



Downtown Event Center & Hotel Feasibility Study Update

Community & Economic Development Department

Development Committee

October 20, 2016

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BACKGROUND

Over the past few years, the City has contemplated development of a new 140,000 square foot event center with up to 6,000 seats and a new parking structure with up to 1,500 spaces at Parking Lot 33 located on Third Street between Market and Orange Streets (Assessor's Parcel Numbers 213-111-012, 015, and 016) to park both the new event center and Convention Center (Project)



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FEASIBILITY STUDY – HKG PROPOSAL

1. City Council previously awarded a contract to HKG to provide a market and financial study, economic impact study, funding analysis, conceptual budget and master plan concept
2. HKG presented a Phase 1 report prepared by Victus Advisors, LLC and committed to complete the Study by June 2015
3. The Professional Consultant Services Agreement with HKG was terminated in July 2015 due to failure to perform by HKG



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FEASIBILITY STUDY – VICTUS PROPOSAL

1. To finish the Study left incomplete by HKG, Victus was retained to conduct the remaining tasks and gauge demand for more hotel rooms in downtown
2. City Council approved an agreement with Victus for \$32,000 to provide an updated market analysis and financial projections, concept plans, preliminary construction cost estimates, funding options analysis, and economic and fiscal impact analysis



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PROJECT SITE



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EVENT CENTER - \$87 MILLION



**105
EVENTS
ANNUALLY**



5,000 FIXED SEATS
IN U-SHAPED
ARRANGEMENT
for concerts, sporting events, shows,
community events, convention support
(without a full-time minor league or
collegiate sport tenant)



310,000 ATTENDEES ANNUALLY

**\$3.2 Million Annual Revenue
and over \$800,000 net operating
income less unknown management fees**



**500
PARKING SPACES**

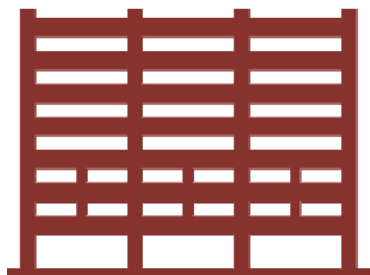
Must be owned and developed by the City



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PARKING STRUCTURE - \$45 MILLION



1. 8-story parking structure could be constructed to provide up to 1,340 parking spaces; over 1,900 is required per Code
2. Must also be owned and developed by the City, but a portion could possibly be shared by hotel developer



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HOTEL TOWER - \$71 MILLION



1. Could be privately owned and operated
2. Could be up to 7 stories in height, with commercial space on the ground floor



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ALTERNATIVE OPTION FOR CONSIDERATION

1. Potential expansion of the Riverside Convention Center
2. Potential expansion of the Riverside Marriott
3. Development of another hotel
4. Development of other uses such as parking



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RECOMMENDATION

That the Development Committee:

1. Receive an update on the feasibility study for the potential development of an event center, parking structure and a hotel on the surface Parking Lot 33, located on Third Street between Market and Orange Streets;
2. Reject all of the funding options proposed for the potential construction and development of the Project by the City; and
3. Direct staff to collaborate with key stakeholders, including the property owner of the Riverside Marriott, explore and identify possible development opportunities, including the potential expansion of the Convention Center, plus a private development of a hotel and other uses on the Property.



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