGS allows the Successor Agency to maintain and lease vacant spaces in the Ground Floor of Cal Tower to retail, restaurant, and office tenants.

DISCUSSION:

In compliance with the existing State Lease with DGS, staff negotiated a Lease Agreement with Linkusystems, Inc. with the following lease terms:

Address:	3737 Main Street, Suite 107
Lease Space:	211 square feet
Use:	Office space for digital marketing
Lease Term:	Execution date of the Lease Agreement through September 30, 2024
Base Rent:	\$550.00 per month
Rent Commencement:	Upon execution of the Lease Agreement

Staff recommends that the Successor Agency approve the Lease Agreement with Linkusystems, Inc. as per the above terms, which is consistent with the State Approved LRPMP and existing enforceable obligation with DGS.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 3 – Economic Opportunity**, and **Goal 3.3** – Cultivate a business climate that welcomes innovation, entrepreneurship, and investment.

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The Lease Agreement is in accordance with the State Approved LRPMP and the existing enforceable obligation with DGS.
2. **Equity** – Moving forward with the Lease Agreement will ensure that Cal Tower is fully occupied while generating additional revenue to fund expenditures for the building and providing equitable economic benefits to a small local business.
3. **Fiscal Responsibility** – The Lease Agreement will maximize the space at Cal Tower and produce ancillary revenue for the City, Successor Agency and Taxing Entities.
4. **Innovation** – Developing and maintaining supportive relationships with local small businesses demonstrates that Riverside is inventive and timely in meeting their needs and the needs of all Riverside residents.
5. **Sustainability & Resiliency** – Developing solutions for business continuity demonstrates that Riverside is committed to sustainability and resilience.

FISCAL IMPACT:

There is no fiscal impact to the City with this agreement. A third party, contracted by the Successor Agency, coordinates all management and expenditures related to the rental of this space. The revenue received upon the execution of this agreement will be held and utilized by the third party for management and building maintenance expenses.

Prepared by: Jennifer Lilly, Community & Economic Development Director
 Certified as to the availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer

Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Resolution
2. Lease Agreement