



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 24, 2016**

FROM: COMMUNITY & ECONOMIC DEVELOPMENT **WARD: 1**
DEPARTMENT

SUBJECT: PROPOSED EXCLUSIVE NEGOTIATION AGREEMENT WITH BEST BEVERAGE CATERING FOR THE POTENTIAL LONG-TERM LEASE AND DEVELOPMENT OF THE CHOW ALLEY @ COURTHOUSE PIAZZA DEVELOPMENT

ISSUE:

The issue for City Council consideration is whether to approve an Exclusive Negotiation Agreement with Best Beverage Catering for the potential long-term lease and development of the Chow Alley @ Courthouse Piazza development concept for approximately 31,526 square feet of City and County-Owned land on Main Street.

RECOMMENDATIONS:

That the City Council:

1. Approve an Exclusive Negotiation Agreement with Best Beverage Catering for the potential long-term lease and development of the Chow Alley @ Courthouse Piazza concept; and
2. Authorize the City Manager, or his designee, to execute the Exclusive Negotiation Agreement, including making minor, non-substantive changes, and to sign all documents and instruments necessary to complete the transaction.

COMMITTEE RECOMMENDATION:

On October 15, 2015, the Utility Services/Land Use/Energy Development Committee (Chair Mac Arthur, Vice Chair Soubirous, and Member Gardner) met to consider the conceptual Chow Alley at Courthouse Piazza development. Following discussion, the Committee unanimously 1) supported the conceptual Chow Alley at Courthouse Piazza development; 2) directed staff to negotiate a ground lease agreement with the County of Riverside and present the agreement for City Council consideration; and 3) directed staff to proceed with a Request for Qualifications and Proposals seeking a developer for the conceptual Chow Alley at Courthouse Piazza development.

BACKGROUND:

One of Riverside's greatest assets, and one that continues to set the City apart from other municipalities throughout the region, is its downtown area. To ensure that the downtown area

continues to be a focal point for the ever-changing community, visitors, and others it is important to celebrate its architectural assets and create activate public spaces.

With this in mind, a plan was conceived for repurposing and activating the environment surrounding Main Street between 10th and 11th Streets. Dubbed Chow Alley @ Courthouse Piazza, the proposed public space development site is comprised of Main Street (between 10th and 11th Streets) as well as the City and County of Riverside-owned properties, including Public Parking Lot Number 19, an empty commercial building, formerly occupied by Michelle's Restaurant (which will be demolished), and a County parking lot.

On December 22, 2015, based on direction received from the Utility Services / Land Use / Energy Development Committee, staff issued a Request for Qualifications and Proposals seeking a developer for the proposed Chow Alley @ Courthouse Piazza development concept. On February 1, 2016, staff received a proposal from Best Beverage Catering.

On April 5, 2016, the City Council approved a ground lease agreement with the County of Riverside for real property located at 4049-4053 Main Street, bearing Assessor Parcel Numbers 215-092-010 and 011, to facilitate the proposed Chow Alley @ Courthouse Piazza development.

On April 12, 2016, staff interviewed Best Beverage Catering regarding their proposal. At the conclusion of the interview process, staff unanimously concluded that the Best Beverage Catering proposal is responsive and that an Exclusive Negotiation Agreement is needed to undertake discussion potentially leading to a ground lease agreement.

Staff recommends that the City Council approve an Exclusive Negotiation Agreement with Best Beverage Catering to further define the terms of a ground lease agreement and project scope. The Exclusive Negotiation Agreement will at least consider the following terms prior to proposing a ground lease agreement:

1. Proper due diligence of both parties, which will include a background check and verification of project financing;
2. Defining of project scope; and
3. Price and other various terms of a ground lease.

The Exclusive Negotiation Agreement has a six-month term with one six-month option to extend. The City Council may then enter into a ground lease with Best Beverage Catering.

FISCAL IMPACT:

There is no immediate fiscal impact associated with this report.

Prepared by:	Rafael Guzman, Community & Economic Development Director
Certified as to	
availability of funds:	Scott Miller, Interim Finance Director/Treasurer
Approved by:	Al Zelinka, FAICP, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Concurs with:

A handwritten signature in cursive script, reading "Chris MacArthur", written over a horizontal line.

Chris Mac Arthur, Chair

Utility Services / Land Use / Energy Development Committee

Attachments:

1. Site Map
2. Exclusive Negotiation Agreement