



# J.C. Penney Building

324-328 S. Myrtle Ave

City Council Regular Meeting

Presentation by: Dylan Feik, City Manager

September 5, 2023

# Agenda Outline

- ▶ Overview of 324-328 S. Myrtle Property
- ▶ Background of the Community Center Project
- ▶ Discussion of Next Steps

# J.C. Penney Building

324-328 S MYRTLE  
[ AVENUE ]  
MONROVIA, CA

INVESTMENT  
OPPORTUNITY

OLD TOWN  
MONROVIA

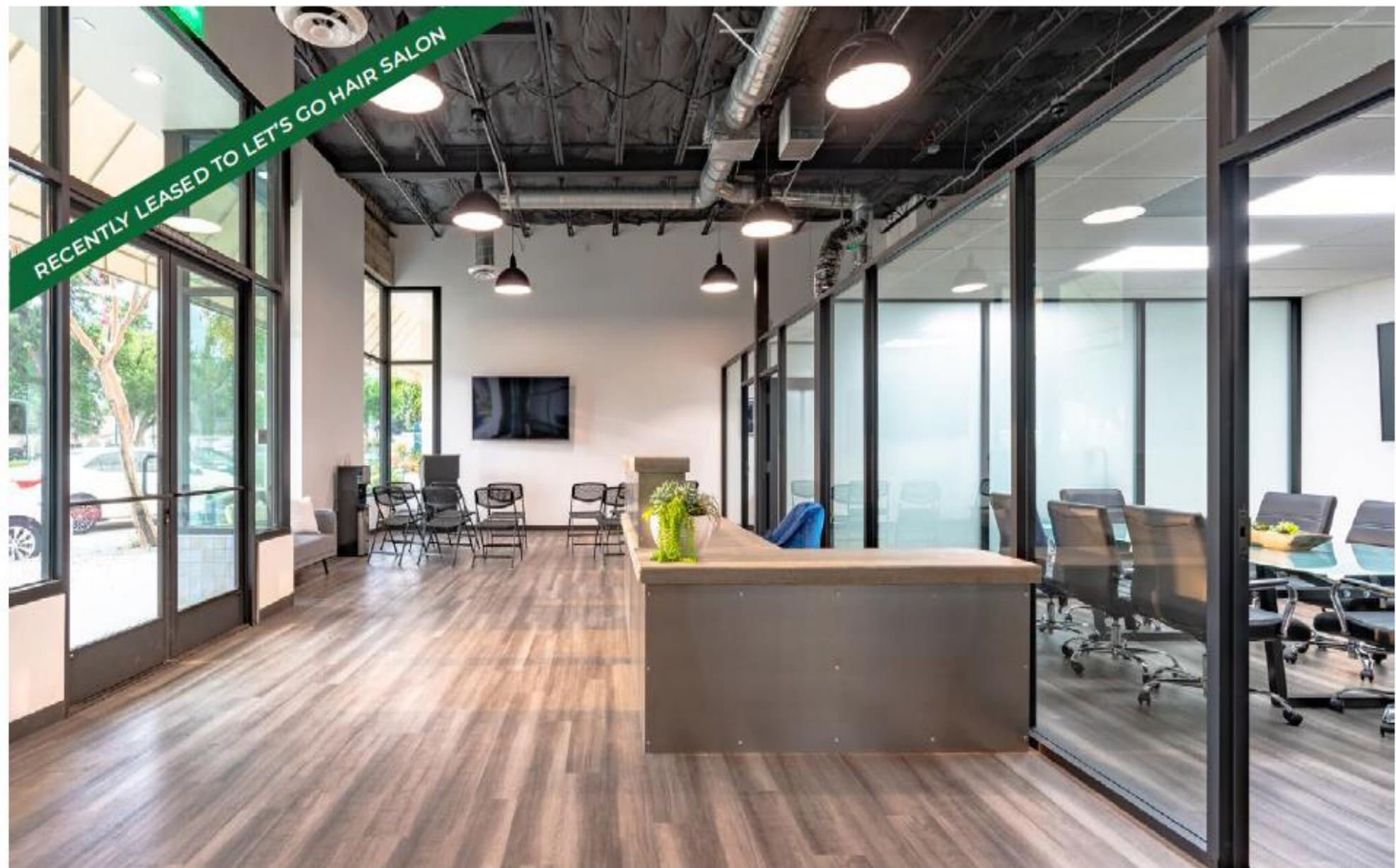
CREATIVE "TURN-KEY" 24,711 SF OFFICE