



# City Council Memorandum

*City of Arts & Innovation*

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**TO: HONORABLE MAYOR AND CITY COUNCIL** **DATE: AUGUST 19, 2025**

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT** **WARD: 3**  
**DEPARTMENT**

**SUBJECT: LEASE AGREEMENT WITH 20/20 PLUMBING & HEATING, INC., FOR USE OF A PORTION OF CITY-OWNED LAND LOCATED AT 5961 ACORN STREET, AS EMPLOYEE PARKING FOR A THREE-YEAR TERM, GENERATING A TOTAL RENTAL REVENUE OF \$120,545.16**

**ISSUE:**

Approve the Lease Agreement with 20/20 Plumbing & Heating, Inc., for the lease of approximately 27,000 square feet on a portion of City-owned land located at 5961 Acorn Street, and adjacent to the City's existing Compressed Natural Gas (CNG) fueling station, identified as Assessor's Parcel Number 155-070-030, for a three-year lease term generating a total rental revenue in the amount of \$120,545.16.

**RECOMMENDATIONS:**

That the City Council:

1. Approve the Lease Agreement with 20/20 Plumbing & Heating Inc., of Riverside, California for use of a portion of 5961 Acorn Street for a three-year term generating revenue in the total amount of \$120,545.16; and
2. Authorize the City Manager, or his designee, to execute the Lease Agreement with 20/20 Plumbing & Heating, Inc., including making minor and non-substantive changes.

**BACKGROUND:**

20/20 Plumbing & Heating Inc., (Lessee), established in 2015, owns three parcels located along Winterhaven Avenue and Orangewood Drive, located north of Jurupa Avenue and adjacent to the City-owned property at 5961 Acorn Street known as a portion of the Riverside Water Quality Control Plant.

The Lessee has proposed leasing a portion of this property for use as employee parking. Parking availability for the Lessee in this area is severely limited due to their approximately 120-employee operation. To support operational needs, the Lessee has requested the City enter into an exclusive lease agreement to allow use of a portion of this property for employee parking. The vacant portion of land is not being used by Public Works but is part of the City's existing CNG

Station located at 5961 Acorn Street and is controlled by the Public Works Department. The Lessee previously occupied the site under a five-year lease agreement initiated in 2018, during which the City made improvements to prepare the premises paid by the Lessee. That lease expired in 2023 at Lessee's choosing.



## DISCUSSION:

Under the terms of the proposed three-year lease agreement, the Lessee will remit monthly rental payments to the City's Public Works Department. Prior to the expiration of this Lease, an option to extend this Lease may be considered for a term to be agreed upon by City and Lessee. Regarding occupancy, the Lessee will also provide a one-time security deposit of \$3,250. Monthly rent shall be subject to an annual adjustment of three percent (3%) as follows:

YEAR	MONTHLY	ANNUAL
1	\$3,250.00	\$39,000.00
2	\$3,347.50	\$40,170.00
3	\$3,447.93	\$41,375.16
	<b>TOTAL</b>	<b>\$120,545.16</b>

Any improvements made to the Premises by 20/20 Plumbing & Heating shall become the property of the City upon installation. 20/20 Plumbing & Heating shall be responsible for maintaining the entire premises, including all improvements, in good condition and repair, and shall keep the premises in a clean and orderly state at all times. In addition, 20/20 Plumbing & Heating shall be solely responsible for payment of any possessory interest taxes assessed by the County of Riverside. Furthermore, as the lease term is less than five years, this transaction is exempt from any requirements of the California Surplus Land Act.

Lastly, this lease may be terminated upon mutual agreement between the City and 20/20 Plumbing & Heating, Inc., provided that the party desiring to terminate provides at least ninety (90) days' notice of intent to terminate.

Proposed use of property will not impact Public Works use of site in any fashion. The Public Works Director concurs with the recommendations in this report.

**FISCAL IMPACT:**

Revenue generated over the three-year lease term is projected to total \$120,545.16. Revenue will be deposited into the Sewer Fund, Land and Building Rental Account 0000550-373100 for the Lease Agreement with 20/20 Plumbing & Heating, Inc., for the use of a portion of 5961 Acorn Street. A one-time security deposit of \$3,250 will be deposited into the Special Deposits Fund, Property Services Lease Deposits Account 0000720-225073.

Prepared by:	Ron Duran, 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. Lease Agreement