



THIRD AMENDMENT TO THE PROPERTY MANAGEMENT AGREEMENT WITH NEWMARK

Public Utilities Department

City Council
March 14, 2023

RiversideCA.gov

4

BACKGROUND

1. 10/13/2015: The City acquired the Mission Square Building at 3750 University Avenue funded by RPU.
2. 1/26/2016: City Council approved an Exclusive Authorization of Lease Agreement with Newmark for a 5-year term to provide broker leasing services for the Property.
3. 1/26/2016: City Council approved a Property Management Agreement with Newmark to provide property management until 2/8/2026.



5

RiversideCA.gov

5

BACKGROUND

4. 1/7/2020: City Council approved the First Amendment with Newmark to amend the compensation and property management fee to include additional compensation to NKF not to exceed 5% of the total project cost for performing project management oversight services and to negotiate the project management fee for projects in excess of \$1,000,000 in an amount less than 3% of the total project cost for the Mission Square Office Building.



6

RiversideCA.gov

6

BACKGROUND

5. 1/5/2021: City Council approved a First Amendment to California Exclusive Authorization of Lease Agreement with Newmark which extended the Agreement through December 31, 2025.
6. 2/2/2021: City Council approved a Second Amendment to extend the Property Management Agreement with Newmark to exercise the option to renew for a term of 5 years.



7

RiversideCA.gov

7

DISCUSSION

1. The original Property Management Agreement with Newmark included a salary allocation for the property manager in the amount of \$4,013 per month.
2. There was no provision to increase the salary allocation.
3. Due to the economic climate and rising labor costs, it is recommended that the property manager salary allocation be increased to an amount not to exceed \$5,000 per month.



8

RiversideCA.gov

8

3RD AMENDMENT

Section 7.1. Payment of Account and Section 9: Compensation/Property Management Fee. The proposed fee to Newmark is based on the following:

1. Amended to increase the on-site property manager salary allocation to not exceed five-thousand dollars (\$5,000.00) per month.
2. Other: All other terms and provisions of the Agreement, the First Amendment, Second Amendment and Third Amendment will remain in full force and effect.



9

RiversideCA.gov

9

STRATEGIC PLAN ALIGNMENT

Strategic Priority 3 – Economic Opportunity

Goal 3.3 – Cultivate a business climate that welcomes innovation, entrepreneurship, and investment.

Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation



10

RiversideCA.gov

10

RECOMMENDATIONS

That the City Council:

1. Approve a Third Amendment to the Property Management Agreement with G&E Real Estate Management Services, Inc., doing business as Newmark, increasing the property manager salary allocation not-to-exceed \$5,000 per month for Property Management Agreement for the Mission Square Office Building located at 3750 University Avenue; and
2. Authorize the City Manager, or designee, to execute the Third Amendment to the Property Management Agreement, including making minor, non-substantive changes, and to sign all documents and instruments necessary to complete the transaction.



11

RiversideCA.gov

11