

FY 2023/2024  
**ANNUAL REPORT**



MISSION SQUARE BUILDING











## 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 471-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 Grubb 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.



**~127,533 sf**  
of Rentable Office  
and Retail Space



**Six-Story** Building



**471** Parking Stall  
Garage



**~2.5** Acres

# BUILDING OPERATIONS UPDATE

## Mission Square Marketing Recap – 2023/2024

We continue to retain and expand space for our existing tenants. We finalized negotiations with our largest tenant, Varner & Brandt, who occupies 13,936 Rentable Square Footage (RSF) on the sixth floor. Varner Brandt executed their 4th lease amendment allowing them to expand into approximately 1,324 RSF space currently occupied by Morgan Stanley and, to extend the term of their lease until December 2027. Morgan Stanley also executed their side of the deal for the “give-back” of space to accommodate the Varner Brandt expansion, which also includes an 18-month lease extension for Morgan Stanley’s remaining space of 5,738 RSF through February 2027.

We extended the Slaters 50/50 lease in Suite 125 (5,982 RSF) and added an additional five years to the lease term through December 2035. In June 2023, Slaters 50/50 disenfranchised themselves from Slaters and relaunched as River Ranch Grill & Bar. Subsequent to year end River Ranch has vacated the premises. Lastly, although we renewed the T-Mobile lease in Suite 110 (1,185 SF through June 2027), T-Mobile subsequently vacated the premises.

We currently have three vacant spaces that we continue to aggressively market. Suite 110 (1,185 RSF) former T-Mobile space, suite 120 (1,383 vacant shell space) and suite 230 (2,534 RSF), the latter of which was occupied by Varner Brandt on a temporary basis while we completed the remodel of their existing space through the 1st Quarter, 2024. The space will then be occupied by the City of Riverside Museum Department while they undergo a remodel of their existing facility.

Mission Square, a premier downtown, Class A property continues to outperform the overall office market and is currently 95.9% leased and once the Museum Department occupies Suite 230 temporarily, occupancy will increase to 97.9%. Once we secure a new tenant for the remaining ground floor spaces, the property will be 100% leased. In comparison, the overall average vacancy rate for the Riverside market is currently at approximately 9.7% and for the downtown specific market at approximately 6.1%. Asking lease rates for Mission Square are currently \$2.75 per square foot on a full-service gross basis, which outperforms the average Class A office rents for Riverside of \$2.57 per square foot as of the end of June 2024.

## LEASING UPDATE

 **95.9%**  
CURRENT OCCUPANCY RATE

- **Suite 100 (1,200 sf) – Everytable:**  
Lease commenced on October 1, 2022 for 5 years with (2) two (5) five-year renewal options.
- **Suite 110 (1,185 sf) – Vacant**
- **Suite 120 (1,383 sf) –** Lease interests are on-going with perspective tenants.
- **Suite 125 (5,982 sf) – River Ranch BBQ and Bar:**  
Lease commenced on January 1, 2021 for a 15-year lease with (2) two (5) five-year options to extend. Tenant was formerly Slater’s 50/50.
- **Suite 150 (7,766 sf) - Wells Fargo:**  
Lease renewed until July 31, 2027, with (2) two (5) five-year options to extend.
- **Suite 175 (2,292 sf) – Urban Dripp:**  
Lease commenced on November 1, 2019 for 10 years with (2) two (5) five-year options to extend.
- **Suite 190 (1,000 sf) – Fire Up Grill:**  
Lease commenced on September 1, 2018 for 5 years with (1) one (5) five-year renewal option. Fire Up Grill exercised their option to extend their lease and it was approved by City Council on October 3, 2023.
- **Suites 200 (15,826 sf) – City Attorney’s Office:**  
This is an evergreen lease.
- **Suite 225 (1,938 sf) – Fehr and Peers:**  
Lease commenced on February 7, 2020 for 5 years with (1) one (5) five-year option to extend.
- **Suite 230 (2,534 sf) – Vacant:**  
Currently occupied by Varner and Brandt on a temporary basis. Space will be occupied by the Museum Department in July 2024.
- **Suite 300 (20,972 sf) – Riverside Public Utilities**
- **Suite 400 (20,972 sf) – Riverside Public Utilities**
- **Suite 500 (11,840 sf) – Riverside Public Utilities**
- **Suite 550 (3,188 sf) – Greenberg & Greenburg:**  
Lease commenced on September 23, 2019 for 10 years with one five year option to extend.
- **Suite 560 (1,521 sf) – David Horton:**  
Lease commenced on October 7, 2019 for 3 years with (1) one (3) three-year option to extend. David Horton vacated the premises April 2024. Space will be occupied by Riverside Gateway to College Early College High School, August 2024.
- **Suite 570 (4,488 sf) – Riverside Convention and Visitors Bureau:**  
New lease term was approved from March 1, 2023 to June 30, 2028.
- **Suite 600 (7,062 sf) – Morgan Stanley:**  
Existing lease expires on August 31, 2025. Lease Amendment approved with a new term to extend the lease from September 1, 2025 to February 28, 2027, with (1) one (5) five-year option to extend.
- **Suite 610 (13,986 sf) – Varner & Brandt:**  
Lease Amendment was approved with a new term from January 1, 2022 to December 31, 2028 with (2) two (5) five-year options 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) 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.



