



Staff Report

TO: City Council
FROM: Kyle Warsinski, Economic Development Manager
DATE: November 21, 2023
SUBJECT: Funding Agreement and Resolution Approving a Purchase and Sale Agreement – 516 California Avenue

Description Consideration of a Funding Agreement with Riverside County and a Resolution Approving a Purchase and Sale Agreement for the property located at 516 California Avenue (APN 418-091-012).

Background and Analysis:

On July 2, 2019, City Council approved Beaumont's first Economic Development Strategic Plan. The Strategic Plan was created with input from numerous community stakeholders, City staff and the City Council. The plan included a mission statement and eight main goals.

The City of Beaumont strives to create a balanced, sustainable and diverse economic environment by leveraging existing local business, recruiting targeted industries, and encouraging outside investment, that will enhance Beaumont's quality of life and support community values.

1. Develop an economically balanced community,
2. Recruit new business, while retaining and expanding local business, that promote growth of primary jobs and/or sales tax revenue,
3. Develop an online Economic Development presence to provide business owners and site selectors resources they need,
4. Create a quality of place that establishes Beaumont as a community to build and grow a business, as well as attract and retain talent,
5. Connect with and assist local small business start-ups and entrepreneurs,
6. Ongoing review of development review processes and identify streamlining and efficiency techniques,
7. Work with regional workforce development partners to provide needed resources to the area and begin to develop a retraining program for positions under threat of automation, and
8. Leverage the City's strengths to maximize business opportunities.

The plan included major strategy areas designed to accomplish these goals. Since the adoption of the EDSP staff has spent time investigating existing entrepreneurial and workforce development programs and facilities throughout Riverside County. Many jurisdictions have created their own incubator and/or accelerator facilities, many of which are focused on specific industries (tech startups, geonomics, etc.), while others function to aid and support any start-up business regardless of industry. Workforce programs and services are prevalent within Riverside County, but are lacking locations within the Pass area, with the nearest locations either in Hemet or Riverside.

The City developed relationships and partnerships with many workforce and business development resource partners throughout the Inland Empire. These include Riverside County workforce development, the Inland Empire Small Business Development Center, and the California Employment Development Department. Staff has also worked with Mount San Jacinto Community College (MSJC) on various programs to provide resources to residents and potential students in the Pass area.

MSJC operates a satellite campus in the city of Banning, which was slated to become the home of the college's Enterprise Resource and Innovation Center (ERIC). Growing needs on the Banning campus have made it difficult for the ERIC to find adequate space. MSJC contacted the City to discuss partnering on a business resource center for the San Gorgonio Pass area and future home of the ERIC. Beaumont's centralized location within the Pass area was determined to be ideal to fulfill the needs of the community.

City staff and MSJC contacted our other workforce and business development partners to gauge interest in partnering on the facility to provide local resources to residents and business owners within the Pass area. All parties contacted expressed interest in offering services in the resource center.

Funding Agreement

The Riverside County Office of Economic Development learned of the project and is proposing to support the resource center with funding to assist the City in acquiring a facility primarily for housing the Pass Area Business Resource Center. The attached Funding Agreement (Attachment A) would provide the City with \$1,700,000 to be used for property acquisition costs for the resource center. The agreement requires the City of Beaumont, and its partners, to operate the facility for a minimum of five (5) years. If approved by City Council, the funding agreement will be presented to the Riverside County Board of Supervisors for approval at their December 5, 2023, meeting.

