

MISSION SQUARE BUILDING



ANNUAL REPORT

— FY 2019/2020 —





3750

SLATERS 50/50
BORN BURGERS HERE

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BORN BURGERS HERE

BURGER

6101



MISSION SQUARE BUILDING

On October 13, 2015, the City of Riverside acquired the Mission Square Office Building at 3750 University Avenue (Property), which was funded by Riverside Public Utilities. As such, Riverside Public Utilities is now the Landlord of the Property. The Property consists of approximately 127,533 square feet of rentable office and retail space in a six-story building, plus a basement level and a 471 parking stall garage situated on approximately 2.5 acres of land.

On January 26, 2016, the City Council approved an Exclusive Authorization of Lease Agreement with Newmark of Southern California, Inc. dba Newmark Knight Frank to provide broker-leasing services for the Property. Riverside Public Utilities staff has been coordinating the leasing process for the Property with the Real Property Services Division of the Community & Economic Development Department and Newmark Knight Frank as the broker for the Property.

BUILDING MARKETING UPDATE

MARKETING RECAP by John Daciolas, Broker, NKF

For the fiscal year ending June 30, 2020, Mission Square's vision for converting the ground floor office space to restaurant use came into fruition as Fire Up Grill and Donut Bar completed their tenant improvements and successfully opened for business, continuing to be extremely well received by the community. Slater's 50/50, Mission Square's largest conversion project, is in the process of finalizing their construction and is scheduled to open in fall 2020.

Mission Square is currently in negotiations on the last remaining conversion space (Suite 120 – 1,200 square feet) with Packinghouse Brewery for a tasting room. Once the restaurant restrictions are lifted as a result of the current pandemic, Mission Square expects

to finalize the deal with Packinghouse Brewery and anticipate an opening sometime in summer of 2021.

Mission Square was successful in expanding and renewing Greenberg & Greenberg for a new 10-year lease term in Suite 550, leased suite 560 to local attorney, David Horton, and leased the least desirable office space (due to view of parking structure wall) to a consulting firm, Fehr & Peers.

Mission Square continues to outperform the overall office market and is currently 98.9% leased. Once the Packinghouse Brewery deal is signed, which is expected in late 2020, the property will be 100% leased. This compares to the overall average vacancy rate for Riverside at 11.5% and for the downtown specific market at approximately 7.5%.

Mission Square is hopeful that the pandemic-related workplace shutdowns will be short lived and the economy will quickly recover, leaving Mission Square to continue to outperform the overall real estate market.

LEASING UPDATE

As of July 1, 2020, the **current occupancy rate** at the Property is **98.9%**. Below is a review of each suite and current tenant or leasing interest:

- 1. Suite 190 (1,000 sf) – Fire Up Grill:**
Lease commencement on September 1, 2018 for 5 years with (1) 5-year renewal option.
- 2. Suite 100 (1,200 sf) – Subway:** Lease expires on September 30, 2020. Tenant has (2) 5-year renewal options. Tenant has not committed to new lease terms; therefore, property is currently being marketed for a similar retail usage.
- 3. Suite 110 (1,185 sf) – T-Mobile:**
Lease commencement on June 14, 2017 for 5 years with (1) 5-year option to extend.
- 4. Suite 120 (1,383 sf):** Lease negotiations are in progress with a local Riverside Brewery.
- 5. Suite 125 – Slater's 50/50:** Lease commencement on July 2, 2018 for 10 years with (2) 5-year options to extend.
- 6. Suite 150 (7,766 sf) - Wells Fargo:** Lease expires on July 31, 2022. Tenant has (2) 5-year options to extend.
- 7. Suite 175 (2,292 sf) – Donut Bar:**
Lease commencement on November 1, 2019 for 10 years with (2) 5-year options to extend.
- 8. Suite 225 (1,938 sf) – Fehr and Peers:**
Lease commencement on February 7, 2020 for 5 years with (1) 5-year option to extend.
- 9. Suites 230 and 250 (18,360 sf) – City Attorney's Office:** This is an evergreen lease.
- 10. RPU occupies 62,916 sf,** encompassing the entire **third and fourth floors and Suite 500.**
- 10. Suite 550 (3,188 sf) – Greenberg & Greenburg:**
Lease commenced on September 23, 2019 for 10 years with (1) 5-year option to extend.
- 11. Suite 560 (1,521 sf) – David Horton:**
Lease commencement on October 7, 2019 for 3 years with (1) 3-year option to extend.
- 12. Suite 570 (4,488 sf) – Riverside Convention and Visitors Bureau:** Lease extension commenced on February 16, 2018 for 5 years with (1) 5-year option to extend.
- 13. Suite 600 (8,922 sf) – Varner & Brandt:** The lease expires on February 28, 2022 with (1) 5-year option to extend.
- 14. Suite 610 (12,076 sf) – Morgan Stanley:** The lease expires on August 31, 2025 with no further option to extend.



TESLA

On September 26, 2017, the City Council approved a Supercharger Agreement with Tesla, Inc. for 24 parking spaces at Mission Square for 5 years, with (2) 5-year extensions. Downtown residents, business owners and office employees who are Tesla owners living or working in the downtown area can utilize this facility as a convenient location to charge their vehicles.



\$256,543

Revenue generated to RPU for electric usage during FY 2019/20



FINANCIALS

REVENUE



\$2,258,114.97

EXPENDITURES



\$2,034,556.70

CASH BALANCE



\$1,141,767.09



REVENUE **WITHIN 1%**
of estimated budget



EXPENDITURES **7% HIGHER**
than estimated budget

At June 30, 2020, RPU recorded \$2,258,114.97 in revenue and \$2,034,556.70 in expenditures with a cash balance of \$1,141,767.09. Revenue was within 1% of estimated budget, despite the COVID-19 pandemic which resulted in a statewide stay at home order from March 19, 2020 through May 8, 2020 when the order was modified, moving the State into Stage 2. Expenditures were approximately 7% higher than estimated. This is a direct result of increased costs related to the parking garage improvements, including restriping, new signage and structural concrete repairs.

