



## **PROPOSED 5-YEAR GROUND LEASE AGREEMENT WITH DRIVETIME CAR SALES COMPANY FOR A TOTAL REVENUE OF \$832,128**

### **Riverside Public Utilities**

Board of Public Utilities  
May 13, 2019

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## **BACKGROUND**

1. 1388 South E. Street, San Bernardino
2. East of 215 Freeway, South 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
  - C. DriveTime lease approved in 2016, but terminated in 2017 due to lack of entitlements

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## AERIAL VIEW – 4.2 ACRES



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## DRIVETIME CAR SALES COMPANY, LLC.

1. DriveTime Cars Sales Company, LLC
  - A. Headquartered in Arizona
  - B. Founded in 1992
  - C. 138 dealerships nationwide
    - i. 3 in Southern California
    - ii. 1 in Riverside, located at 8341 Indiana Avenue

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## GROUND LEASE TERMS

1. Initial five-year term
  - A. Four (4) 5-year extensions
  - B. \$1,500/month interim rent for the first four months
  - C. Eight months of rent abatement thereafter
  - D. \$15,000 monthly base rent; \$180,000 annually
  - E. 2.5% fixed annual increases to base rent

## IMPROVEMENTS

1. DriveTime agrees to:
  - A. Construct a retail automobile dealership and related ancillary uses including:
    - i. Operations
    - ii. Sales
    - iii. Repair services
    - iv. Automobile storage

## RPU/CITY OF SAN BERNARDINO BENEFITS

1. City of Riverside/RPU Benefits:
  - A. \$180,000 annual lease revenue
  - B. Eliminate RPU's routine weed abatement, trespassing, and dumping issues
2. City of San Bernardino Benefits:
  - A. Develop aesthetically pleasing freeway and E. Street frontage views
  - B. 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 five-year ground lease agreement with DriveTime Car Sales Company, LLC, of Phoenix, Arizona, for the use of the property located at 1388 South E. Street, San Bernardino, California for a total revenue of approximately \$832,128 during the initial five-year term with the option of four (4) additional five-year extensions; and
2. Authorize the City Manager, or designee to execute all necessary documents, including making minor non-substantive changes, and the ability to execute the four (4) optional five-year extensions, if necessary.

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