



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 20, 2025**

FROM: GENERAL SERVICES DEPARTMENT & POLICE DEPARTMENT **WARD: 1**

SUBJECT: MEASURE Z - STANDARD INDUSTRIAL/COMMERCIAL SINGLE-TENANT LEASE AGREEMENT WITH EAGLE LOGISTICS & WAREHOUSING, INC., FOR A 15,950 SQUARE FOOT INDUSTRIAL BUILDING LOCATED AT 4100 GARNER ROAD, FOR A FIVE-YEAR TERM, FOR OFFICE SPACE AND STORAGE OF VEHICLES AND EQUIPMENT IN THE AMOUNT OF \$1,002,708

ISSUES:

Approve the Standard Industrial/Commercial Single-Tenant Lease Agreement with Eagle Logistics & Warehousing, Inc., for a 15,950 square foot industrial building located at 4100 Garner Road, for a five-year term, for office space and storage of vehicles and equipment in the amount of \$1,002,708.

RECOMMENDATIONS:

That the City Council:

1. Approve the Standard Industrial/Commercial Single-Tenant Lease Agreement with Eagle Logistics & Warehousing, Inc., for a 15,950 square foot industrial building located at 4100 Garner Road, for a five-year term, for office space and storage of vehicles and equipment in the amount of \$1,002,708; and
2. Authorize the City Manager, or designee, to negotiate and execute the Standard Industrial/Commercial Single-Tenant Lease Agreement with Eagle Logistics & Warehousing, Inc., for a 15,950 square foot industrial building located at 4100 Garner Road, for a five-year term, for office space and storage of vehicles and equipment in the amount of \$1,002,708, including the ability to make minor, non-substantive changes.

BACKGROUND:

On February 25, 2025, the City Council, following discussion, approved the purchase of 9518 Magnolia Avenue for \$1,895,000 and \$300,000 for associated costs, authorized the City Manager, or his designee, to negotiate and execute the Purchase and Sale Agreement, and authorized the Chief Financial Officer, or designee, to record a supplemental appropriation of \$2,195,000 from

General Fund Infrastructure reserves to the General Fund, Police Department, Land and Building & Improvements accounts for the purchase of the building and associated costs.

The property at 9518 Magnolia Avenue was identified as a strategic property acquisition initially intended to provide a multifaceted approach to accomplishing the shared goals of supporting the revitalization of Arlington Village and securing critically needed space for Riverside Police Department (RPD) personnel to utilize. As of the writing of this report, escrow on the Magnolia Avenue property was expected to open the first week of May 2025. After the property is acquired, the City intends to utilize and hold the property as a real property asset that can eventually be sold for future commercial use.

Once the site inspection, environmental assessment, and property condition assessment are completed, tenant improvements required to create a secure and functional work environment for RPD personnel will be identified. If it is determined that the recommended tenant improvements are feasible, the site will be prepared for occupation by RPD.

The process of purchasing the Magnolia Avenue property, making the necessary improvements, and then moving RPD personnel into the facility could take several months to a year. Furthermore, it is only intended as a temporary location for RPD personnel to alleviate some of the pressure on existing RPD facilities or to relocate personnel during construction of the new Police Headquarters Building. It is likely RPD personnel will vacate the property, and it will be sold once the new Police Headquarters Building is completed per the report discussed at the City Council meeting on February 25, 2025.

DISCUSSION:

Although the Magnolia Avenue property has the potential to assist the RPD with addressing some of the relocation concerns, it is only intended to be temporary, and the building is not move-in ready. It also would not address the storage needs for the RPD's specialized vehicles and equipment. A move in ready property located at 4100 Garner Road has been identified and is available for lease on June 1, 2025, which would satisfy the need for more space to house personnel in addition to specialized vehicles, equipment, and large evidence items.

The property is a 15,950 square foot industrial facility situated on the north end of the city. The rent for the property is \$15,000 per month in the first year and will increase 4.5 % each subsequent year, totaling \$984,708 over the course of the five-year lease. The building features a substantial office area and a spacious warehouse, making it well suited for both operational needs and storage. Additionally, it is move-in ready and includes all furniture and storage cabinets, in good condition, left behind by the current tenant.

Over the past three years, the RPD has experienced significant growth in personnel due to aggressive hiring strategies aimed at reaching full staffing levels of more than 630 FTE's. The increased recruitment efforts are on-going and are placing pressure on facility resources, most notably at the Magnolia and Lincoln Stations, where there will be a need for additional office and locker space by the end of the year.