July 2019

- Heating, ventilation, and air conditioning – Major repair on circuit #2 – replaced full port ball valve on the liquid line due to refrigerant leak
- Basement flooded on 7/3/2019 - Plumbing – Replacement of domestic water backflow, upgraded design for redundancy (from one 4" to two 2")
- Electrical – Run the electrical feed from the switchgear to donut bar, installation of transformer and electrical panel.
- Construction support for Slater's 50/50, Donut Bar and Fire-Up Grill

August 2019

- Plumbing – Replaced 18 drains on the 2nd floor deck
- Roofing – Waterproofing of the 2nd floor deck
- Construction support for Slater's 50/50, Donut Bar and Fire-Up Grill
- Plumbing – Upgraded the handicap toilet on the 3rd floor Men's from gravity to pressurize

September 2019

- Completed – Parking garage painting
- Electrical – Power up of Donut Bar electricity
- Construction support for Slater's 50/50, Donut Bar and Fire-Up Grill
- Electrical – Installation of dedicated power for ATT fiber optic equipment
- Construction support for Slater's 50/50, Donut Bar and Fire-Up Grill
- Plumbing – Upgraded the gravity toilet to pressurized on the 5th floor handicap stalls

October 2019

- Heating, ventilation, and air conditioning – Annual preventative maintenance on the boilers – Replaced bad burners, circ motor, safety and start up components, and paint the units.
- Plumbing – Hydro jetting of the parking structure storm drain system.
- Fire and life safety/Electrical – Installation of new circuit for the booster panel in Slater's 50/50 closet
- Tenant improvement – Electrical outlets to multi locations to support the tenant in #570, at Riverside Convention & Visitors Bureau's request
- Construction support for Slater's 50/50, Donut Bar and Fire-Up Grill
- Fire and life safety – Floor warden training and Fire Drill

November 2019

- Installation of new anti-slip tapes on all parking garage stairwells
- Construction support for Slater's 50/50, Donut Bar and Fire-Up Grill
- Upgrade – Window tinting of the City Attorney Offices

December 2019

- Installation of metal frame artwork at the exterior of the parking structure along Main Street, including LED lights
- Installation of metal frame artwork at the courtyard entrance to the building
- New landscaping along Main Street
- Plumbing – Hydro jetting the parking garage sewer line
- Construction support for Slater 50/50, Donut Bar and Fire-Up grill

January 2020

- Power failure to building 1/1/2020 – 1/2/2020. City had to replace transformer.
- Plumbing – Upgraded the handicap toilets on the 4th floor from gravity to pressurized
- Heating, ventilation, and air conditioning – Annual preventive measures of cooling tower on the roof
- Painting of the 2nd level elevator landing and installed the metal frame artwork
- Installation of new anti-slip tapes on all parking garage stairwells
- Construction support for Slater's 50/50

February 2020

- Parking garage elevator improvements completed
- Heating, ventilation, and air conditioning upgrade – Installation of new pneumatic compressor skid (life expectancy of 25 years)
- Lighting upgrade – Front of the building (LED)
- Construction and TI support for Slater's 50/50 and Fehr and Peers Suite #225

March 2020

- Heating, ventilation, and air conditioning – Major repair on circuit #1 discharge line due to refrigerant leak
- Heating, ventilation, and air conditioning – Semi-annual preventative maintenance
- Construction support for Slater's 50/50 and Greenberg & Greenberg
- Installation of COVID documentation began; added additional signage; correspondence with tenants; plexiglass screen added at security desk; social distancing signs and floor decals; added anti-bacterial soap in restrooms; to free standing hand sanitizing stations in lobby and at elevator.

April 2020

- Installation of garage bike rack on ground level parking
- Camera – Preventive maintenance
- Installation of new anti-slip tape on all parking garage stairwells
- Construction support for Slater's 50/50 and Greenberg & Greenberg
- Fire pump – Annual preventive maintenance
- Fire extinguishers – Annual preventive maintenance

May 2020

- Completed – Parking garage improvements, including floor coating, restriping, domes, new signage, etc.
- Upgrade – Installation of the new parking garage entrance gate
- Plumbing – Domestic water main line repair
- Construction support for Slater's 50/50 and Greenberg & Greenberg

- Heating, ventilation, and air conditioning – Major repair of circuit #1 compressor (piston, valve plates etc.)
- Plumbing – Installed new auto-faucet and soap dispenser on the 5th floor
- Building – Window cleaning

June 2020

- Construction support for Slater's 50/50 and Greenberg & Greenberg
- New parking garage gate installed
- Lighting upgrade – Lobby elevator landing to LED
- Fire and life safety – Annual preventive maintenance
- Fire and life safety – Replacing and adding exit signage as per Riverside Fire Department safety violation notice
- Protests:
 - Support on boarding up all windows and setting up perimeter gates around the building
 - Cleaned graffiti, repainted garage walls and replaced the signage
 - Replaced all broken windows and doors

MAJOR ACCOMPLISHMENTS

Fire Up Grill opened on November 29, 2019



400+ Guests
over the opening weekend



Donut Bar opened on January 25, 2020



300+ Guests
for their Grand
Opening Day

UPCOMING ITEMS IN FY 2020/21



Slater's 50/50 is scheduled to
OPEN IN FALL 2020





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