

**CITY OF TEMECULA  
AGENDA REPORT**

**TO:** City Council

**FROM:** Greg Butler, Assistant City Manager

**DATE:** February 12, 2019

**SUBJECT:** Approve the First Amendment to the Office Lease Between the City of Temecula and Temecula Valley Convention & Visitors Bureau dba Visit Temecula Valley

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**PREPARED BY:** Betsy Lowrey, Senior Management Analyst

**RECOMMENDATION:** That the City Council approve the First Amendment to the Office Lease between the City of Temecula and Temecula Valley Convention & Visitors Bureau dba Visit Temecula Valley and appropriate \$50,000 from the Measure S Fund.

**BACKGROUND:** Pursuant to the Office Lease between the City of Temecula and the Temecula Valley Convention & Visitors Bureau dba Visit Temecula Valley ("Lease"), approved by City Council on February 13, 2018, Visit Temecula Valley is expanding its leased space to include the second floor directly above its current location. The second floor area is currently an unimproved shell accessed through the public parking garage that will be improved for additional office space. Visit Temecula Valley will also vacate approximately 521 square feet of existing leased space on the ground floor and reconfigure the floor plan to allow the Temecula Police Department to expand into this area for more police presence in Old Town. It has become apparent that the construction cost for the build-out is higher than originally anticipated and will require an additional \$50,000. To offset this cost, Visit Temecula Valley has agreed to increase their monthly rent payment to the City by \$850.17, which will generate revenue over the term of the 5-year lease that exceeds \$51,000. In total, the 5-year term of the Lease, plus the attached Amendment, will generate more than \$456,000 in revenue paid to the City (plus completed tenant improvements), exceeding the City contribution of \$250,000 toward tenant improvements. Upon certificate of occupancy, the monthly rent paid by Visit Temecula Valley will be \$7,601.52, with annual increases based on the Consumer Price Index. Upon expiration of the five-year Lease, the Lease will renew automatically unless terminated by either party with a 30-day notice.

**FISCAL IMPACT:** A total of \$50,000 in Measure S funds will augment the previously appropriated \$200,000 allocated from the remaining 2007 Tax Allocation Bond proceeds. Visit Temecula Valley has agreed to a monthly rent increase of \$850.17, which will generate revenue over the term of the 5-year lease that exceeds \$50,000.

**ATTACHMENTS:** First Amendment