



Staff Report

TO: City Council

FROM: Kirk Pelsler, Economic Development Director
Joseph Cale, Management Analyst

DATE June 3, 2025

SUBJECT: Approval of Lease and Affiliation Agreements with Partner Organizations Operating in the Pass Area Biz Hub – 514 California Avenue

Description Presentation of lease and affiliation agreements with two of several partner organizations that will occupy the Pass Area Biz Hub, a regional business innovation center located at 514 California Avenue.

Background and Analysis:

The Pass Area Biz Hub is intended to serve as a central resource for workforce development, entrepreneurship, and small business support throughout the Pass region.

The City acquired the property at 514 California Avenue in January of 2024 and has completed several site readiness milestones, including:

- Roof replacement;
- HVAC system replacement;
- Vacancy preparation, including the removal of remaining tenant property;
- Identification and execution of required ADA upgrades;
- Completion of interior and exterior painting;
- Ongoing janitorial and maintenance services; and
- Regular coordination meetings with regional partners, which began on a bi-weekly basis and increased to weekly as the anticipated launch date approaches

The following organizations have formally committed to operating from the Biz Hub:

- **Mount San Jacinto Community College (MSJC):** Purpose is to establish their “Enterprise Resource and Innovation Center” (ERIC) to provide business education, counseling, and a makerspace for early-stage entrepreneurs.
- **California Family Life Centers (CFLC):** Purpose is to provide youth and family services focused on education, employment, mental health, and life skills

development, aiming to strengthen and empower underserved communities across the region, and support workforce pipeline development.

Additional agreements with other partner organizations will be presented to the City Council in the future as they are submitted to the City.

MSJC will occupy its designated space rent-free under an affiliation agreement, while CFLC will lease its space for a nominal rental fee of one dollar (\$1) per year. In both cases, the City will cover basic operational expenses to support collaborative service delivery. The initial lease term allows the City to evaluate long-term tenancy models while establishing the center as a stable, multi-agency service hub. These agreements—whether lease or affiliation—formalize the terms of occupancy, define mutual operational responsibilities, and outline expectations for collaborative service delivery and program integration.

Additional partners are under consideration, and the City has preserved flexibility in the facility layout to accommodate short-term activations, such as pop-up services, drop-in office use, and potential rental of hoteling or coworking spaces in response to future demand.

Fiscal Impact:

There is no immediate fiscal impact associated with execution of the initial lease and affiliation agreements. The City will continue to cover base operational expenses at the Pass Area Biz Hub, totaling \$64,924, as part of its investment in regional economic and workforce development. These costs will be absorbed within the current budget and have been incorporated into the adopted FY 2025-2026 budget. Future updates may propose nominal cost-recovery fees for long-term office use or private activation of shared spaces. Any proposed changes to the financial model will be brought to the City Council for review.

The cost to prepare this staff report is estimated at \$300.

Recommended Action:

Authorize the City Manager to execute lease and affiliation agreements with MSJC and CFLC for use of office space within the Pass Area Biz Hub and take all necessary actions to facilitate operations.

Attachments:

- A. Affiliation Agreement – Mount San Jacinto Community College

B. Lease Agreement – California Family Life Centers