AVAILABLE FOR LEASE OR OWNER-USER/INVESTOR



**NEWMARK**

**cag** | COMMERCIAL  
ASSET GROUP

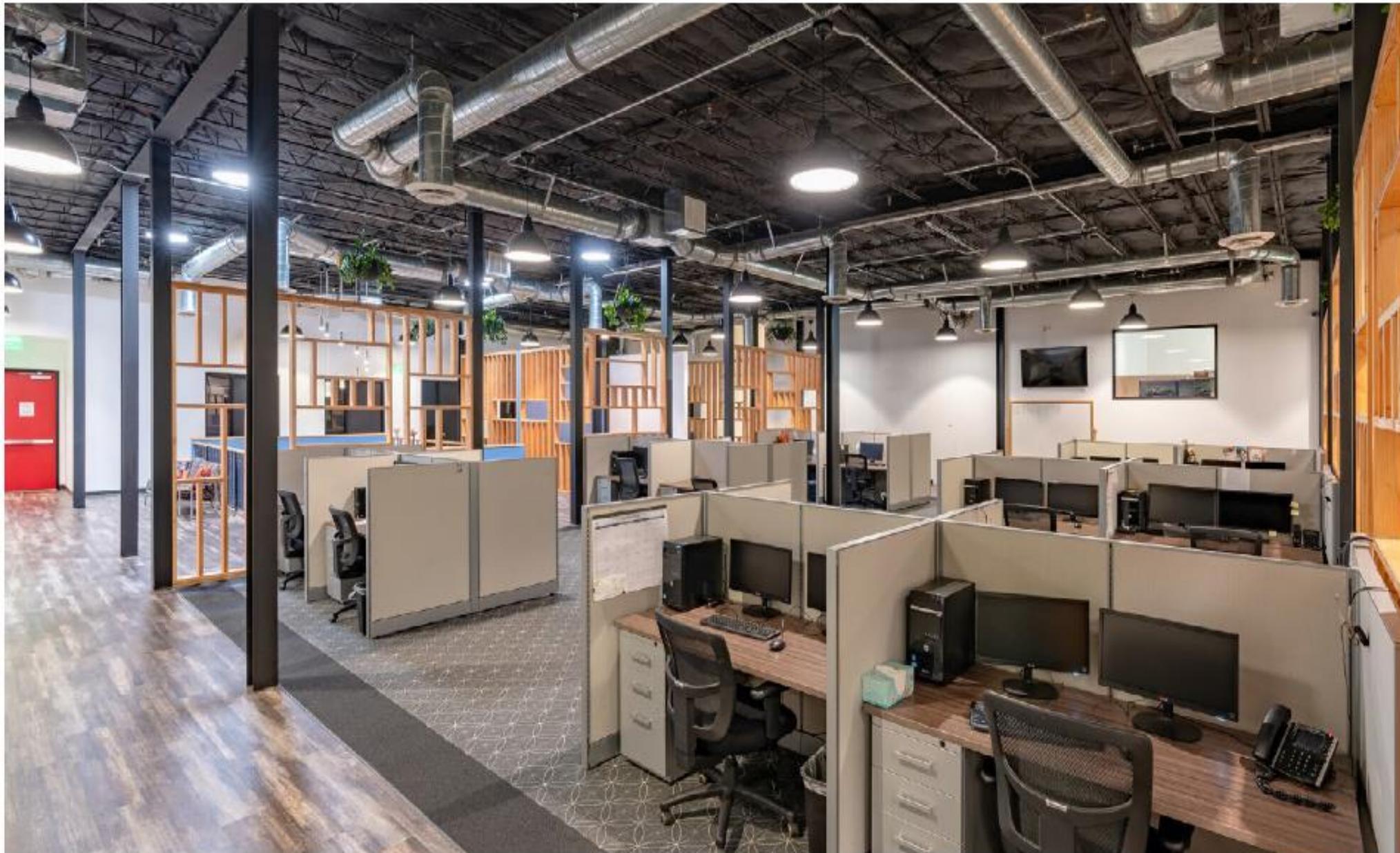


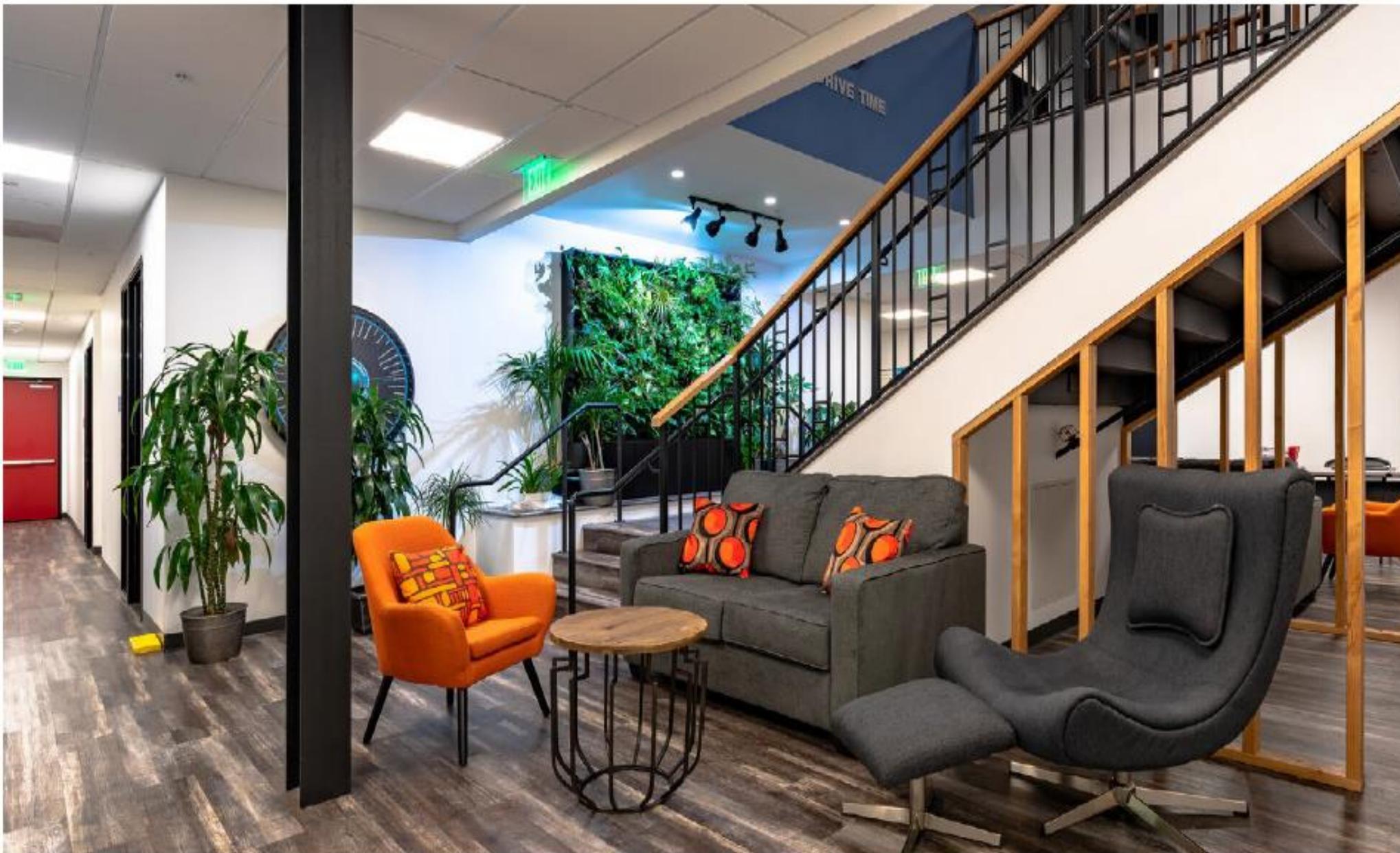


RECENTLY LEASED TO LET'S GO HAIR SALON

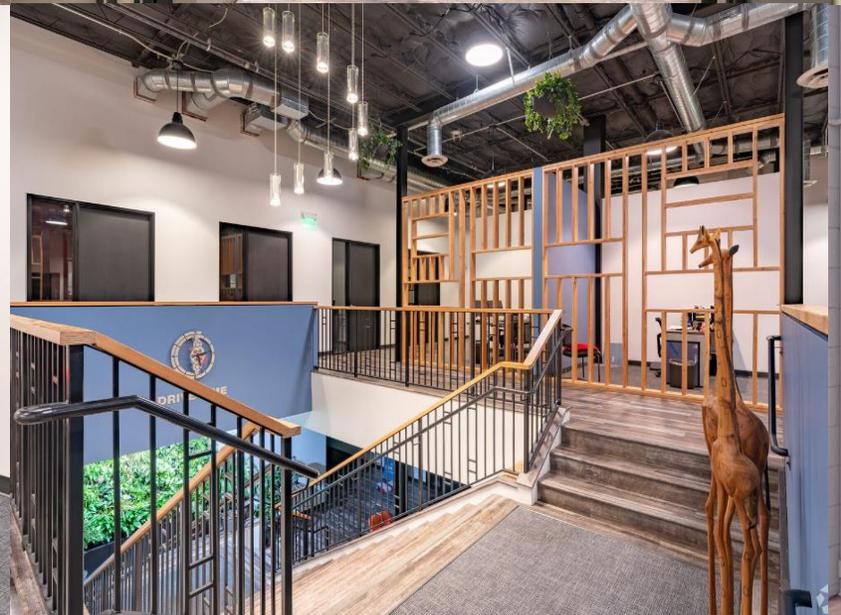


