



Ground Lease Agreement DriveTime Car Sales Company

Public Utilities

Board of Public Utilities
January 9, 2017

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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. Three dealerships in Southern California
 - b. One dealership in Riverside, Indiana Avenue



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GROUND LEASE TERMS

Initial Five (5) year term

1. Four (4) 5-year extensions
2. \$6,000 interim period rent
3. \$180,000 annual base rent
4. Per Fair Market Rent Appraisal dated June 1, 2015
5. 2.5% fixed annual increases to base rent
6. 8 month rent abatement to allow Lessee to obtain necessary permits and construct approximately \$750,000 in improvements



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IMPROVEMENTS

DriveTime agrees to:

1. Construction retail automobile dealership and related ancillary uses including:
 - a. Operations
 - b. Sales
 - c. Repair services
 - d. Automobile storage



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RPU BENEFITS

City of Riverside/RPU Benefits:

1. \$180,000 annual lease revenue
2. \$3,400+ annual tax reimbursement, per lease agreement
3. Eliminate RPU's routine weed abatement, trespassing and dumping issues
4. Gain asset/improved property at end of lease term



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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 recommend that the City Council:

1. Approve the City of Riverside Commercial Lease Agreement for 4.2 Acres of Vacant Land – E Street, South of Orange Show Road, San Bernardino, California, with DriveTime Car Sales Company, LLC, for an initial term of 5 years and \$832,000 in rental revenue to the Water Utility;
2. Authorize the City Manager, or his designee, to execute the City of Riverside Commercial Lease Agreement for 4.2 Acres of Vacant Land – E Street, South of Orange Show Road, San Bernardino, California, with DriveTime Car Sales Company, LLC, and all necessary documents, including making minor non-substantive changes to those documents; and
3. Authorize the City Manager, or his designee, to execute each of the four 5-year extensions to the lease, in accord with the terms of the lease.



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