



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: JUNE 18, 2019**

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT      WARD: 1**  
**DEPARTMENT**

**SUBJECT: FIRST AMENDMENT TO STANDARD INDUSTRIAL/COMMERCIAL SINGLE-TENANT LEASE BETWEEN THE CITY, AS LESSEE, AND THE STEPHEN AND LISA CAMPBELL FAMILY TRUST, AS LESSOR, FOR THE USE OF A STORAGE FACILITY LOCATED AT 4049 BURGESS WAY FOR A THREE-YEAR TERM WITH TWO ONE-YEAR OPTIONS TO EXTEND IN THE AMOUNT OF \$106,221.24 FOR BASE RENT FOR THE INITIAL THREE-YEAR TERM**

## **ISSUE:**

Approve the First Amendment to Standard Industrial/Commercial Single-Tenant Lease between the City as Lessee, and the Stephen and Lisa Campbell Family Trust, as Lessor, for the use of a storage facility located at 4049 Burgess Way for a three-year term with two one-year options to extend in the amount of \$106,221.24 for base rent for the initial three-year term.

## **RECOMMENDATIONS:**

That the City Council:

1. Approve the First Amendment to Standard Industrial/Commercial Single-Tenant Lease between the City, as Lessee, and the Stephen and Lisa Campbell Family Trust, as Lessor, for use of a storage facility located at 4049 Burgess Way for a three-year term with two one-year options to extend in the amount of \$106,221.24 for base rent for the initial three-year term; and
2. Authorize the City Manager, or his designee, to execute the First Amendment to Standard Industrial/Commercial Single-Tenant Lease with Stephen and Lisa Campbell Family Trust, including making minor non-substantive changes, and to execute the two one-year options to extend, if exercised, and to sign all documents necessary to complete the transaction.

## **BACKGROUND:**

On May 30, 2018, the City, on behalf of the Riverside Metropolitan Museum (Museum), entered into a Commercial Single-Tenant Lease – Gross agreement with the Stephen and Lisa Campbell

Family Trust for use of a 3,176 square foot warehouse (including bonus mezzanine space) and administration facility located at 4049 Burgess Way in the City of Riverside. The term of the lease was for sixteen months commencing on June 15, 2018 and it expires on October 15, 2019. The total cost of the initial lease is \$47,648.05 for base rent.

## **DISCUSSION:**

The Museum, now known as the Museum of Riverside, is preparing for a Measure Z-funded renovation of the downtown Museum site and needs additional time for storage space of items, furniture, and equipment from during construction. This facility also provides office space for some of the Museum's displaced staff during the renovation. To avoid the need to relocate the items and staff, the Museum desires to continue the current lease for an additional three years with two one-year options to extend. The Museum anticipates reopening in the year 2022 and would like to maintain the same storage space for the duration of the renovation process.

The base rent is summarized below:

### **Base Rent (Gross):**

<b>Months</b>	<b>Monthly Base Rental Rate</b>	<b>Monthly Base Rent</b>	<b>Annual Base Rent</b>
1 - 12	\$0.90	\$2,864.01	\$34,368.12
13 - 24	\$0.93	\$2,949.33	\$35,391.96
25 - 36	\$0.96	\$3,038.43	\$36,461.16
37- 48 (opt. 1)	\$0.98	\$3,120.58	\$37,446.96
49 - 60 (opt. 2)	\$1.01	\$3,223.47	\$38,681.64

The base rent shall be adjusted annually by three percent (3%), including the two one-year option periods, if exercised, as shown in the table above. Staff has reviewed the proposed lease rates and is in agreement that they represent the current fair market rental value for smaller industrial properties of this size.

The Museum will be responsible for payment of its proportionate share of repair and maintenance costs; utilities including but not limited to water, gas, heat, light, power, telephone, trash disposal; and other utilities and services supplied to the property on a monthly basis for the duration of the Lease including any options to extend, if exercised by the City.

The base rent cost for the initial three year extension totals \$106,221.24. When adding the original 16 month term from June 15, 2018 through October 15, 2019, the total base rent Lease cost will be \$153,869.29 through October 15, 2022.

The Museum Director concurs with this report.

## **FISCAL IMPACT:**

The total cost for the base rent for the extended three-year term of the proposed lease is \$106,221.24. Any additional costs for monthly utilities and repairs and maintenance will be paid by the Museum. Sufficient funds are available in the Museum's Professional Services account

number 5305000-421000 to cover the base rent payments through the three-year term of the Lease.

Prepared by: David Welch, Community & Economic Development Director

Certified as to

availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer

Approved by: Rafael Guzman, Assistant City Manager

Approved as to form: Gary G. Guess, City Attorney

Attachment: First Amendment to Standard Industrial/Commercial Single-Tenant Lease