# AVAILABLE OFFICE

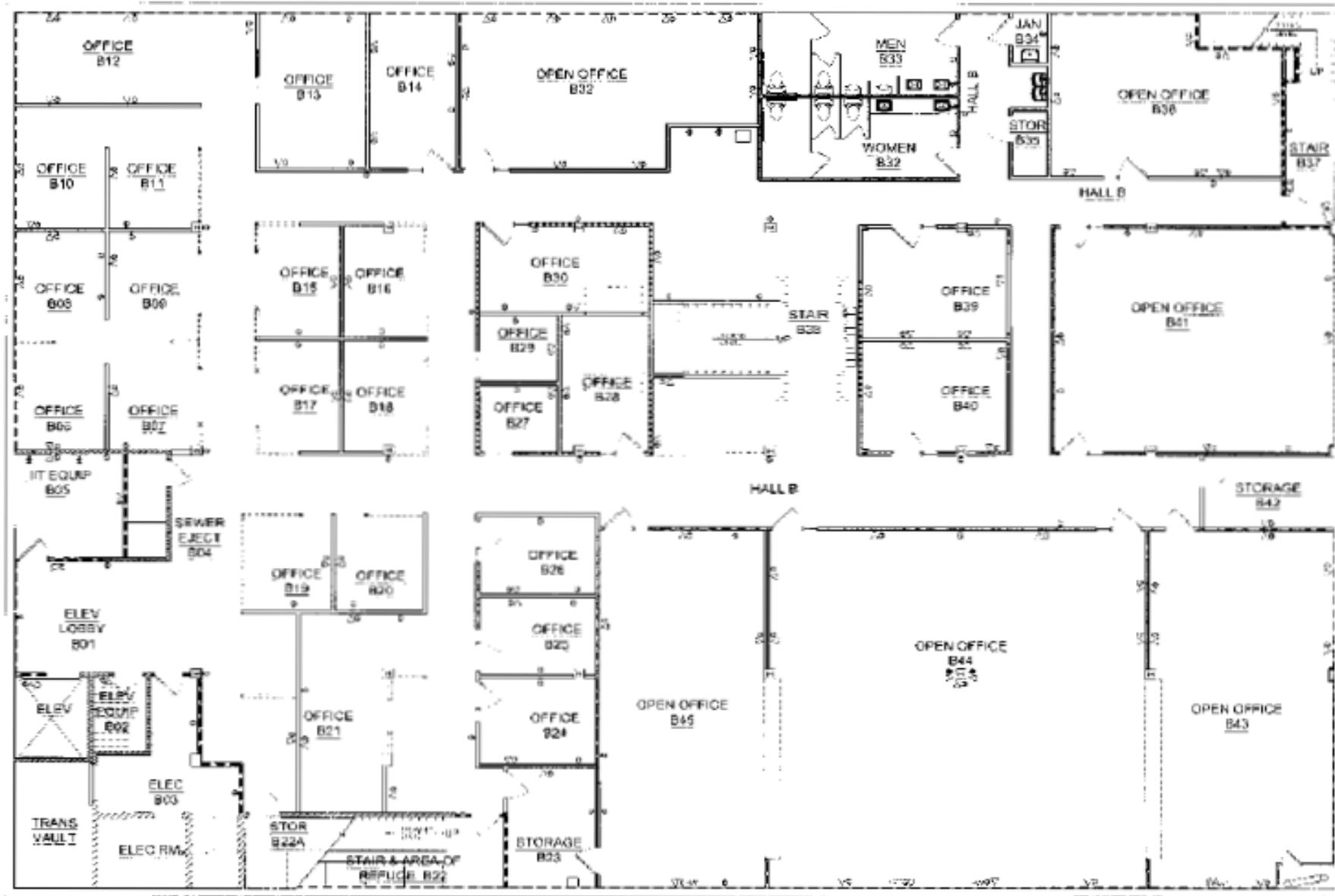




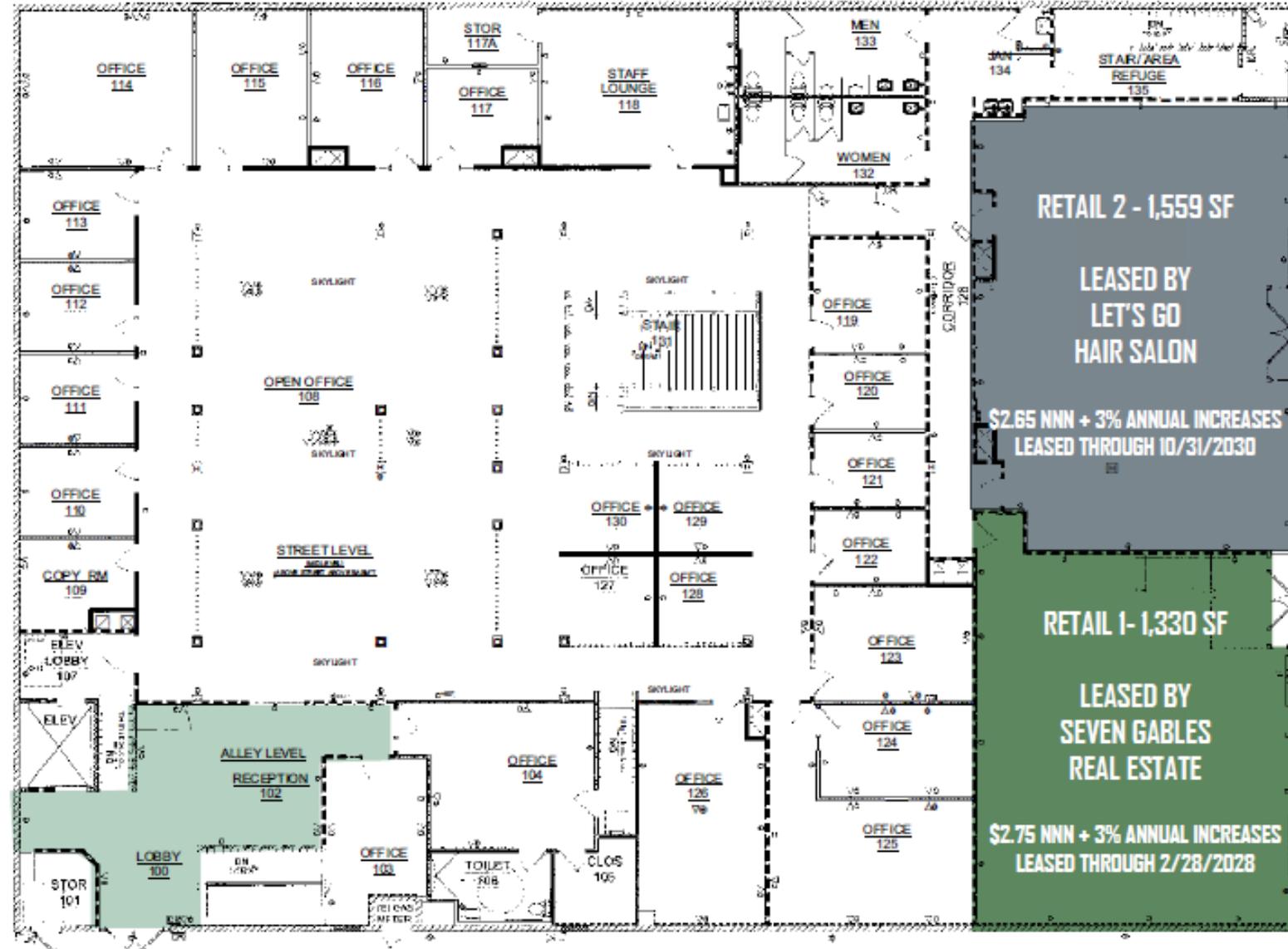
# Miscellaneous Photos



# FLOORPLAN | BASEMENT



ALLEY



S MYRTLE AVENUE

MAIN ENTRANCE  
TO OFFICE

ALLEY

RETAIL 2 - 1,559 SF  
LEASED BY  
LET'S GO  
HAIR SALON  
\$2.65 NNN + 3% ANNUAL INCREASES  
LEASED THROUGH 10/31/2030

RETAIL 1 - 1,330 SF  
LEASED BY  
SEVEN GABLES  
REAL ESTATE  
\$2.75 NNN + 3% ANNUAL INCREASES  
LEASED THROUGH 2/28/2028

