

**CITY OF TEMECULA
AGENDA REPORT**

TO: City Council

FROM: Betsy Lowrey, Assistant to the City Manager

DATE: April 11, 2023

SUBJECT: Approve Amended and Restated Office Lease and Memorandum of Lease Between the City of Temecula and Temecula Valley Convention & Visitors Bureau dba Visit Temecula Valley

PREPARED BY: Betsy Lowrey, Assistant to the City Manager

RECOMMENDATION: That the City Council approve amended and restated office lease and memorandum of lease between the City of Temecula and Temecula Valley Convention & Visitors Bureau dba Visit Temecula Valley in substantially the form as attached and authorize the Assistant City Manager to execute same.

BACKGROUND: The City recognizes the value of Visit Temecula Valley's operations to the City of Temecula and its residents, and the value of having the Visit Temecula Valley offices located adjacent to City Hall within the tourism district of Old Town. Visit Temecula Valley proactively markets, promotes, and supports Temecula's continually growing \$1.1 Billion annual tourism economy that welcomes approximately 3 million visitors each year (based on pre-COVID pandemic data). Temecula's vibrant tourism economy provides value to the City of Temecula by fueling job creation, economic growth, tourism development and strengthening the City's brand. Currently, the Tourism industry generates nearly \$4 Million annually in Transient Occupancy Tax within the City of Temecula. In addition, City Hall front desk staff directs many walk-in tourists (anticipated to grow significantly with several approved hotel developments in Old Town) to Visit Temecula Valley for tourist and promotional information.

Visit Temecula Valley has been a tenant of the Civic Center Complex since 2011. Visit Temecula Valley initially leased a portion of office and retail space adjacent to the public parking garage and the Police Station on the 1st floor facing Mercedes Street. In 2019, Visit Temecula Valley completed tenant improvements on the 2nd floor to occupy both the 1st floor and 2nd floor totaling 5,001 square feet. On August 1, 2022, Visit Temecula Valley relinquished a portion (335 square feet) of their original 1st floor office lease space to the City, and on November 8, 2022 relinquished the remaining 1st floor office and retail lease space. This allowed Visit Temecula Valley's operations to be conducted solely on the 2nd floor that was improved in 2019, totaling 3,985 square feet known as 28690 Mercedes Street, Suite 201, Temecula. It also allowed the City to expand its Old Town Police station on the 1st floor for a more visible police presence in Old Town, and provided adequate space for the Old Town Metro Team to be housed. Additionally, the former Visit Temecula Valley store front Visitors Center on the 1st floor has become the City's rebranded Welcome Center.

The initial term of the Amended and Restated Office Lease will be five years and will provide approximately \$392,300 in revenue to the City. The monthly rent will be \$6,538.27, with increases based on the Consumer Price Index upon expiration of the initial five-year lease.

FISCAL IMPACT: Office space rental revenue will generate \$6,538.27 per month

ATTACHMENTS:

1. Amended and Restated Office Lease
2. Memorandum of Lease