



LOT 33 DEVELOPER RECOMMENDATION

Community & Economic
Development Department

City Council
May 7, 2019

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SITE MAP



2

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BACKGROUND

1. **March 2018 & July 2018**: City Council declared Public Parking Lot No. 33, the ravine fronting the Riverside Convention Center, & the former Utilities Plaza building as surplus;
2. **September 2018**: Staff issued an RFP seeking mixed-use hotel(s), residential, commercial, parking garage & convention center expansion development proposals – original due date was December 18, 2018;
3. **November 6, 2018**: City Council directed staff to return to City Council to discuss a potential amendment to the RFP to remove the hotel development requirement;



3

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BACKGROUND CONT.

4. **November 27, 2018**: City Council directed staff to amend the RFP to allow a 2nd option to not require a hotel development or convention center expansion component & extend the due date to January 28, 2019;
5. **January 28, 2019**: staff received two development proposals; and
6. **March 12, 2019**: RFP review committee interviewed both proposers .



4

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	Greens Group and Griffin Swinerton	Sonnenblick, LLC
Proposed Development:	Mixed-used hotel, residential, retail, office and convention center expansion	Mixed-used hotel, residential, retail, office and convention center expansion
Hotels:	<ul style="list-style-type: none"> Hilton branded (full service): 208 rooms Element by Marriott (extended stay): 168 rooms Total: 376 rooms 	<ul style="list-style-type: none"> Cambria Suites by Choice Hotels (full service): 150 Keys Residence Inn by Marriott (extended stay): 150 keys Total: 300 rooms
Residential:	146 units (105 apartment units, 41 condos)	85 units (all apartments)
Office:	220,000 square feet	30,000 square feet
Retail:	63,000 square feet	145,800 square feet
Amenities:	Public amphitheater	Veteran's memorial
Subterranean Parking:	2071 stalls (5 levels)	1,100 (2 levels)
New Parking Structure:	Option 1: 1,036 stalls, Option 2: 1,493 stalls	927 stalls
Convention Center Exp:	Option 1: 100,000 square feet, Option 2: 150,000 square feet	100,000 Square Feet
Architect:	CallisonRTKL (Los Angeles)	Ruhnau Clarke (Riverside)
Purchase Price:	\$4 million (\$23.66 PSF) based upon the 3.88 acre portion	None - 75 year lease for \$1 per year

	Greens Group and Griffin Swinerton	Sonnenblick, LLC
P3 Terms:	<ul style="list-style-type: none"> 30-Yr. Ground Lease to Griffin Swinerton (P3 area only) 30-Yr. Leaseback to City (City retains control) Griffin Swinerton finances and constructs convention center expansion, new parking garage and public amphitheater Annual Lease Rate: \$6 million (Option 1) and \$9 million (Option 2) (\$180 - \$270 million over term of the lease) City maintains control 	<ul style="list-style-type: none"> 30- Year Ground Lease to Sonnenblick, LLC (Convention Center expansion area only) Annual Lease Rate: \$3 million (\$90 million over the course of the lease) Sonnenblick, LLC finances and construct convention center expansion and new parking garage
Est. New General Fund Revenue	<ul style="list-style-type: none"> Est. New Tax Revenue: \$4 million Est. Parking Revenue: \$5.3 million Est. New Convention Center Rev.: \$245,000 Est. Initial Revenue Total: \$9.5 million Est. Total Revenue Over Life of Lease: Approximately \$511 (Option 1) and \$525 Million (Option 2) 	<ul style="list-style-type: none"> Est. New Tax Revenue: \$3.2 million Est. Parking Revenue: None Est. New Convention Center Revenue: Not Provided Est. Total: \$3.2 million Est. Total Revenue Over Life of Lease: \$96 million (+/-)
Project Timeline:	<ul style="list-style-type: none"> New Parking Structure: open in mid 2021 Convention Center Expansion: open in late 2022 Private Development: open in early 2023 	<ul style="list-style-type: none"> New Parking Structure: to be completed first - no timeline given Convention Center Expansion: July 1, 2022 Private Development: July 1, 2022

PROPSAL #1

GREENS GROUP AND GRIFFIN | SWINERTON



7

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PROPOSAL #2

SONNENBLICK, LLC



13

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CONVENTION SQUARE – SONNEBLICK DEVELOPMENT



14

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CONVENTION SQUARE



15

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CONVENTION SQUARE



16

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PUBLIC PRIVATE PARTNERSHIP (P3) OPTIONS

1. OPTION 1

- Convention Center Expansion: 100,000 SF (gross) would equal 104,446 SF of usable space when combined with existing Convention Center's 50,396 SF of usable space
- Parking Garage: 1,036 stalls and Public Amphitheater
- Est. Annual Lease Cost: \$6 million
- Est. Annual Revenue: \$9.5 million

2. OPTION 2

- Convention Center Expansion: 150,000 SF (gross) would equal 150,396 SF of usable space when combined with existing Convention Center's 50,396 SF of usable space
- Parking Garage: 1,493 stalls and Public Amphitheater
- Est. Annual Lease Cost: \$9.5 million
- Est. Annual Revenue: \$11 million