# Comparison

## J.C. Penney Building

- ▶ Current List Price: \$6.5m
- ▶ Year Built: 1956
- ▶ Square Footage: 27,600
  - ▶ Retail 1 Space: 1,559 SF (leased)
  - ▶ Retail 2 Space: 1,330 SF (leased)
  - ▶ Both leases have buyout provisions
- ▶ Basement
  - ▶ # of Offices: 27
  - ▶ # of Meeting Rooms: 4
- ▶ Ground Floor
  - ▶ # of Offices: 23
  - ▶ Open Area, Staff Lounge

## Current Community Center

- ▶ Year Built: 1977
- ▶ Square Footage: Approx. 20,000
  - ▶ Tenants include Volunteer Center of SGV, Foothill Unity Center
  - ▶ Kay Dalton Room
  - ▶ 2 Senior Meal Programs
- ▶ Main Level
  - ▶ # of Offices: 9
  - ▶ Kay Dalton Room, 5 Large Meeting Rooms
  - ▶ Kitchen
  - ▶ Public Restrooms
- ▶ Staff Reviewed facility, location in 2015-16 during Community Center Discussion

# 2015-16 Project Proposal was very complex...

## Overall Conceptual Project Site Plan



## Historic Preservation Consideration

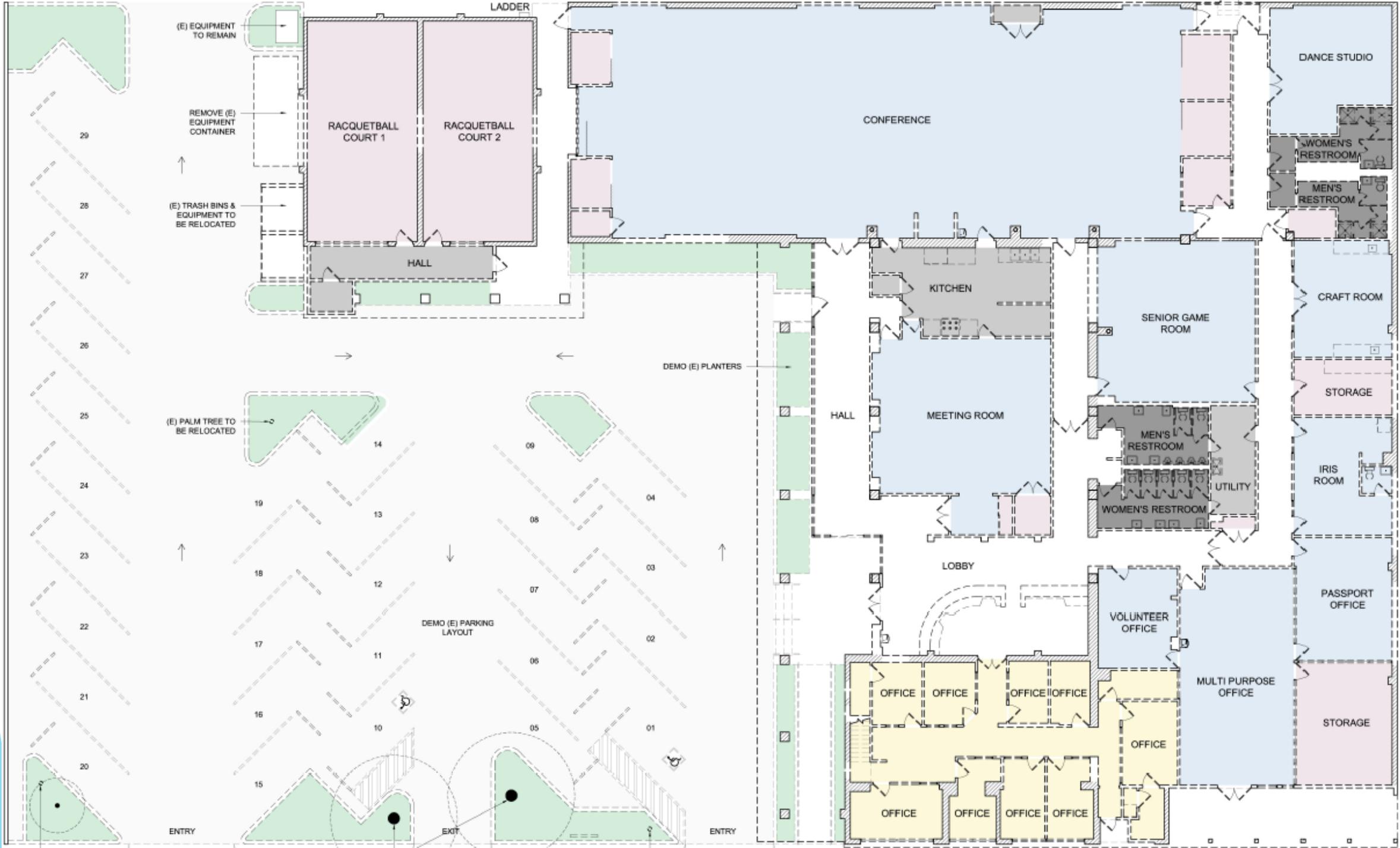
- A two-story landmarked Craftsman home currently sits next to the City's current Community Center Site
- Throughout the proposed project assessment, the City has been discussing with the developer and the homeowner a variety of potential mitigation measures
- Among the discussions that have occurred include the possibility of moving the house to another location

