



# LEASE AGREEMENT WITH RIVERSIDE GATEWAY TO COLLEGE EARLY COLLEGE HIGH SCHOOL

## Riverside Public Utilities

### Board of Public Utilities

June 10, 2024

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1

## BACKGROUND

1. On October 13, 2015, the City acquired the Mission Square Building at 3750 University Avenue, which was funded by RPU. 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 490-parking stall garage situated on approximately 2.5 acres of land in downtown Riverside.
2. 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.
3. Suite 560 was vacated as of April 1, 2024.



2

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2

# PROPOSED 63-MONTH LEASE TERMS

1. Term: July 1, 2024 through September 30, 2029.
2. Premises: Approximately 1,521 rentable square feet of space located at 3750 University Avenue, Suite 560.
3. Proposed Base Rent Schedule (Full Service Gross Lease):

Months	Monthly Base Rental Rate/Sq. Ft.	Monthly Base Rent	Annual Base Rent
07/1/2024 - 06/30/2025	\$2.85	\$4,334.85	\$52,018.20
07/1/2025 - 06/30/2026	\$2.93	\$4,464.90	\$53,578.80
07/1/2026 - 06/30/2027	\$3.02	\$4,598.84	\$55,186.08
07/1/2027 - 06/30/2028	\$3.11	\$4,736.81	\$56,841.72
07/1/2028 - 06/30/2029	\$3.21	\$4,878.91	\$58,546.92
07/1/2029 - 09/30/2029	\$3.30	\$5,025.28	\$15,075.84



3

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3

# PROPOSED 63-MONTH LEASE TERMS CONT.

4. Common Area Maintenance Fees: Tenant will pay a 1.22% share of the building's operating expenses as additional rent.
5. Rent Abatement: Provided the Tenant is not in default at the time Rent Commencement, the Tenant will receive abated rent for a total of three (3) months, to be credited in months two (2) through four (4) following the Commencement Date.
6. Rent Commencement Date: The later of substantial completion of the Tenant Improvements or July 1, 2024.
7. Security Deposit: Tenant will prepay the first month's rent and provide a security deposit in the amount equal to last month's rent in the amount of \$5,025.



4

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4

## PROPOSED 63-MONTH LEASE TERMS CONT.

8. Tenant Improvements: Replace flooring in office and open areas, color to be chosen by Tenant, paint throughout, Tenant can select up to two (2) colors, remove the two (2) built in workstations/pony walls in reception area, repair damaged cabinetry in break room and install electrical (whips) to accommodate Tenant's supplied workstations.
9. Options to Renew: None.
10. Parking: Tenant will be entitled to use up to six (6) reserved/unreserved parking spaces. The current parking rates are \$135.00 for reserved spaces and \$70.00 for unreserved spaces.



5

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5

## PROPOSED 63-MONTH LEASE TERMS CONT.

11. Broker: Pursuant to the existing Exclusive Authorization to Lease Agreement with NKF, City to pay Lee & Associates (Tenant's Broker) a leasing commission equal to 4% for months 1-60 and 2% for months 61-63 totaling \$10,828 and shall pay NKF a leasing commission equal to 2.5% for months 1-60 and 1.25% for months 61-63 totaling \$6,768. The total commission paid amount is \$17,596.



6

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6

## STRATEGIC PLAN ALIGNMENT

This item contributes to the Envision Riverside 2025 City Council Strategic:

 **Priority 3 – Economic Opportunity; and**

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

### Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability &  
Resiliency



Equity



Innovation



7

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7

## RECOMMENDATIONS

That the Board of Public Utilities recommend that the City Council:

1. Approve a Lease Agreement for a 63-month term with Riverside Gateway to College Early College High School, of Riverside, California from July 1, 2024 through September 30, 2029; and
2. Authorize the City Manager, or designee, to execute the Lease Agreement, including making minor, non-substantive changes, and to sign all documents and instruments necessary to complete the transaction.



8

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8