



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: MAY 23, 2017

FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT WARD: 1

SUBJECT: SURPLUS PROPERTY DECLARATION OF CITY-OWNED PARKING GARAGE 3
LOCATED ON MARKET STREET BETWEEN MISSION INN AND UNIVERSITY
AVENUES AND AUTHORIZATION TO DISPOSE OF THE PROPERTY SUBJECT
TO FUTURE OFFICE DEVELOPMENT

ISSUE:

Declare as surplus the City-owned Parking Garage 3, located at Market Street between Mission Inn and University Avenues, identified as Assessor's Parcel Numbers 213-262-001, -002, -007, -008 and -009 (Property) and to dispose of the Property for future office development, provided that the buyer of the Property provide sufficient parking spaces for the proposed project in addition to replacing all of 297 parking spaces existing in Garage 3.

RECOMMENDATIONS:

That the City Council:

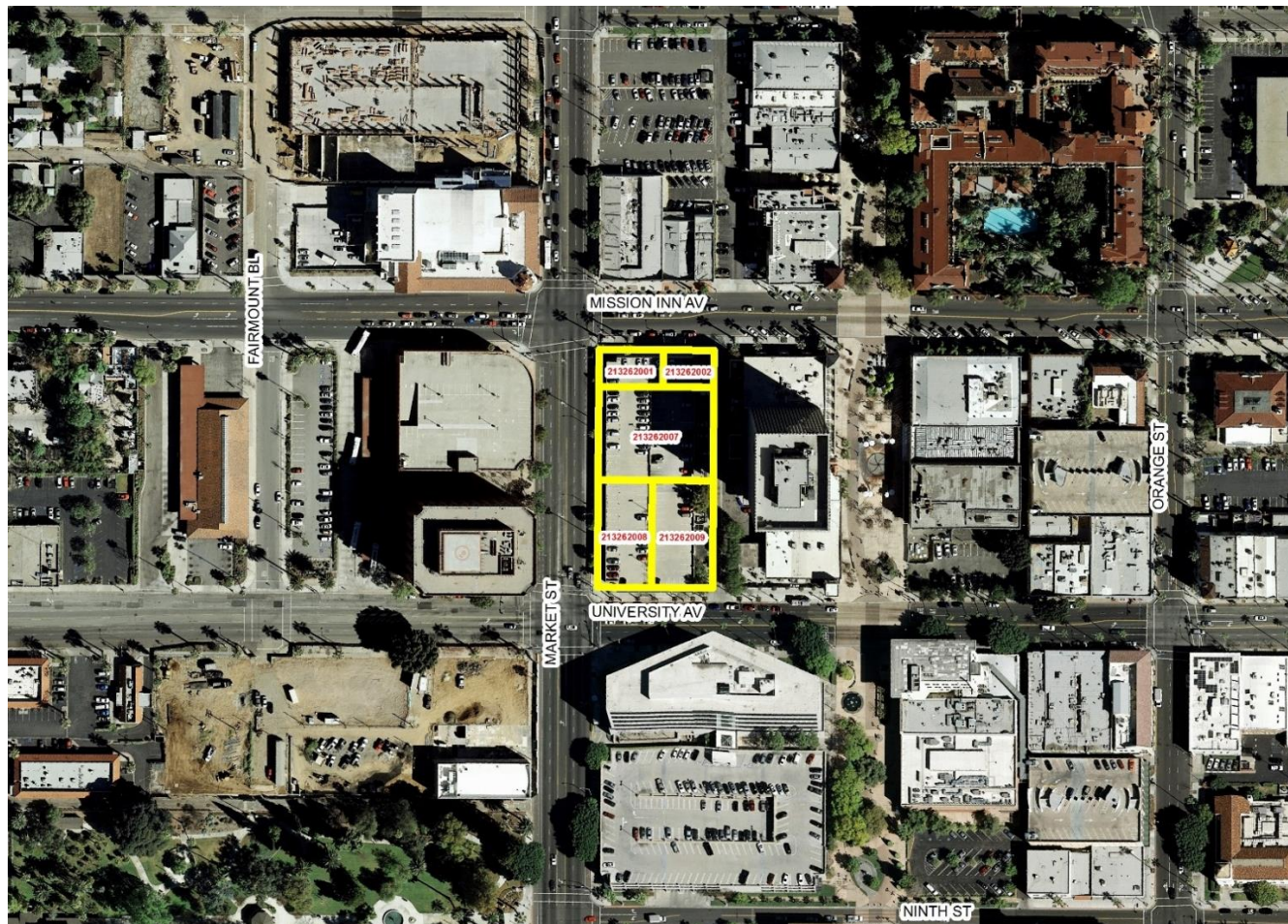
1. Declare as surplus the Property bearing Assessor's Parcel Numbers 213-262-001, -002, -007, -008 and -009, situated on Market Street between Mission Inn and University Avenues; and
2. Authorize the marketing and disposition of the Property for future office development, provided that the buyer of the Property provide sufficient parking spaces for the proposed project in addition to replacing all of 297 parking spaces existing in Garage 3.

BACKGROUND:

Located on Market Street between Mission Inn Avenue and University Avenue, the Property consists of a parking garage with 297 public parking spaces and approximately 10,555 square feet of office space occupied by three tenants. The site is comprised of approximately 1.2 acres and is bounded by Mission Inn Avenue to the North, University Avenue to the South, the City-owned California Tower building to the immediate East, and Market Street to the West as shown below in the yellow highlighted area and described in the attached Exhibit "A" (Attachment).

A portion of the Property is currently occupied by three tenants and the remainder of the Property is being used as a public parking garage. The existing tenants include Rodney Danielson, Standing Chapter 13 Trustee (Rodney Danielson), occupying approximately 6,018 square feet;

University Enterprises Corporation at CSUSB doing business as the Inland Empire Small Business Development Center (SBDC), occupying approximately 2,325 square feet; and Central Parking, occupying approximately 1,776 square feet. The remaining 436 square feet is the common area between SBDC and Central Parking. The existing lease with Rodney Danielson expires on August 31, 2017. Since the lease has an option to extend the term for an additional three years, staff is currently in active discussions with Rodney Danielson to potentially extend for a reduced term of only two years. The existing lease with SBDC will expire on January 22, 2018. Central Parking is utilizing its space as a condition of the existing Professional Consultant Services Agreement with the City, which expires on June 30, 2018.



DISCUSSION:

The goal of declaring the Property surplus is to facilitate the development of an office building in order to meet the demand for more office space in the Downtown core.

Staff has offered the Property to all City departments and has not received any interest for City use. Once the Property is declared surplus, City staff will offer it for sale first to public agencies, subject to future development of an office building and replacement parking spaces, and then to the general public in conformance with California Government Code Section 54220, et seq. This law requires the City, prior to disposing of surplus property, to notify other governmental agencies and offer to sell the Property for a sixty (60) day period. If there is no public agency interest in the Property, City staff will market it to the general public for development of an office building and parking garage.

The buyer of the Property will be obligated to construct an office building, provide sufficient parking for the proposed office project in addition to replacing all of 297 parking space existing in Garage 3.

The Public Works Director concurs with the recommendation to declare the Property as surplus.

FISCAL IMPACT:

There are sufficient funds available in Public Works account number 4150000-421000 for costs associated with the sale, which should be offset with the sale proceeds from the disposition of the Property. All remaining sale proceeds from the sale of the Property will be deposited into Public Works account number 0000570-380010.

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

Attachments:

1. Legal Description and Plat Map of the Property
2. Presentation