

# MISSION SQUARE BUILDING



# ANNUAL REPORT

FY 2020/2021







3750

SLATERS 50/50  
BRAIN BURGERS TACOS

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BRAIN BURGERS TACOS

BURGER





## MISSION SQUARE BUILDING

On October 13, 2015, the City acquired the Mission Square Office Building at 3750 University Avenue (Property), which was funded by Riverside Public Utilities (RPU). As such, RPU is now the Landlord of the Property. The Property consists of approximately 127,533 square feet of rentable office and retail space in a six-story building, plus a basement level and a 461-parking stall garage situated on approximately 2.5 acres of land.

On January 26, 2016, the City Council approved an Exclusive Authorization of Lease Agreement with Newmark of Southern California, Inc. dba Newmark Knight Frank (NKF) to provide broker-leasing services for the Property. RPU staff has been coordinating the leasing process for the Property with the Real Property Services Division of the Community & Economic Development Department and NKF as the broker for the Property.

## BUILDING OPERATIONS UPDATE

### MARKETING RECAP by John Daciolas, Broker, NKF

For the fiscal year ending June 30, 2021, the vision for converting the ground floor office space to restaurant use continued to come into fruition as Slaters 50/50, our largest conversion project completed their construction and officially opened for business in June of 2021, joining Fire Up Grill and Donut Bar who opened for business in the prior fiscal year and continue to be extremely well received by the community. As a result of the pandemic, Subway, who has been a tenant at Mission Square since 1995 became a casualty of the pandemic and closed their store at the end of the lease term in September 2020. We have since marketed the space and were successful in acquiring a new tenant, Everytable, whose lease has been fully negotiated and is expected to be signed by the tenant in November 2021 with occupancy in the 2nd quarter of 2022. We continue to remain in negotiations on our last remaining conversion space (Suite 120 – 1,383 square feet) with Packinghouse Brewery for a beer tasting room. Once the workforce gets back to pre-pandemic levels of working in the office, we expect to finalize the deal with Packinghouse Brewery and anticipate an opening sometime in 2022.

As for our existing tenants, we have finalized negotiations and have an agreed upon lease amendment with our largest non-city tenant, Varner & Brandt who occupies 13,936 RSF on the 6th floor which would allow them to expand into approximately 1,324 RSF space currently occupied by Morgan Stanley and to extend the term of their lease until July 2027. We are waiting the finalization of the lease documents with the neighboring tenant, Morgan Stanley before we can submit both documents for concurrent execution. We have also finalized negotiations with Wells Fargo to extend their lease through July of 2027 and have submitted the amendment for execution which is expected to be fully executed in early 4th quarter of 2021.

Mission Square continues to outperform the overall office market and is currently 98.9 % leased. Once the Packinghouse Brewery deal is signed, which is expected in early 2022, the property will be 100% leased. This compares to the overall average vacancy rate for Riverside at 13.6% and for the downtown specific market at approximately 6.9%

We are hopeful that the pandemic related workplace shutdowns are behind us and the economy will continue to recover, leaving Mission Square to continue to outperform the overall real estate market.

## LEASING UPDATE

The **current occupancy rate** at the Property is **98.9%**. Below is a review of each suite and current tenant or leasing interest:

- Suite 190 (1,000 sf) – Fire Up Grill:**  
Lease commencement on September 1, 2018 for 5 years with (1) 5-year renewal option.
- Suite 100 (1,200 sf):** Staff is currently in the process of presenting a new Lease with a potential tenant, Everytable
- Suite 110 (1,185 sf) – T-Mobile:**  
Lease commencement on June 14, 2017 for 5 years with (1) 5-year option to extend.
- Suite 120 (1,383 sf):** Lease negotiations are in progress with a local Riverside Brewery.
- Suite 125 – Slater's 50/50:** Lease commencement on July 2, 2018 for 10 years with (2) 5-year options to extend.
- Suite 150 (7,766 sf) - Wells Fargo:** Lease expires on July 31, 2027. Tenant has (2) 5-year options to extend.
- Suite 175 (2,292 sf) – Donut Bar:**  
Lease commencement on November 1, 2019 for 10 years with (2) 5-year options to extend.
- Suite 225 (1,938 sf) – Fehr and Peers:**  
Lease commencement on February 7, 2020 for 5 years with (1) 5-year option to extend.
- Suites 200 (15,826 sf) – City Attorney's Office:**  
This is an evergreen lease.
- Suite 230 (2,534 sf) – Vacant:**  
Previously occupied by the City Attorney's Office.
- RPU occupies 62,916 sf, encompassing the entire third and fourth floors and Suite 500.**
- Suite 550 (3,188 sf) – Greenberg & Greenburg:**  
Lease commenced on September 23, 2019 for 10 years with (1) 5-year option to extend.
- Suite 560 (1,521 sf) – David Horton:**  
Lease commencement on October 7, 2019 for 3 years with (1) 3-year option to extend.
- Suite 570 (4,488 sf) – Riverside Convention and Visitors Bureau:** Lease extension commenced on February 16, 2018 for 5 years with (1) 5-year option to extend.
- Suite 600 (8,922 sf) – Varner & Brandt:** The lease expires on February 28, 2022 with (1) 5-year option to extend.
- Suite 610 (12,076 sf) – Morgan Stanley:** The lease expires on August 31, 2025 with no further option to extend.



