



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: OCTOBER 3, 2017

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARD: 1
DEPARTMENT

SUBJECT: EXCLUSIVE NEGOTIATING AGREEMENT WITH REGIONAL PROPERTIES, INC.
FOR THE DISPOSITION AND DEVELOPMENT OF PARKING GARAGE 3
LOCATED ON MARKET STREET BETWEEN MISSION INN AND UNIVERSITY
AVENUES

ISSUE:

Approve an Exclusive Negotiating Agreement with Regional Properties, Inc. of Beverly Hills, California for potential development of Parking Garage 3 located on Market Street between Mission Inn and University Avenues.

RECOMMENDATION:

That the City Council approve an Exclusive Negotiating Agreement with Regional Properties, Inc. for potential development of Parking Garage 3 located on Market Street between Mission Inn and University Avenues.

BACKGROUND:

The site is known as Parking Garage 3 (Garage 3), identified as Assessor's Parcel Numbers 213-262-001, -002, -007, -008, and -009, and comprised of approximately 1.2 acres of land (Property). The Property is improved with a parking structure with 297 public parking spaces and an office building with approximately 10,555 square feet. The City-owned Property is adjacent to the Successor Agency-owned California Tower office building (Cal Tower) and includes 174 parking spaces that are leased to the tenants of Cal Tower.

The City leases the office space to three different tenants. The 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. Since the lease with Rodney Danielson was recently extended for an additional two years, it will expire on August 31, 2019. The 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.

On May 23, 2017, the City Council declared the Property, as shown below within the yellow highlighted area, as surplus.



DISCUSSION:

Staff recently received development interest in the Property from Regional Properties, Inc.

Regional Properties, Inc. has over 40 years of experience developing residential, office, retail, and industrial properties, and is an experienced builder, having built numerous commercial, office and residential projects in the Los Angeles and Riverside areas. Regional Properties, Inc. has completed projects in Riverside that include the Mission Village Homes, Raincross Promenade Phase 1, Citrus Towers, Mission Grove Apartments, Mission Grove Retail Shopping Center, and Canyon Crest Luxury Apartments.

The attached Exclusive Negotiating Agreement (ENA) will allow Regional Properties, Inc. (Developer) an opportunity to prepare a project scope that meets the development goals of the City and the intent of the Downtown Specific Plan. The ENA will include the negotiation of price and terms for the disposition of the Property, relocation of the existing office tenants and replacement of the existing 297 parking spaces during construction of the Garage 3 in addition to constructing the required parking stalls necessary for the new office development. The term of the ENA shall be twelve months with two six-month options to extend. At the termination of the ENA, the City and the Developer may enter into a Purchase, Sale and Development Agreement for sale of the Property that would include the close of escrow being subject to the Developer obtaining all project entitlements and building permits for a Class "A" office development and replacement of 297 parking spaces in Garage 3. Of this amount, 174 parking spaces will be required to be reserved for the tenants of Cal Tower.

Staff recommends that the City Council approve the ENA with the Developer for the Property. Development of the Property will help meet the demand for more office space in the Downtown

core while not reducing valuable parking spaces in downtown.

FISCAL IMPACT:

There is no fiscal impact associated with this report. Any costs associated with the future sale should be offset with the sale proceeds from the disposition of the Property. Staff will return to the City Council for the sale of the Property and will provide anticipated revenue and expenditure amounts at that time.

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

Attachment:	Exclusive Negotiating Agreement
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