



Ground Lease Agreement DriveTime Car Sales Company

Board of Public Utilities
February 19, 2016

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Background

1. 1388 South E Street, San Bernardino
2. East of 215 Freeway, so 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

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Aerial View – 4.2 Acres



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DriveTime
Car Sales Company

- DriveTime Cars Sales Company
 1. Headquartered in Arizona
 2. Founded in 1992
 3. 129 dealerships within 24 states nationwide
 - a. 3 in Southern California
 - b. 1 in Riverside, Indiana Avenue

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Ground Lease Terms

- Initial Five (5) year term
 1. Four (4) 5-year extensions
 2. \$180,000 annual base rent
 - Per Fair Market Rent Appraisal dated June 1, 2015
 3. 2.5% fixed annual increases to base rent
 4. 6 month rent abatement to allow Lessee to perform its due diligence assessments and inspections and obtain necessary permits
- 6% Broker Commission (\$51,400)

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Improvements

- DriveTime agrees to:
Construction retail automobile dealership and related ancillary uses including:
 1. Operations
 2. Sales
 3. Repair services
 4. Automobile storage

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RPU/City of San Bernardino Benefits

- City of Riverside/RPU Benefits:
 1. \$180,000 annual lease revenue
 2. \$2,700+ annual tax reimbursement, per lease agreement
 3. Eliminate RPU's routine weed abatement, trespassing and dumping issues

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RPU/City of San Bernardino Benefits

- City of San Bernardino Benefits:
 1. Develop aesthetically pleasing freeway and E Street frontage views
 2. City of San Bernardino Sales Tax Revenue

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Recommendations

- That the Board of Public Utilities:
 1. Recommend that the City Council approve the Ground Lease Agreement with DriveTime Car Sales Company, LLC, including payment of a broker commission of 6% to Marc J. Piron of NAI Capital, Ontario, CA; and
 2. Authorize the City Manager or his designee to execute all necessary documents, including making minor non-substantive changes to those documents.

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