



PROPOSED 5-YEAR GROUND LEASE AGREEMENT WITH DRIVETIME CAR SALES COMPANY FOR A TOTAL REVENUE OF **\$832,128**

Riverside Public Utilities

Board of Public Utilities
May 13, 2019

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BACKGROUND

1. 1388 South E. Street, San Bernardino
2. East of 215 Freeway, South of Orange Show Rd.
3. 4.2 Acre parcel of vacant land
4. Formerly Holiday Olds/Center Chevrolet
 - A. 37 year lease terminated in 2008
 - B. Buildings demolished in 2010
 - C. DriveTime lease approved in 2016, but terminated in 2017 due to lack of entitlements

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AERIAL VIEW – 4.2 ACRES



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DRIVETIME CAR SALES COMPANY, LLC.

1. DriveTime Cars Sales Company, LLC
 - A. Headquartered in Arizona
 - B. Founded in 1992
 - C. 138 dealerships nationwide
 - i. 3 in Southern California
 - ii. 1 in Riverside, located at 8341 Indiana Avenue

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GROUND LEASE TERMS

1. Initial five-year term
 - A. Four (4) 5-year extensions
 - B. \$1,500/month interim rent for the first four months
 - C. Eight months of rent abatement thereafter
 - D. \$15,000 monthly base rent; \$180,000 annually
 - E. 2.5% fixed annual increases to base rent

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IMPROVEMENTS

1. DriveTime agrees to:
 - A. Construct a retail automobile dealership and related ancillary uses including:
 - i. Operations
 - ii. Sales
 - iii. Repair services
 - iv. Automobile storage

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RPU/CITY OF SAN BERNARDINO BENEFITS

1. City of Riverside/RPU Benefits:
 - A. \$180,000 annual lease revenue
 - B. Eliminate RPU's routine weed abatement, trespassing, and dumping issues
2. City of San Bernardino Benefits:
 - A. Develop aesthetically pleasing freeway and E. Street frontage views
 - B. City of San Bernardino Sales Tax Revenue

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RECOMMENDATIONS

That the Board of Public Utilities recommend that the City Council:

1. Approve the five-year ground lease agreement with DriveTime Car Sales Company, LLC, of Phoenix, Arizona, for the use of the property located at 1388 South E. Street, San Bernardino, California for a total revenue of approximately \$832,128 during the initial five-year term with the option of four (4) additional five-year extensions; and
2. Authorize the City Manager, or designee to execute all necessary documents, including making minor non-substantive changes, and the ability to execute the four (4) optional five-year extensions, if necessary.

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