



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: JULY 14, 2025

SUBJECT: FIRST AMENDMENT TO LEASE AGREEMENT WITH FEHR & PEERS, A CALIFORNIA CORPORATION, FOR THE MISSION SQUARE OFFICE BUILDING, 3750 UNIVERSITY AVENUE, SUITE 225, FOR A SIX-MONTH EXTENSION GENERATING AN ESTIMATED GROSS REVENUE OF \$31,800

ISSUE:

Consider approving the First Amendment to Lease Agreement with Fehr & Peers, a California corporation, for the Mission Square office building, 3750 University Avenue, Suite 225, for a six-month extension, generating an estimated gross revenue of \$31,800.

RECOMMENDATIONS:

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

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

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 now the landlord of the Property. The Property is 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 on approximately 2.5 acres of land.

To help market, broker and negotiate lease spaces of the Property, the City Council, on January 26, 2016, approved an Exclusive Authorization of Lease Agreement with Newmark of Southern California, Inc., dba Newmark Knight Frank (NFK), 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 Newmark of Southern California, Inc., dba Newmark Knight Frank (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 February 4, 2020, the City Council approved the five-year Lease Agreement between the City and Fehr & Peers with an effective date of February 7, 2020.

DISCUSSION:

The 1,938 square feet lease with Fehr & Peers for Suite 225 expired on February 28, 2025. NFK has negotiated with Fehr & Peers regarding a lease renewal and agreed to extend the terms an additional six-months at \$5,300/month effective March 1, 2025, through August 31, 2025, for a total of \$31,800. Pursuant to the existing Exclusive Authorization to Lease Agreement with NKF, the NFK leasing commission of 2.5% is \$795 over the six-month period. 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 a 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 Mission Square Building Property Management Trust Account controlled by RPU and used to pay operating expenses for the Property, including broker commission fees of \$795.

Prepared by:	Sheryn Smay, Supervising Real Property Agent
Approved by:	David Garcia, Utilities General Manager
Certifies availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. First Amendment to Lease Agreement
2. Presentation