



# THIRD AMENDMENT TO COMMERCIAL LEASE AGREEMENT WITH RODNEY DANIELSON, STANDING CHAPTER 13 TRUSTEE

Community & Economic Development Department

**City Council**  
September 17, 2024

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## BACKGROUND

1. April 18, 2012, City entered into a five-year Commercial Lease Agreement with Rodney Danielson, Standing Chapter 13 Trustee (Tenant) for space located at 3750 Market Street.
2. May 22, 2017, City and Tenant entered into a First Amendment extending the lease an additional two years.
3. August 7, 2019, City and Tenant entered into a Second Amendment extending the lease an additional five years.



## DISCUSSION

1. June 9, 2022, Staff received a letter from Tenant seeking consideration for a rent reduction and revised termination clause.
2. Tenant claims that his business was impacted by the COVID-19 pandemic that resulted in the reduction of bankruptcy filings (the nature of his business), fewer employees (27 to 18), and the decision to work remotely.
3. Tenant has been renting space in Garage 3 since 2012 and believes that the rental rates have decreased since he began his tenancy.



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## Current lease terms

1. Current term: 5 years; either aggrieved party, at its option, may forfeit and terminate lease
2. Leased space: 6,018 sf
3. Current rent: \$16,274.43/mo. (approx. \$2.70/sf)
4. Annual increase: 4%



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## NEGOTIATED PROPOSAL

1. \$2.25/sf - Supported by market, ranging from \$1.20 to \$3.00, per comparables retrieved from CoStar
2. 3% annual increase - Standard increase used by City
3. Tenant to receive rental credits for the remainder of the lease.
4. City and Tenant each have the right to terminate the lease with 6-month written notice.



## STRATEGIC PLAN ALIGNMENT

### Strategic Priority No. 3 – Economic Opportunity

**Goal 3.1** – Facilitate partnerships and programs to develop, attract, and retain innovative business sectors.

#### Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation



## RECOMMENDATIONS

That the City Council:

1. Approve the Third Amendment to Commercial Lease Agreement (Attachment 1 – Agreement) with the Rodney Danielson, Standing Chapter 13 Trustee, to reduce the rental amount and annual increase, reducing revenue by \$87,975.30;
2. Direct staff to return to City Council with an amended lease contract with Rodney Danielson, Standing Chapter 13 Trustee for future years beginning September 1, 2024; and
3. Authorize the City Manager, or his designee, to execute the Agreement with Rodney Danielson, Standing Chapter 13 Trustee, including making minor and non-substantive changes.



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