



Legislation Text

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City Council Agenda

Memo to: Manteca City Council

From: Don Smail, Economic Development Manager

Date: June 18, 2019

Subject: Request to Solicit Proposals for Development of a Class A Office property for 1844 Daniels St.

Authorize a Request for Proposal to attract interest in development of a Class A office park on City-owned land at 1844 Daniels Street.

Background:

On January 24, 2013, the City Council approved the purchase of a 10-acre vacant parcel from Manteca Development Group for \$3.8 million. The original owner, Lowes Home Improvement Stores, was downsizing and decided to sell the Manteca property rather than develop another retail store in this market area. The City had been negotiating with San Joaquin County to develop a South County Government Center in Manteca, and this property was identified as a suitable location for the proposed project. Manteca Development Group had purchased the original 12.13 acre site with the intention of selling off a 10 acre portion to the City for the new Government Center and developing the remaining 2.13 acres as a hotel site.

After the 10-acre purchase was completed, City staff negotiated with San Joaquin County regarding their proposed project. However, changes in Federal funding methods for some County department functions, and other external factors, resulted in the County cancelling the South County Government Center project in December 2016.

Since cancellation of the project, City staff have sold off two small portions on the western perimeter of the parcel to help facilitate adjacent development projects. One sale was for construction of an expanded parking lot for the new Sizzler restaurant. The second sale was to enlarge the adjacent parcel owned by Manteca Development Group to accommodate a new hotel development at the corner of Daniels Street and Fishback Road. As a result of these two partial sales, the remaining City parcel size is approximately 9.15 acres.

In 2017 the City Council formed an Economic Development Committee comprised of local business and community leaders to provide guidance to City Council and City staff on development strategies to manage future growth in the community. Two of the conclusions that came out of the Economic Development Committee meetings were (1) that many Manteca residents were suffering from extremely long commute times to their jobs, and (2) that there was a lack of living wage jobs and suitable facilities to accommodate those jobs in Manteca. In particular, the Committee identified the

need for Manteca to consider attracting a quality Class A office development where high tech firms and other white collar employers would be willing to locate.

City staff contacted the San Joaquin Partnership, professional office development organizations, commercial office developers and other cities to gather information about methods to attract a Class A office development. As a result of that research, city Economic Development staff have prepared a "Request for Proposal for Class A Office Park" focused on the 9.15 acre city-owned parcel abutting Highway 120. This RFP would establish a competitive process whereby developers would present their credentials and proposed project plans to the City seeking the rights to purchase the land under a Development Agreement for commercial office development.

Given the highly visible location, access to dining, retail and other amenities, we believe there is interest in the market to construct a Class A office park and attract companies who can offer jobs to Manteca residents at a living wage, and even higher wage rates. We believe this RFP process will enable city staff to engage with professional office developers and determine the scope, scale and feasibility of such a Class A office park venture.

Fiscal Impact:

No immediate fiscal impact. However, successful sale of the property (estimated at \$7-8 million) would return the parcel to the tax rolls and result in more property tax being paid to the City once in private ownership, along with the added value of the commercial office improvements.

The property was purchased with bond funds, and either the proceeds need to return to bond eligible projects or legal counsel suggests the tax-exempt bond may need to be amended to be taxable and the proceeds could return to the General Fund. While the RFP could proceed, additional information and Council action would be needed to affect the proceeds later from the eventual sale of the property.

Documents Attached:

1. Attachment 1 - Highway 120 Class A Office RFP