## TESLA

On September 26, 2017, the City Council approved a Supercharger Agreement with Tesla, Inc. for 24 parking spaces at Mission Square for 5 years, with two (2) five (5) year extensions. Downtown residents, business owners and office employees who are Tesla owners living or working in the downtown area can utilize this facility as a convenient location to charge their vehicles.



# \$221,133

Revenue generated to RPU for electric usage during FY 2020/21

## CAPITAL PROJECTS

The Elevator Modernization improvements were completed in June 2021.



## FINANCIALS

### REVENUE



# \$2,378,689.91

### EXPENDITURES



# \$1,828,605.47

### CASH BALANCE



# \$1,268,227.97



### REVENUE

**WITHIN 8%**  
of estimated budget



### EXPENDITURES

**24% LOWER**  
than estimated budget

At June 30, 2021, RPU recorded \$2,378,689.91 in revenue and \$1,828,605.47 in expenditures with a cash balance of \$1,268,227.97. Revenue was within 8% of estimated budget. Expenditures were approximately 24% lower than estimated.

## Operating Metrics & KPIs

Measure	Actual	Target
Cash Balance	\$1,268,227.97	\$1,000,000
FY 2020/21 Net Income	\$550,084	\$165,747
Total Occupancy	98.9%	100%
Vacancy Rate	1.1%	0%
Average Office Rent Rate*	\$2.75	\$2.70
Average Retail Rental Rate**	\$2.51	\$2.50

**\*Average Office Rent Rate**  
Total monthly rental income for office space divided by leased area (\$/square foot)

**\*\*Average Retail Rent Rate**  
Total monthly rental income for retail space divided by leased area (\$/square foot)



# BUILDING OPERATIONS YEAR IN REVIEW

JULY 2020 – JUNE 2021

## July 2020

- Schindler started the Elevator Modernization Project
- Structural repair of the parking garage 2nd level ramp
- Repaired and replace the bearing of the Supply Fan #2
- Support City of Riverside-IT Department for Fiber Upgrade
- Construction support for Slater's 50/50
- Recoating/Painting of the pedestrian lanes and speed bumps in the 1st level parking garage

## August 2020

- Installation of Covid-19 signage throughout the building (Elevator, Restroom, Lobby floor and doors etc.)
- Annual Backflow testing
- Cleaning and Sanitation of the HVAC Cooling Coil, Condensate pan and Cooling tower
- Upgraded the HVAC filters of the Air Handling System from Merv-8 to Merv-13
- Fire Drill
- Support Slater's 50/50 relocation of the Main Fire Sprinkler line
- Support Slater's 50/50 signage installation at the front of the building

## September 2020

- Public Utilities repaired the City Main water shut-off valves
- Repair of the Building Main plumbing connections
- Repair of the Domestic Booster Pump controller
- HVAC Equipment Replacement Strategy meeting
- Schindler started the Garage Cab interior work
- Construction support for Slater's 50/50 construction

## October 2020

- Fire Testing with RFD – All violations were abated by the inspector.
- Elevator Fire Testing and Inspection
- HCI Quarterly Sprinkler Inspection

## November 2020

- Construction support for Slater's 50/50
- Removal of the Subway sign

## December 2020

- Emergency generator off the property for major repair
- Construction support for Slater's 50/50 – recently passed the Fire Main inspection
- Schindler completed the elevator #3 modernization and now start the elevator #2
- HCI replaced the battery back up on the 2nd floor booster panel

## January 2021

- Lobby Directory renewal
- Plumbing – repair of the leaking water main line on the 4th floor
- HVAC – replacing of the TXV power head assembly due to broken capillary tubing
- Spectrum upgraded their equipment and service to the building
- Construction support for Slater's 50/50

## February 2021

- HVAC – repair of erratic high-pressure switch
- Elevator #2 testing and inspection
- Began replacement of exterior caulking and window sealing Project
- Annual Safety Review of the building
- Programming and testing of the Ansul System – FLS
- Construction support for Slater's 50/50

## March 2021

- Fire inspection and programming of Slater's 50/50 hood
- Replacement of the garage elevator door to the 3rd level
- Electrical Upgrade for Elevator modernization
- Fire Life Safety Annual Testing
- Schindler Elevator #1 Modernization
- Newmark Managers Property Inspection
- Construction support for Slater's 50/50

## April 2021

- HCl to repair the fire bell outside the building
- HCl installed relay on the HVAC automation system
- Crane removal of some old elevator parts from the roof
- Fire Pump Annual testing
- Replaced biocide pump for the cooling tower – HVAC
- Fire Alarm Activation
- Construction support for Slater's 50/50

## May 2021

- Slater's 50/50 Final Inspection
- Property tree trimming
- Fire Life Safety Training
- Completion of Elevator #1 modernization
- HVAC – testing of the new fire alarm shutdown relay

## June 2021

- Completion of building exterior caulking and window seal replacement
- Installation of the new elevator flooring
- Acquire new janitorial service with ICS
- Completion of Mural for the Mission Square garage
- Replacement of several fire damper motor on the 3rd floor
- Slater's 50/50 Grand Opening – June 25 – June 27, 2021

## MAJOR ACCOMPLISHMENTS

Slater's 50/50 opened on June 25, 2021



**1,375+ Guests**  
in attendance for their  
Grand Opening weekend



## UPCOMING ITEMS IN FY 2021/22



Everytable is scheduled to  
**OPEN IN SUMMER 2022**





[RiversideCA.gov](http://RiversideCA.gov)