



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: AUGUST 5, 2025

FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT WARD: 1

SUBJECT: FIRST AMENDMENT EXTENDING THE LEASE AGREEMENT WITH FEHR & PEERS, A CALIFORNIA CORPORATION, FOR THE MISSION SQUARE OFFICE BUILDING, 3750 UNIVERSITY AVENUE, SUITE 225, FOR A PERIOD OF SIX-MONTHS AND ESTIMATED REVENUE OF \$31,800

ISSUE:

Approve the First Amendment extending the Lease Agreement with Fehr & Peers, a California corporation, for the Mission Square office building, 3750 University Avenue, Suite 225, for a period of six-months, generating estimated gross revenue of \$31,800.

RECOMMENDATIONS:

That the City Council:

1. Approve the First Amendment to Lease Agreement with Fehr & Peers for a six-month period generating \$31,800 in revenue; and
2. Authorize the City Manager, or his designee, to execute the Agreement with Fehr & Peers, including making minor and non-substantive changes, and sign all documents and instruments to complete the transaction.

BOARD RECOMMENDATION:

On July 14, 2025, the Board of Public Utilities recommended that City Council approve the First Amendment to Lease Agreement (Attachment 1 – Agreement) with Fehr & Peers.

The Board of Public Utilities respectfully requests that the City Council approve item at the August 5, 2025 City Council meeting.

BACKGROUND:

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 the

landlord of the Property. The Property has approximately 127,533 square feet of rentable office and retail space in a six-story building, plus a basement level and a 489-parking stall garage on approximately 2.5 acres of land.

To help market, broker and negotiate lease space of the Property, on January 26, 2016, the City Council approved an Exclusive Authorization of Lease Agreement with Newmark of Southern California, Inc., DBA Newmark Knight Frank (NKF), for a five-year term to provide broker-leasing services for the Property. On January 5, 2021, the City Council approved a First Amendment to California Exclusive Authorization of Lease Agreement with NKF which extended the Agreement through December 31, 2025.

RPU staff have been coordinating the leasing process for the property with the Real Property Services Division of the Community & Economic Development Department (RPS) and NKF as the broker for the Property.

On January 13, 2020, the Board of Public Utilities recommended City Council approve the five-year Lease Agreement between the City and Fehr & Peers with one five-year option to extend. City Council approved this item on February 4, 2020, with an effective date of February 7, 2020.

DISCUSSION:

The Suite 225 lease of 1,938 square feet with Fehr & Peers lease expired on February 28, 2025. NKF has negotiated with Fehr & Peers regarding a lease renewal and agreed to extend the terms for an additional six months at \$5,300 per month, effective March 1, 2025 through August 31, 2025. If Fehr & Peers are to remain after the six-month term, the lease will convert to a month-to-month agreement, and the rent will increase to \$6,360 per month. All other terms and conditions of the original lease shall remain in effect. The First Amendment is estimated to generate gross revenue of \$31,800 over the six-month lease term.

FISCAL IMPACT:

The six-month lease term is expected to generate approximately \$31,800 in gross revenue. All proceeds will be deposited into the Electric Fund, Land and Building Rental revenue account 0000510-373100, managed by RPU and used to pay operating expenses for the Property.

Prepared by:	Sheryn Smay, Supervising Real Property Agent
Approved by:	Jennifer Lilley, Community & Economic Development Director
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. First Amendment to Lease Agreement
2. Presentation