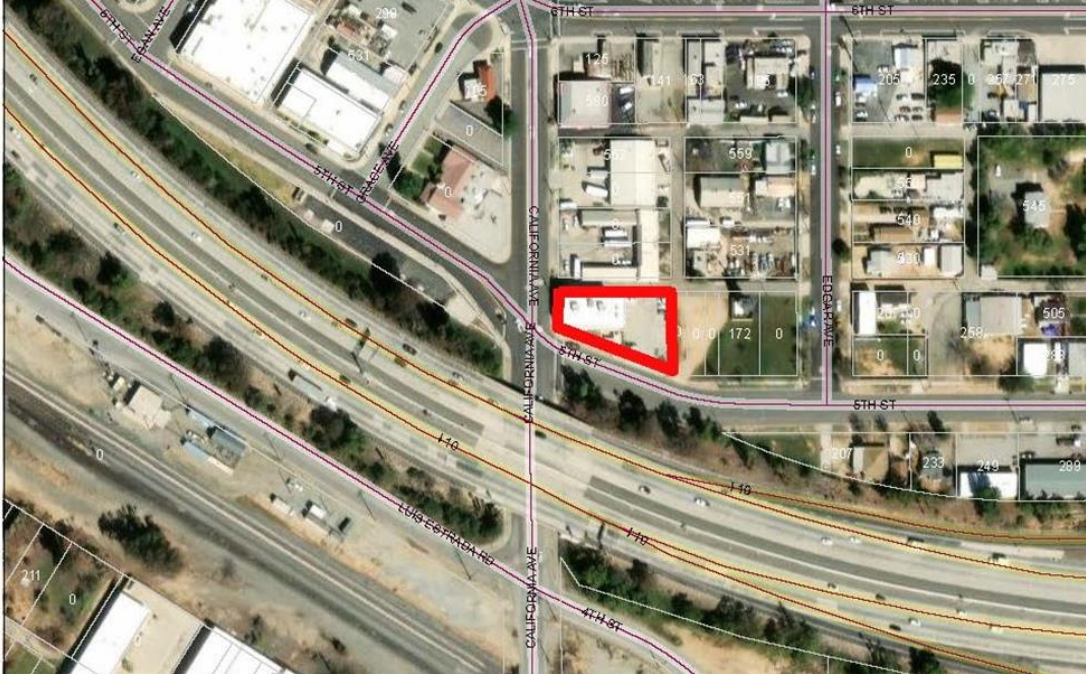
Pass Area Business Resource Center

The Resource center will be the home of the MSJC ERIC. The ERIC will provide facilities and operation staff to provide workshops, educational forums, and related business development activities. The facility will become home to 4-5 entrepreneurial startup businesses who will derive access to shared resources, counseling, and networking opportunities. MSJC has pledged to install a makerspace lab to promote entrepreneurial concepts and prototypes, with further support from the full makerspace at the San Jacinto campus. The ERIC also will facilitate career counseling information sessions and workshops.

In addition to MSJC, the City of Beaumont has received commitments to operate from Riverside County Workforce Development, the IE Small Business Development Center, and the California Employment Development Department. The City is working with a handful of other organizations who have expressed interest in operating within the business resource center.

Purchase and Sale Agreement - 516 California Avenue

The City intends to purchase the property located at 516 California Avenue (APN 418-091-012) from PRROPERTIES LLC. The subject site contains a 7,296 square foot two-story, Class B office made up of 19 executive suites and an 880 square foot garage/storage space. The site is 0.28 acres which houses the two-story building and 18 parking spaces.



The attached Purchase and Sale Agreement (Attachment B) specifies the terms of the acquisition. Some of the main deal points are as follows:

- Purchase Price: \$1,700,000,
- Escrow deposit of \$50,000 (to be applied to the purchase price),
- Buyer to pay all closing costs: Estimated \$150,000,
- Thirty (30) day inspection/due diligence period,
- The City may terminate agreement for any reason within the 30-day period, including unsatisfactory building inspection report or if Riverside County fails to approve the funding agreement. If the agreement is terminated within the 30-day period, the \$50,000 deposit will be refunded to the City.

In addition to the costs contained within the Purchase and Sale agreement, the acquisition of the property may require the City to provide relocation assistance to existing tenants within the building. Staff estimates the relocation assistance cost to be \$338,000.

On October 11, 2023, the Beaumont Planning Commission determined the property is in conformance with the Beaumont General Plan land use designation of Downtown Mixed Use pursuant to Government Code Section 65402.

Fiscal Impact:

The total not to exceed cost for the acquisition is \$2,188,000, which will be paid out of Capital Improvement Project No. CD-03. If the funding agreement with the County is approved, the out-of-pocket expenses for the City could total a maximum of \$488,000. In the event the funding agreement is not approved, the City will terminate the Purchase and Sale Agreement with the seller.

The cost to prepare the staff report totals \$1,200 for staff and legal fees.

Recommended Action:

Approve the Funding Agreement with Riverside County,

Waive the full reading and adopt by title only, “A Resolution of the City Council of the City of Beaumont, California, Approving the Acquisition of Real Property”, and

Approve the Purchase and Sale Agreement by and between the City of Beaumont and PRROPERTIES LLC. and authorize the City Manager to execute the agreement on behalf of the City.

Attachments:

- A. Riverside County Funding Agreement
- B. Resolution: Approving the Purchase and Sale Agreement
- C. Commitment Letters