17

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CONVENTION CENTER EXPANSION

Name	Location	"Usable" Space
San Jose McEnery Convention Center	San Jose	251,037
Sacramento Convention Center	Sacramento	185,030
Santa Clara Convention Center	Santa Clara	157,461
Expanded Convention Center - Option 2	Riverside	150,396
Fresno Convention Center	Fresno	131,919
Palm Springs Convention Center	Palm Springs	128,402
Ontario Convention Center	Ontario	115,187
Pasadena Convention Center	Pasadena	114,240
Expanded Convention Center - Option 1	Riverside	104,646
Oakland Convention Center	Oakland	70,114
Riverside Convention Center - Existing	Riverside	50,396
Visalia Convention Center	Visalia	49,874
Rabobank Arena and Convention Center	Bakersfield	39,099
Monterey Conference Center	Monterey	31,633
Modesto Centre Plaza	Modesto	28,507



18

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PROPOSED P3 STRUCTURE

1 LAND LEASE



CITY → LAND → DEVELOPER

- 30+ Year Ground Lease at \$1/Yr
- City maintains ownership of land

2 BUILDING LEASE



CITY ← BUILDING ← DEVELOPER

- 30+ Year Lease
- Est. Annual Lease Payment:
 - Option 1: \$6 Million
 - Option 2: \$9 Million

3 SUMMARY

CITY → LAND → DEVELOPER

- Two-lease structure is called a “lease leaseback” transaction
- **No City Subsidy**
- City's building lease rate = debt service of financing (i.e. developer makes no profit on the lease).
- At end of lease term, City owns the building
- P3 Structure gives City full control of all asset management decisions (e.g. re-financing the building improvements, operations & maintenance decisions, how the convention center is programmed and managed, etc.)



19

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P3 BENEFITS



**CITY MAINTAINS
PROJECT CONTROL**

MITIGATED RISK

Griffin | Swinerton is responsible for all cost increases & schedule delay; subject to liquidated damages



