



Staff Report

TO: City Council

FROM: Kirk Pelsler, Economic Development Director
Laura James, Economic Development Manager

DATE: September 2, 2025

SUBJECT: Approval of a Lease Agreement with Inland Empire Small Business Development Center for Pass Area Biz Hub – 514 California Avenue

Description: Consideration of lease agreement with Inland Empire Small Business Development Center (IESBDC) for office space within 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

As a central hub for small business, entrepreneurship, and workforce support, numerous partner organizations will occupy and provide services from the Biz Hub, including the California Family Life Center, and Mount San Jacinto College, Riverside County Office of Economic Development, Riverside County Workforce Development, and California Employment Development Department, whose agreements were

presented to the City Council for consideration and accepted on June 3, June 17, and August 19.

The lease agreement in Attachment A represents a formal commitment from IESBDC. Through this partnership, IESBDC consultants will offer no-cost business advising services to Pass Area residents and businesses from the Biz Hub location.

The IESBDC will lease space for a nominal rental fee of one dollar (\$1) per year. 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. The lease agreements formalize the terms of occupancy, define mutual operational responsibilities, and outline expectations for collaborative service delivery and program integration.

The City has preserved flexibility in the facility layout to accommodate additional partners, short-term activations, such as pop-up services, drop-in office use, and potential rental of hoteling or co-working 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 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 \$150.

Recommended Action:

Authorize the City Manager to execute the lease agreement with the Inland Empire Small Business Development Center for the use of office space within the Pass Area Biz Hub.

Attachments:

- A. Lease Agreement – Inland Empire Small Business Development Center