



# Board of Library Trustees

*City of Arts & Innovation*

---

**TO: BOARD OF LIBRARY TRUSTEES** **DATE: AUGUST 26, 2019**

**FROM: RIVERSIDE PUBLIC LIBRARY**

**SUBJECT: THIRD AMENDMENT TO SHOPPING CENTER LEASE AGREEMENT WITH SUGARBUSH-1 PROPERTIES, L.P., FOR A (5) FIVE YEAR LEASE RENEWAL OF 10,816 SQUARE FEET SPACE LOCATED AT 4033 CHICAGO AVENUE, NO. C FOR SPC JESUS S. DURAN EASTSIDE LIBRARY FROM OCTOBER 1, 2019 THROUGH SEPTEMBER 30, 2024**

## **ISSUE:**

Recommend that City Council approve the proposed Third Amendment to Shopping Center Lease Agreement with Sugarbush-1 Properties, L.P. for a (5) year lease renewal of a 10,816 square foot space located at 4033 Chicago Avenue, No. C for the SPC Jesus S. Duran Eastside Library from October 1, 2019 through September 30, 2024.

## **RECOMMENDATION:**

That the Board of Library Trustees recommend that City Council approve the proposed Third Amendment to Shopping Center Lease Agreement with Sugarbush-1 Properties, L.P. for a (5) year lease renewal of a 10,816 square foot space located at 4033 Chicago Avenue, No. C for the SPC Jesus S. Duran Eastside Library from October 1, 2019 through September 30, 2024.

## **BACKGROUND:**

On October 1, 2004, the City of Riverside entered into a (15) fifteen year lease agreement with Sugarbush-1 Properties, L.P. for the Riverside Public Library Department to occupy a 10,816 square feet space located at 4033 Chicago Ave. #C, Riverside, CA for the SPC Jesus S. Duran Eastside Library. The (15) fifteen year lease agreement was the beginning of a long-term commitment to provide library services to the Eastside community. Funding for the lease payment was secured with the 2002 voter approved \$19.00 per parcel annual property tax known as Measure C. In November 8, 2011, voters approved the renewal of the parcel tax (Measure I) for an additional 10-year term from Fiscal Year 2012/2013 to June 2022.

The Library Department was responsible for the monthly base rent, which initially started at \$12,500, and the City's share of Common Area Maintenance (CAM) charges, as well as, costs associated with utilities, repairs and maintenance. The monthly base rent was increased by the net change in the Consumer Price Index (CPI) on an annual basis.

On December 10, 2004, the City executed a First Amendment to the Lease agreement, allowing for tenant improvements to be made by the Lessor which were paid by the City in the amount of \$17,420. The purpose of these improvements was to provide furniture and infrastructure to support a library operation to the public.

On June 25, 2010, a Second Amendment was executed in which the City paid the Lessor the sum of \$54,648.83 in outstanding rent and CAM charges, which covered slightly more than a five-year period. CAM charges are the City's proportionate share, estimated at 6.4% of all taxes and assessments, which is subject to change from time to time.

On April 9, 2019, the City Council approved the location of Bobby Bonds Park at 2060 University Avenue for the proposed new SPC Jesus S. Duran Eastside Library as part of the City's commitment to provide library services to this community. Additionally, the City Council approved the expenditure of \$100,000 of unexpended Measure Z funds, previously approved for Eastside Library site selection, to be reallocated for Eastside Library architectural services for a design concept. The City Council authorized staff to issue a Request for Proposal for an architectural firm to provide Phase 1 Design Services in an amount not to exceed \$100,000. The estimated completion of Phase 1 is fall of 2020.

## **DISCUSSION:**

The Real Property Services Division of the City's Community & Economic Development Department has negotiated with the Lessor over the past several months for a proposed Third Amendment to the Lease Agreement for a new (5) five year lease extension to the original agreement. The following are the basic terms of the proposed Third Amendment:

1. Term: (5) Five-year term will commence on October 1, 2019 and end on September 30, 2024 subject to City Council approval.
2. Base Rent: (Triple Net Lease)

Period	Monthly Base Rent
Year 1	\$16,522.88
Year 2	\$17,018.57
Year 3	\$17,529.13
Year 4	\$18,055.00
Year 5	\$18,596.65

There will be no increase in the monthly base rent for year 1 from the last years' monthly rent. Previously the monthly base rental amount was increased based on the CPI. The monthly base rent will now increase by 3% annually on October 1 each year.

3. Additional Rent: City will be responsible for additional rent in the form of CAM charges which are estimated at \$4,747.85 monthly, but are based on actual expenditures. This amount is also subject to change based on the Lessor's reconciliation of actual common area costs incurred. Additionally, the City will continue to be responsible for payment of utilities, repairs and maintenance costs.

4. Rent Abatement: Rent will be abated for one (1) month in November 2019.
5. Improvements: Lessor will schedule and pay for the cost of a one-time carpet cleaning for the facility.

Staff anticipates seeking City Council approval on September 17, 2019, to approve the Third Amendment to the Shopping Center Lease Agreement and authorize a supplemental appropriation to expend the funds for the term of the lease.

The Community & Economic Development Director concurs with the recommended action.

**FISCAL IMPACT:**

The fiscal impact of the recommended action over a five year term is estimated at \$1,337,537.76, which is dependent upon the actual CAM expenditures, and does not include utilities repairs and maintenance costs for which the Library is responsible. Sufficient funds for rent, CAM charges, utilities, repairs and maintenance costs will be paid from the Measure I Account Number 514000-421000. If Measure I is not renewed prior to the June 2022 sunset, staff will review and identify an alternate funding source for the lease renewal during budget development.

Prepared by: Erin Christmas, Library Director  
Certified as to  
Availability of funds: Enriquez Edward, Chief Financial Officer/Treasurer  
Approved by: Lea Deesing, Assistant City Manager

Attachment: Third Amendment to Shopping Center Lease