Griffin | Swinerton's

GMP

GUARANTEED MAXIMUM PRICE

Guarantee 100% total project costs

No change Orders to City

Prevailing wage

Competitively bid

Open book / city audit

Savings to city

**EXPEDITED
DELIVERY**



Griffin | Swinerton's
TURN KEY DELIVERY

No lease payment until occupancy;
Frees up revenue for ongoing services



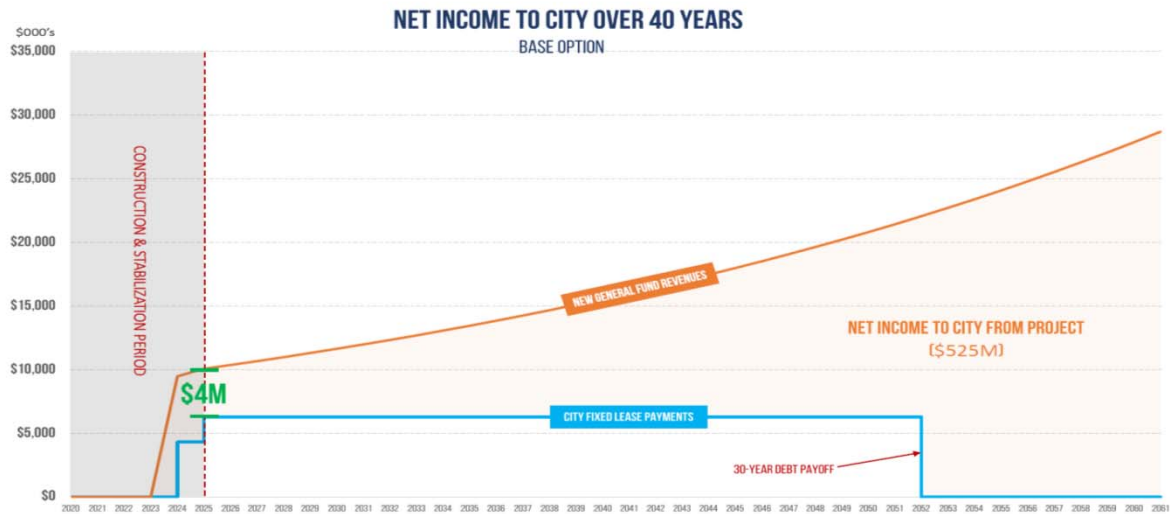
**STREAMLINED
PROCUREMENT**



20

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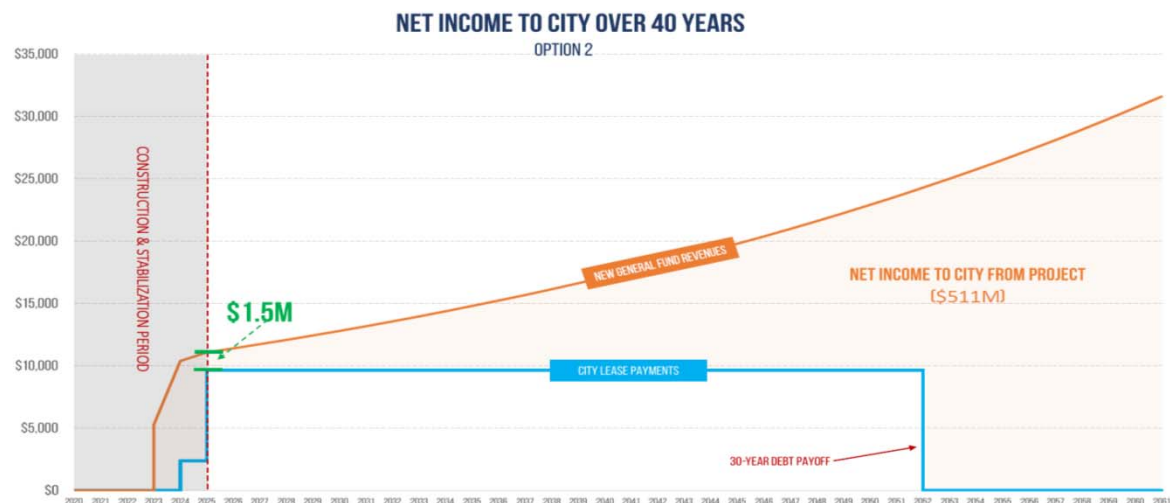
GENERAL FUND IMPACT – OPTION 1



21

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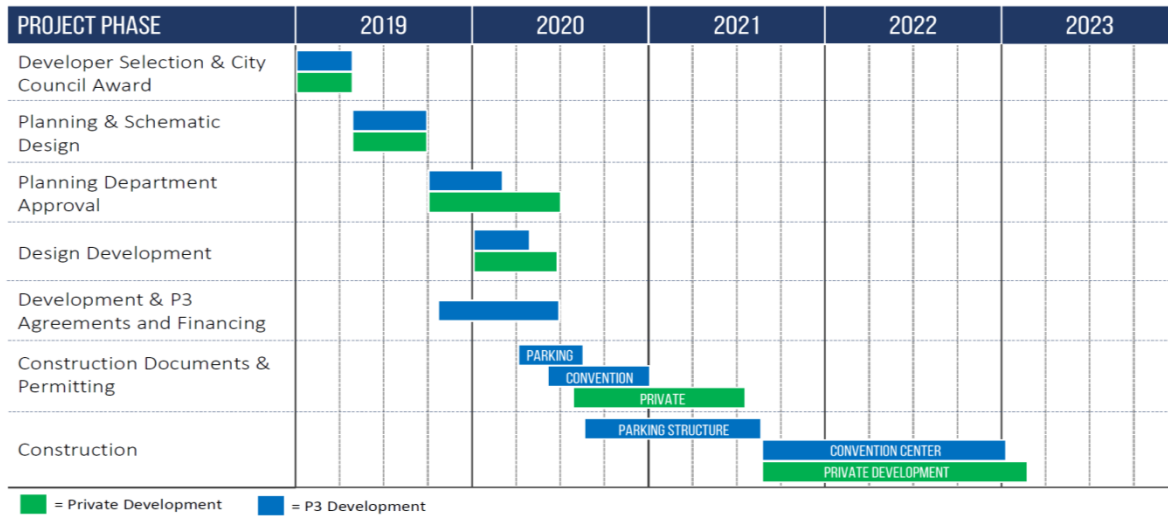
GENERAL FUND IMPACT – OPTION 2



22

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PROJECT TIMING



23

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ADDITIONAL TEAM MEMBERS



CONVENTION, SPORTS, &
ENTERTAINMENT FACILITY
PLANNING



#1 UNDERWRITER OF
MUNICIPAL SECURITIES ON
THE WEST COAST



PUBLIC FINANCE & URBAN
ECONOMICS



P3 / LAND DEVELOPMENT,
TRANSACTION & BOND
COUNSEL



24

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RECOMMENDATIONS

That City Council:

1. Review & consider the merits of two separate development proposals received from 1) the Greens Group & Griffin|Swinerton and 2) Sonnenblick Development for the development of the Property;
2. Select the Greens Group & Griffin|Swinerton proposal for the development of a mixed-use hotel, residential, retail, office, convention center expansion, & new parking garage project;



25

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RECOMMENDATIONS (CONT.)

3. Direct staff to negotiate a Purchase, Sale & Development Agreement with the Greens Group for the private portion of the Property; and
4. Direct staff to negotiate a Lease and Lease-Back Agreement with Griffin|Swinerton for Option 1: 100,000 square foot gross expansion of the convention center & the construction of a public amphitheater & new 1,036 stall public parking garage.



26

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ADDITIONAL REFERENCE IMAGES RIVERSIDE ALIVE



27

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ADDITIONAL REFERENCE IMAGES CONVENTION SQUARE