To address this problem, the General Services Department worked with RPD leadership to explore multiple relocation and expansion options, including the construction of additional square footage to the Lincoln and Magnolia Stations. The least expensive, and most viable solution, however, is to lease 4100 Garner Road for the purpose of relocating personnel from Magnolia

Station. It is also the only solution that will have an immediate impact on relieving the pressure on RPD facility resources. This move would:

- Free up approximately 3,000 square feet of workspace at the Magnolia Station
- Allow Bureaus to relocate from the overcrowded Lincoln Station to the Magnolia Station
- Free up locker spaces at the Lincoln Station for in-coming patrol staff, alleviating current overcrowding and eliminating the need for temporary portable locker rooms
- Postpone the cost of construction to increase the square footage of the Lincoln and Magnolia Stations

The Garner Road facility also includes 10,000 square feet of warehouse space, which will accommodate a large number of vehicles, trucks, and specialized equipment and provide protected storage for equipment and large items of evidence, safeguarding the essential equipment and evidence from weather-related damage. It may also be able to accommodate some storage for the Riverside Fire Department (RFD) since they are no longer able to use the Armory, located at Fairmount Park, for storage.

A study is being conducted to project the future needs of the RPD. The results of the study will outline future staffing, equipment, and facility needs, including a plan for the development of permanent spaces to meet those needs. Leasing 4100 Garner Road offers a temporary but immediate solution that is cost-effective, addresses current space limitations, improves operational efficiency, and protects critical infrastructure and equipment until permanent facilities are constructed. The need for this facility is a direct result of the RPDs recruiting success over the past two years.

A supplemental appropriation in the total amount of \$984,708 is being requested which includes the lease over a five-year term as outlined in the chart below.

Term	Monthly Lease Amount (\$)	Annual Lease Amount (\$)
June 1, 2025 – May 31, 2026	\$15,000	\$180,000
June 1, 2026 – May 31, 2027	\$15,675	\$188,100
June 1, 2027 – May 31, 2028	\$16,380	\$196,560
June 1, 2028 – May 31, 2029	\$17,117	\$205,404
June 1, 2029 – May 31, 2030	\$17,887	\$214,644
Total:		\$984,708

The RPD budget will absorb the one-time security deposit of \$18,000 and first month's rent of \$15,000, as well as all utility costs, network connections, move-in costs, property tax increases, should they occur, and custodial services. Maintenance and repair costs, after the first 18 months for most items, will be funded by the General Services Maintenance Fund. RFD or other City users will contribute if or when deemed appropriate. The owner is responsible for all outside landscaping services for the life of the lease.

The Chief of Police concurs with this report.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 6 – Infrastructure, Mobility & Connectivity** and **Goal 6.2 – Maintain, protect and improve assets and infrastructure within the City's built environment**

to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

This item also contributes to **Strategic Priority 2 – Community Well-Being** and **Goal 2.4 – Support programs and innovations that enhance community safety, encourage neighborhood engagement, and build public trust.**

The item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The City is transparent and makes decisions based on sound policy and inclusive community engagement with timely and reliable information. By approving the Lease Agreement at City Council, the City serves the public interest with benefits to the City's diverse populations that result in greater public good.
2. **Equity** – Leasing the property on Garner Road meets the changing needs of RPD and the Community. The lease will allow RPD to operate more efficiently and better provide services which every member of the community will have access to and benefit from.
3. **Fiscal Responsibility** – The City is a prudent steward of public funds and ensures responsible management of the City's financial resources while providing quality public services to all. Approving the Lease Agreement for this property allows the City to secure the space needed for RPD operations and is more cost effective than other options considered.
4. **Innovation** – The City is inventive and timely in meeting the community's changing needs. By approving the Lease Agreement, it demonstrates that the City prepares for the future through collaborative partnerships and adaptive processes.
5. **Sustainability & Resiliency** – The City is committed to meeting the needs of the present without compromising the needs of the future. Approving the Lease Agreement ensures that the City's capacity to persevere, adapt, and grow during good and difficult times alike.

FISCAL IMPACT:

The total fiscal impact of this action is \$1,002,708 for the five-year term of the lease. The FY 2024/25 fiscal impact is the security deposit of \$18,000 and the first month's rent of \$15,000 for a total of \$33,000. Sufficient funds for the \$33,000 are budgeted in the General Fund Police Department, Administrative Services, Professional Services Account 3105000-421000.

The remainder of the lease payments will be funded from Measure Z and will be included in the subsequent adopted budgets. However, an equivalent reduction will be made to the Measure Z Fund, Police Vehicle Replacement Account, to offset the cost of the annual lease payments and result in a net zero impact to Measure Z. Applicable Measure Z accounts will be established by the Finance Department at a later date. The total annual cost of the lease payments is listed in the table below.

Fiscal Year	Costs
2024/25	\$18,000**
2024/25	\$15,000
2025/26	\$180,675
2026/27	\$188,805
2027/28	\$197,297
2028/29	\$206,174
2029/30	\$196,757
Total	1,002,708

*****This represents a one-time security deposit.***

Prepared by: Brandi Becker, Police Administrator
 Approved by: Jessica Gordon, Interim Director of General Services
 Approved by: Larry V. Gonzalez, Police Chief
 Certified as to
 availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
 Approved by: Mike Futrell, City Manager
 Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. Lease Agreement
2. Presentation