

DATE ISSUED: November 13, 2000

REPORT NO. 00-250

ATTENTION: Land Use & Housing Committee
Agenda of November 15, 2000

SUBJECT: University Avenue Business Park Site - Proposal Selection

SUMMARY

Issue - Should the City Manager be authorized to negotiate a long term lease with McComic Consolidated, Inc. for a portion of Chollas Parkway and adjacent City-owned lands for development of a business park?

Manager's Recommendation - Authorize negotiations with McComic Consolidated.

Other Recommendations - None

Fiscal Impact - None with this action. Proceeds of the lease would be deposited into the General City 100 Fund.

BACKGROUND

The concept of developing this site was the product of a 1997 economic development study known as the College Eastern Area Planning Economic Review (CEAPER). Due to a lack of developable vacant land in this and other areas of District 7, alternatives were explored in identifying sites with potential for development of possible employment centers. The bulk of this proposed site is currently dedicated street right-of-way known as Chollas Parkway. It was acquired to be the first phase of a mid-city cross-town City parkway that was to connect University Avenue via Wabash Canyon (I-15), to the Harbor and the Martin Luther King Jr. Freeway to downtown. With the exception of this completed segment, the acquired parkway land has since been converted into a linear open space system.

The existing roadway is considerably under utilized, having been designed for the much greater traffic volume that was projected for the completed cross-town parkway. Current traffic could easily be rerouted through the project site via a smaller private roadway thus freeing up significant land for development. The proposed 15-acre project area consists of approximately 12 acres of City-owned right of way, and 3 acres of City-owned designated open space. An adjacent 1 to 3 acre parcel is available and may be included in the project. The site is presently being rezoned to IS-1-1, light industrial land use, to conform to a recent community plan update.

The goals of the proposed project are to create new jobs for the community, increase the customer base for local businesses, and provide an additional income stream for the City. The adjacent open space parcel will be included in the project area for improved maintenance and policing and will be enhanced to provide a more attractive amenity for both the local community and business park tenants and employees.

PROPOSAL SELECTION

A Request for Proposals (RFP) was issued on July 31, 2000 soliciting proposals for the ground lease or sale and subsequent development of the subject property. As a result of the RFP, proposals were submitted by McComic Consolidated and R.S. Lawrence Development.

A Proposal Evaluation and Selection Committee composed of Gary DeBusschere of Economic Development and Community Services, Mike Philbin of Burnham Real Estate Services and member of the City's Real Estate Advisory Committee, and James P. Anthony and Chris E. Hargett of the Real Assets Estate Department judged the proposals on the following criteria:

1. Responsiveness - The extent to which a proposal clearly addresses project goals and elements of this Request for Proposals.
2. Net Revenue Offered - The net amount of rent or sale revenue offered the City is an important factor in selection.
3. Qualifications of the Developer - The past experience of the proposer and team members in successfully developing and operating similar projects.
4. Financial Capability - The proposer must exhibit the necessary financial responsibility and strength to successfully carry out the development.
5. Proposed Development - The quality, attractiveness, feasibility of the proposed development, and surrounding community compatibility.
6. Special Public Benefits and/or Community Enhancements - Any special public benefits or community enhancements were considered, since community support is critical in a project of this scope.

Conclusions were as follows:

CRITERIA	McCOMIC	LAWRENCE
Responsiveness to RFP/Goals	good	marginal
Job Creation	950	150
Return to City- Net Revenue Offered	\$180,000 per year lease	sale price-minimal after proposed additional acquisitions are subtracted.
Developer Qualifications	qualified	qualified
Financial Capability	capable	capable
Proposed Development (use)	call center and telecommunications hotel (equipment building)	social welfare organization office, training and donation processing center

Development Quality	good	good
Community compatibility	good	poor
Additional enhancements	open space maintenance, street landscaping	some street landscaping

It was unanimously opined that the McComie proposal with its greater job generation and return to the City, as well as more compatible land use and inclusion of the open space area far exceeds benefits offered by its competitor. In general, it more closely matched the set project goals.

ALTERNATIVES

Do not develop the site. Not recommended for the reasons stated above.

Respectfully submitted,

William T. Griffith
Real Estate Assets Director

Approved: George I. Loveland
Assistant City Manager

GRIFFITH/JPA

Attachments: 1. Location Map
2. Project Area Map

Note: The attachments are not available in electronic format. Copies of the attachments are available for review in the Office of the City Clerk.