



Agenda Report

Fullerton City Council

MEETING DATE: NOVEMBER 20, 2018

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: KENNETH A. DOMER, CITY MANAGER

PREPARED BY: TED WHITE, COMMUNITY DEVELOPMENT DIRECTOR

SUBJECT: PROPOSED EXCLUSIVE NEGOTIATION AGREEMENT BY AND BETWEEN THE CITY OF FULLERTON AND ALLEN CHRISTOPHER CORPORATION DBA PARKWEST GENERAL CONTRACTORS AND WESTPARK INVESTMENTS, LLC ON PROPERTY LOCATED AT THE SOUTHEAST CORNER OF EAST SANTA FE AVENUE AND SOUTH POMONA AVENUE (APN 033-030-18)

SUMMARY

Consideration of the approval of an Exclusive Negotiation Agreement (Attachment 1) by and between the City of Fullerton and Allen Christopher Corporation dba Parkwest General Contractors and Westpark Investments, LLC (together, "Developer") to provide for a period of exclusive negotiations during which the City and Developer will develop a plan for the development of an upscale boutique hotel on a 2.05-acre parcel of land owned by the City. The property is located at the southeast corner of East Santa Fe Avenue and South Pomona (Attachment 2).

RECOMMENDATION

Authorize the Community Development Director to execute the Exclusive Negotiation Agreement by and between the City of Fullerton and Allen Christopher Corporation dba Parkwest General Contractors and Westpark Investments, LLC for the development of a upscale boutique hotel on a City-owned 2.05-acre parcel of land located on the southeast corner of East Santa Fe Avenue and South Pomona Avenue (APN 033-030-18).

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statement:

- Infrastructure and City Assets.

FISCAL IMPACT

Pursuant to the Exclusive Negotiation Agreement (ENA), the City has no obligation to pay or reimburse the Developer for any costs or expenses incurred as a result of the ENA, the preparation and submittal of the development plan, the negotiation of a Disposition and Development Agreement or other agreement, the retention of any consultant, the development of the property, or any other matter concerning the property, except as otherwise agreed to by the City in writing prior to costs or expenses being incurred. The City has incurred legal fees for the preparation of the ENA and could incur professional service fees as needed for the review of Developer's proposal.

DISCUSSION

The property, currently developed with a surface parking lot, is zoned for future development as part of the Fullerton Transportation Center Specific Plan. The property was transferred from the Fullerton Successor Agency to the City of Fullerton per the approved Long Range Property Management Plan for "future economic development" on November 6, 2018. Under the terms of the ENA, the City will provide the developer with a comprehensive review of development plans and identify the necessary steps for project entitlement under the Fullerton Transportation Center Specific Plan.

Following the expiration of the Exclusive Negotiation Agreement with FTC Acquisitions as successor-in-interest of JMI Realty, the Developer submitted an unsolicited proposal requesting an ENA for a hotel development on property located adjacent to the Fullerton train station. The ENA provides for an Initial Negotiation Period of six (6) months and identifies the following Initial Negotiation Period Milestones to be completed by the Developer:

- Prepare and submit a preliminary financial feasibility analysis and market study, including development costs and a development pro-forma;
- Prepare and submit a Project Description, adequate in scope to begin environmental analysis of the Project;
- Prepare and submit preliminary Project plans, including Site, Floor, Landscape, and Elevation plans;
- Prepare and submit all required Development Applications, including any General Plan Amendment, Specific Plan Amendment, Conditional Use Permit and other Project-specific entitlements; and
- Provide a written progress report to City Council on the steps, actions and accomplishments taken by the Developer to meet the Initial Negotiation Period Milestones.

In the event the Developer does not meet the milestones, the ENA automatically terminates. If the Developer meets the Initial Negotiation Period Milestones, the ENA automatically extends for an additional six (6) months and includes the following additional performance requirements.

- Commence the required environmental analysis necessary for the Project CEQA determination;
- Conduct stakeholder and community outreach regarding the Project through various engagement strategies, including holding at least one (1) community meeting;
- Prepare and submit to the City a draft Disposition and Development Agreement (DDA) or other form of agreement or agreements between the City and Developer concerning the development of the Property;
- Submit to the City sufficient evidence that the Developer has the required equity and/or loan commitments, and letters of interest to complete the development of the Property, provided however, that the City understands and acknowledges the proprietary nature of the information contained in the Developer's financial statements and agrees, to the extent permitted by law (including by not limited to the Public Records Act (Government Code Section 6250 et seq.)), not to disclose said information contained therein to any person or entity other than representatives of the City or their consultants; and
- Provide oral and written reports as requested by City regarding Developer's progress toward meeting its obligations under this Agreement.

Staff believe that it is important to ensure that the Developer has specified milestones in which to achieve the City's desired outcomes so as to not require multiple extensions to the ENA. While items beyond either the Developer's or City's control may necessitate additional time, if the Developer has substantially achieved the obligations set forth above, the City Council would have the discretion to extend the Total Negotiation Period.

Attachments:

- Attachment 1 – Exclusive Negotiation Agreement
- Attachment 2 – Location Exhibit