



Staff Report

TO: City Council
FROM: Kyle Warsinski, Economic Development Manager
DATE: February 6, 2024
SUBJECT: Purchase and Sale Agreement for the property located at 105 W. Sixth Street

Description Consideration of a purchase and sale agreement by and between David and Emeline Schuelke (Seller) and the City of Beaumont (buyer) for the property located at 105 W. Sixth Street.

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. One action step in the EDSP is to implement economic development components of the Downtown Vision portion of the General Plan update, which is being addressed through the development of the Downtown Revitalization Plan. While that plan is not complete, the Draft contains strategies on key property acquisitions for the City to analyze and contemplate. One property of many GHD has identified is 105 W. Sixth Street for its potential synergy with the Grace Avenue building and the conceptual street enhancements along Sixth Street and California Avenue.

The acquisition of this property allows the City to control the east side of the block from Fifth Street to Sixth Street, along Grace Avenue. The building has been vacant for a few years and the exterior of the building and site has deteriorated into a blighted state. City ownership of the property would ensure the blight would be alleviated at a highly traveled intersection in the downtown. If acquired, the City could use this site as a key development opportunity site in the downtown, which could lead to job creation and increased property tax and sale tax revenue.

Purchase and Sale Agreement – 105 W. Sixth Street

The City intends to purchase the property located at 105 W. Sixth Street (APN 417-064-001) from David and Emeline Schuelke. The subject site contains a 1,281 square foot building on a 0.14-acre lot. The property is located on the Southwest corner of Sixth Street and California Avenue.

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

- Purchase Price: \$338,500
- Escrow deposit of \$10,000 (to be applied to the purchase price)
- Buyer and Seller to split all closing costs
- Sixty (60) day inspection/due diligence period.
- Potential relocation assistance for existing tenant: \$28,000.
- City may terminate agreement for any reason within the 60-day period.

The City intends to purchase this property for use under the Economic Opportunity Law (CA Govt. Code Section 52200) and a public hearing is required. This law provides certain benefits and tools to the City related to future uses including lease agreements, disposition and development agreements, public private partnerships, etc. that will create, retain, or expand new jobs or increase the value of the property.

On September 27, 2023, the City of Beaumont Planning Commission determined the property conforms with the General Plan land use Designation of Downtown Mixed Use in accordance with California Government Code Section 65402.

Fiscal Impact:

The total cost for the acquisition is \$338,500, plus an estimated \$8,000 in closing costs and \$28,000 in relocation assistance totaling \$374,500, which will be paid out of Project # CD-03-B.

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

Recommended Action:

Hold a Public Hearing;

Waive the full reading and approve 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 David and Emeline Schuelke.

Attachments:

- A. Resolution: Approving the Purchase and Sale Agreement
- B. Economic Opportunity Law Report