## ...and involved some major issues like -

- ▶ Buying the 324-328 S. Myrtle building and then perform renovations
- ▶ Selling the Community Center to a developer; demolishing the Community Center, and; building a 60' tall housing project on the site
- ▶ Purchasing and relocating a Historic Landmark home located to the west
- ▶ Impact of 50+ new housing units
- ▶ Negative impacts related to limited parking availability
- ▶ Impact to public viewshed areas surrounding the Library Park

Key Point #1 - Council decided the project proposal was NOT in the best interest of the City

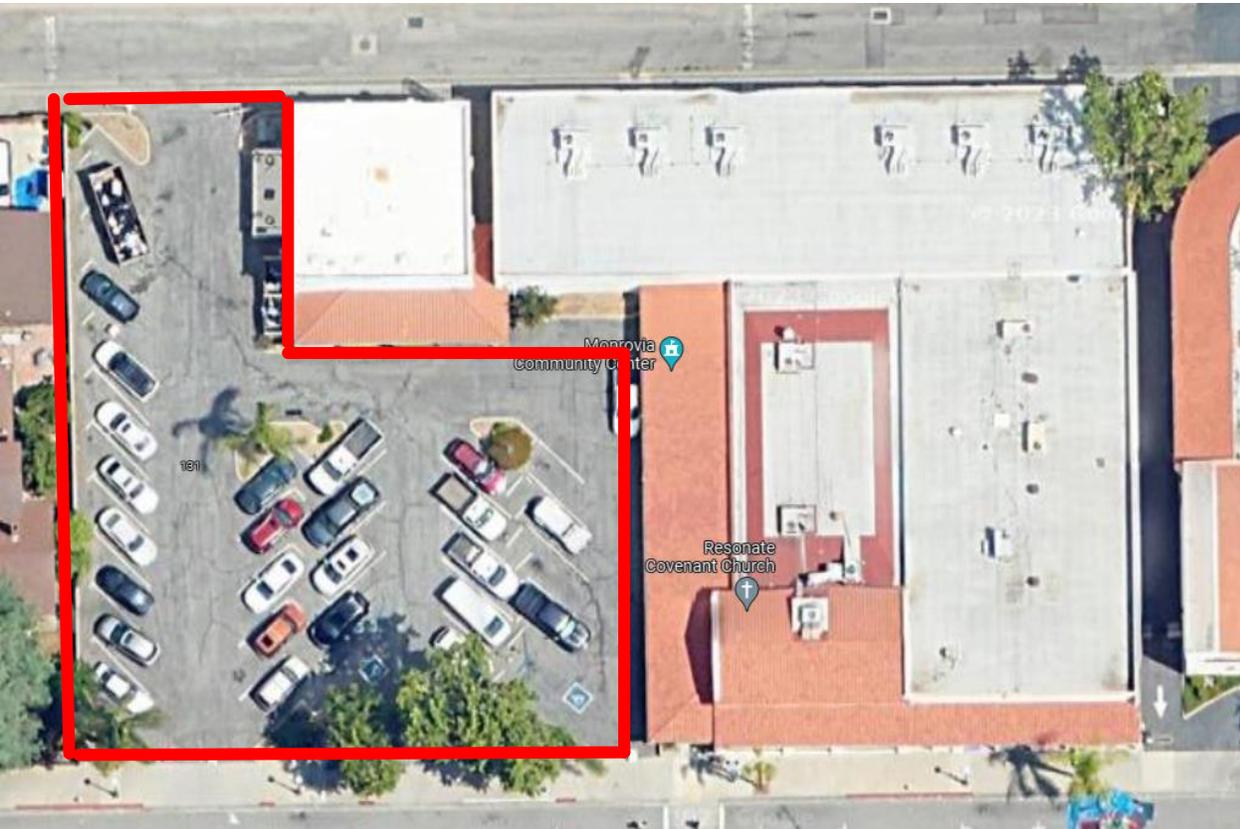
Key Point #2 - Staff did determine the building COULD be a great fit for a community center