## \$582,964

Revenue generated to RPU for electric usage during FY 2023/24

↑ **53%**

Increase in revenue compared to FY 22/23

## FINANCIALS

### REVENUE



## \$2,642,914

### EXPENDITURES



## \$2,000,142

### CASH BALANCE



## \$2,049,337



**REVENUE**

**WITHIN 1%**  
of estimated budget



**EXPENDITURES**

**10% LOWER**  
than estimated budget

## Operating Metrics & Key Performance Indicator

Established in 2016 by Utilities Deputy General Manager

Measure	Actual	Target
Cash Balance	\$2,049,337	\$1,000,000
FY 2023/24 Net Income (Does not include non-operating expense)	\$847,310	\$416,598
Total Occupancy	95.9%	100%
Vacancy Rate	4.1%	0%
Average Office Rent Rate*	\$2.96	\$2.70
Average Retail Rental Rate**	\$2.81	\$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)





## July 2023

- Completion of Operating Procedures Outline Sheet (OPOS) for the roof equipment.
- Removal of park bench from the mural sidewalk facing Market Street.
- Heating Ventilation Air Conditioning (HVAC) – replacement of the compressor #2.
- HVAC – repair of the head gaskets and valve plates on compressor #1.
- HVAC – cleaning of the reheat coil, 6th floor Variable Air Volume (VAV) #28.
- Filter replacement of the Pollution Control Unit (PCU) in Suite 125.
- Door repair men's restroom on the 5th floor.
- Plumbing upgrade for 4th-floor restrooms – installed sewer clean out.
- Exterior window washing.

## August 2023

- Landscaping – irrigation repair and installation of star jasmine.
- Front of the building tiles replacement.
- Annual camera cleaning maintenance.
- Suite 110 – re-key.
- Garage pedestrian entrance – wall wrapping.
- Light Emitting Diode (LED) retrofit – office in suite 200.
- HVAC – circuit #2 refrigerant leak repair and recharge.
- Annual Fire Drill.

## September 2023

- LED retrofit – 2nd floor main hallway.
- Fire sprinkler repair – 5-year certification discrepancies.
- Domestic water heater replacement.
- Parking Booth – internet upgrade.
- Garage stairwell yellow non-skid striping.
- HVAC – water treatment upgrade.
- Varner and Brandt construction support.

## October 2023

- Fire Life Safety (FLS) – Fire Pump Annual testing.
- Restroom emergency lighting installation.
- FLS – Annual Fire Alarm testing.
- Annual emergency generator Preventative Maintenance (PM).

## November 2023

- Daylight Saving Time – adjustment of all time clocks.
- Varner and Brandt construction support.
- HVAC – replace the Low Water Cut Out (LWCO) board for the boiler 1A.
- FLS – Annual ansul testing for suite 125.
- HVAC – replacement of the leaking hot water loop reducing valve.
- HVAC – Annual cleaning and sanitizing of evaporator coils.
- Annual perimeter tree trimming.

## December 2023

- Gas Company – Flue Gas Analysis (FGA) boiler 1B.
- Varner and Brandt soundproofing of the conference room (ceiling insulation).
- 3rd floor – handicap toilet upgrade women's restroom.
- Replacement of all the Uninterrupted Power Supply camera servers and access controls.

## January 2024

- Installation of new continuous hinges on existing women's restroom on 2nd floor.
- Installed Urinal door in 5th floor men's restroom.
- Replaced all the hinges in 5th floor men's restroom doors.



# BUILDING OPERATION YEAR IN REVIEW

JULY 2023 – JUNE 2024

- HVAC – replacements of all air handling sensors.
- FLS – Quarterly Preventative Maintenance (QPM) of the sprinkler system.
- Varner and Brandt construction support.
- HVAC – QPM.
- Video monitoring system (VMS) – service and monitoring agreement with Vector USA.

## February 2024

- HVAC – pressure washing of the cooling tower.
- Garage – pressure washing of the ground level.
- Garage – repair of the booth (vandalized).
- Varner and Brandt construction support.
- HVAC – boiler 1B repair.
- Roof repair/patching.

## March 2024

- HVAC – repair of cooling tower leaks.
- Varner and Brandt construction support and punch-walk of Phase 2.
- 4th floor – kitchen faucet replacement.
- Electrical – installation of hand dryer circuit in the restrooms.
- Annual PM of the emergency generator.

## April 2024

- Morgan Stanley construction support.
- Suite 150 – signage LED repair.
- FLS – Annual fire extinguisher inspection.
- FLS – quarterly sprinkler inspection.

## May 2024

- Varner and Brandt construction support.
- Garage stairwell – wall paint.
- Request for Proposal (RFP) for all building services.
- HVAC – PM and filter change.
- FLS – Underwriter Laboratories certification and inspection.
- Morgan Stanley construction support.
- Suite 610 - VAV replacement.

## June 2024

- 3rd floor Plumbing upgrade – main line.
- Security – VMS upgrade.
- City of Riverside RFP HVAC replacement.
- HVAC – VAV coil cleaning, Suites 150, 200 and 600.
- Locksmith – completed re-keying of Suites 230, 560 and 610

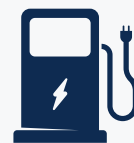
## UPCOMING ITEMS – Future Capital Improvement Projects



Removal and replacement of all major components and equipment to the **Heating, Ventilation and Air Conditioning (HVAC)** system (currently underway).

### Roof Replacement

Full System Single Ply Roof Re-Cover (currently underway).



Installation of **Electric Vehicle (EV)** stations on Level 1 of the parking garage.





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