# Parking

## Community Center

- ▶ 30 parking spaces



## J.C. Penney Building

- ▶ 42 parking spaces (+130 @ Lime Parking Lot)



# Community Center Project Timeline

- ▶ Currently soliciting a new vendor to design/engineer the proposed renovation project
  - ▶ Previous architect provided several renderings but is not an engineer
  - ▶ Focus of the project is updating interior space, refreshing outside, and repurposing space where needed
- ▶ Fall 2024 - Complete Design and Authorize Construction Contract
- ▶ January 2025- Construction to Start (construction timeline is 18-24 months)
  - ▶ City will need to find alternate location for one of our busiest public operations
- ▶ Estimated Project Budget: \$20m

# Economics of Purchase vs Lease

- ▶ Targeted Price Range: \$5.5m to \$6.5m
- ▶ Lease Rate in Old Town: \$2.75-\$3.75 per SF, per month
- ▶ Leased Building for 2 years:
  - ▶ Per month: \$75,900 - \$103,500
  - ▶ Per year: \$911k - \$1.24m
  - ▶ For Duration of Community Center Project: \$1.8m - \$2.48m
- ▶ The 5-year CIP also includes planning the City Hall Remodel Project in FY25 and FY26 (\$275k planning)
  - ▶ Construction estimate roughly \$20m
  - ▶ Project timeline is also undetermined (anticipated to be 12-24 months)

# Available Funding

## Preliminary Fund Balance Estimates Pre-Audit

Updated Through 8-1-23

	<i>Actual</i> <b>Beginning</b> <b>Fund Balance</b> <b>at 7/1/22</b>	<i>Estimated</i> <b>FY 22-23</b> <b>Net</b> <b>Surplus/(Deficit)</b>	<i>Estimated</i> <b>Ending</b> <b>Fund Balance</b> <b>at 6/30/2023</b>	<i>Estimated</i> <b>FY 23-24</b> <b>Net</b> <b>Surplus/(Deficit)</b>	<i>Estimated</i> <b>Ending</b> <b>Fund Balance</b> <b>at 6/30/2024</b>	
General Fund (111)	17,607,713	(121,549)	17,486,164	(454,696)	17,031,468	<i>Note 1</i>
Development Services Fund (281)	(3,080,164)	(790,202)	(3,870,366)	(1,183,468)	(5,053,834)	
Measure K Fund (112)	11,003,157	5,482,000	16,485,157	6,643,226	23,128,383	
<b>Total</b>	<b>25,530,706</b>	<b>4,570,249</b>	<b>30,100,955</b>	<b>5,005,062</b>	<b>35,106,017</b>	

*Note 1:* This amount includes an estimated \$7.3M in funds reserved for the Section 115 Trust at 6-30-24, so the net available is \$9.73M.

# What's our Strategy?

## Short Term Goals / Needs

- ▶ Relocation during Community Center Renovation Project
- ▶ Building could also be used during City Hall Renovation Project
- ▶ Buyer's Market for Commercial Real Estate
- ▶ Cash Purchase

## Long Term Goals

- ▶ Current and Future municipal uses
- ▶ Lease to potential users
- ▶ Sell when market improves
- ▶ Hold/Own a large public building in the middle of our "Civic Center"

# Should we move forward...

- ▶ Staff to execute Exclusive Negotiating Agreement with Owner
  - ▶ \$150,000 payment which counts towards purchase price
- ▶ Perform an appraisal and review of property comparisons
- ▶ City staff to finalize terms of a Purchase & Sale Agreement
  - ▶ Final purchase price, escrow instructions, etc
- ▶ Staff to prepare items related to future use of the building
  - ▶ Address layout of the building for public use
  - ▶ How to address existing tenants?
  - ▶ Timeline for relocation

Thank you!

The background features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to deep navy blue. These shapes are primarily located on the right side of the frame, creating a modern, layered effect against the white background.