



# 324-328 S. Myrtle Avenue Purchase & Sale Agreement

“J.C. Penney Building”

City Council Regular Meeting

Presentation by: Dylan Feik, City Manager

November 21, 2023



# Agenda Outline

- Update on Community Center Project
  - Update on current status
  - Background & history of how we got here
- Overview of 324-328 S. Myrtle Property
- Financial Impact
- Discussion of Next Steps

# 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 WOULD be a great fit for a community center



# 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 Construction Budget: \$20m



# Overview of the Community Center Renovation Project - RFP

- The scope of work shall include ***renovation of the existing 20,000 square foot building to address needed repairs and to update the facility to meet current building codes and community needs***. It is anticipated that the **building exterior footprint will remain intact** while the **interior floor plan and spaces will be completely renovated**. A more detailed list of the project scope can be found on page 6 under “Project Description”
- The Monrovia Community Center is an active hub for the community and is the only public community center in the City; therefore, it must meet the needs of many groups and organizations. The nearly 100-year-old building has been modified a few times with the most recent renovation occurring in 1977. The facility is in need of significant improvements.

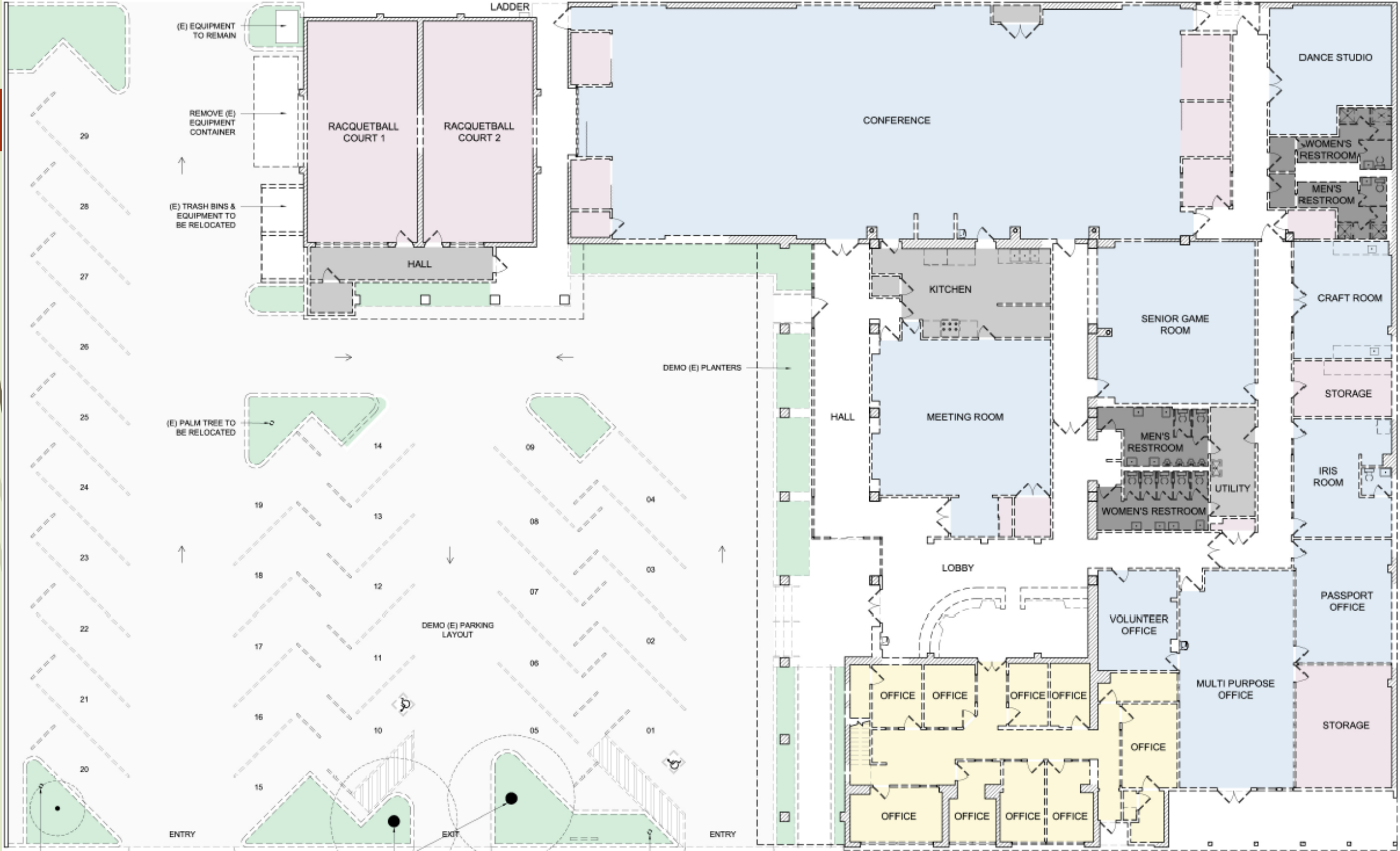


# Community Center Operations

The facility is open and used seven (7) days a week for a variety of community programs and events:

- Senior Nutrition Program for over 100 seniors twice a week
- Contract Classes for youth and adults, such as fitness classes, dance lessons, music lessons and art classes
- Private room rentals for weddings, memorial services, birthdays, and fundraisers
- Active Passport Offices open three (3) days a week
- Case Management Services for vulnerable communities
- Satellite office space for the Volunteer Center of the San Gabriel Valley
- Voting Center and Cooling Center when needed
- Emergency Shelter and Information Center when needed

The facility will need to include adequate office space for twelve (12) full time staff, cubicles for six (6) part time staff, and several shared workstations to forty (40) part time staff.







# Economics of Purchase vs Lease

- Purchase Price: \$6,000,000
- 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)

# 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



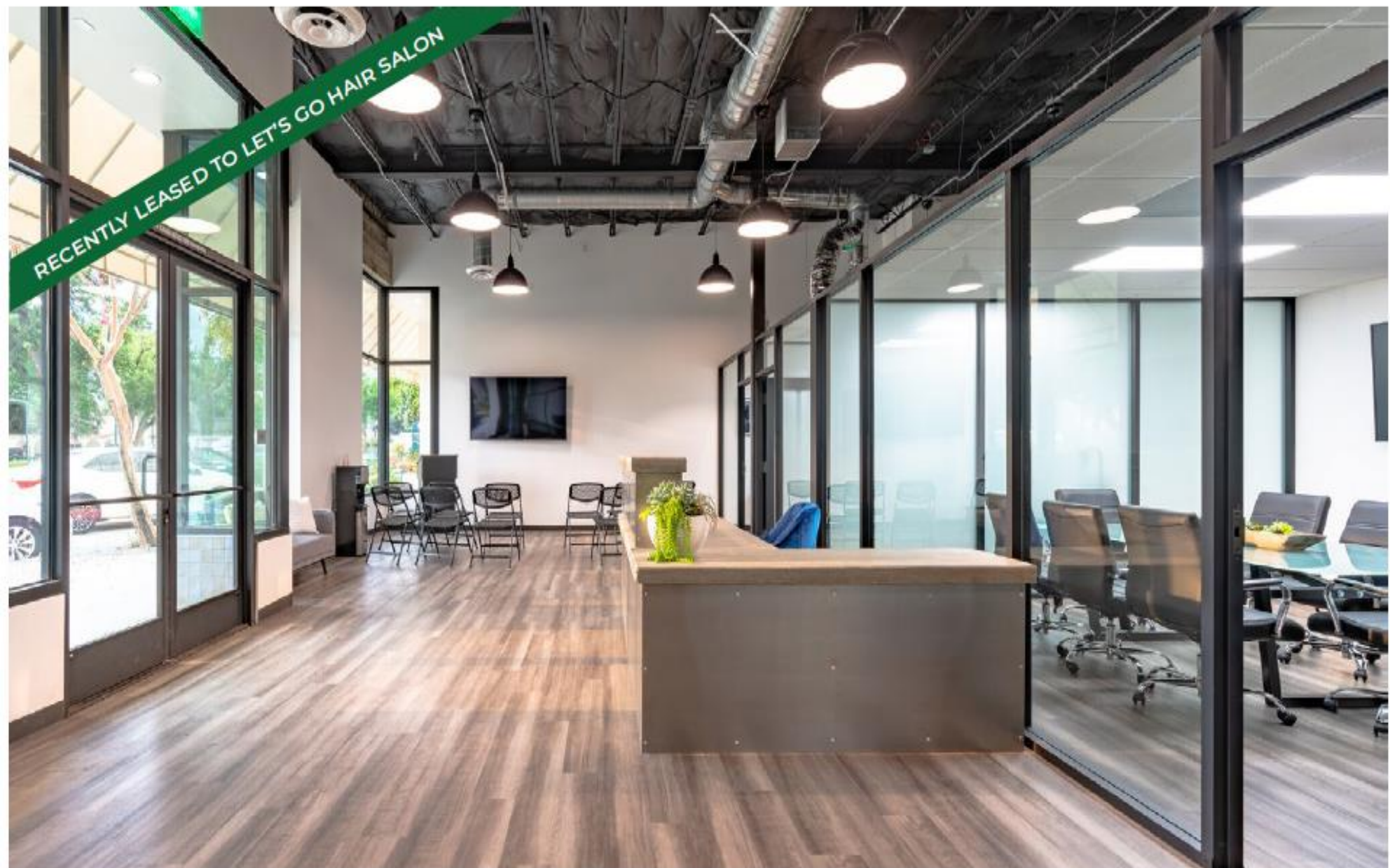
**NEWMARK**

**cag** COMMERCIAL  
ASSET GROUP









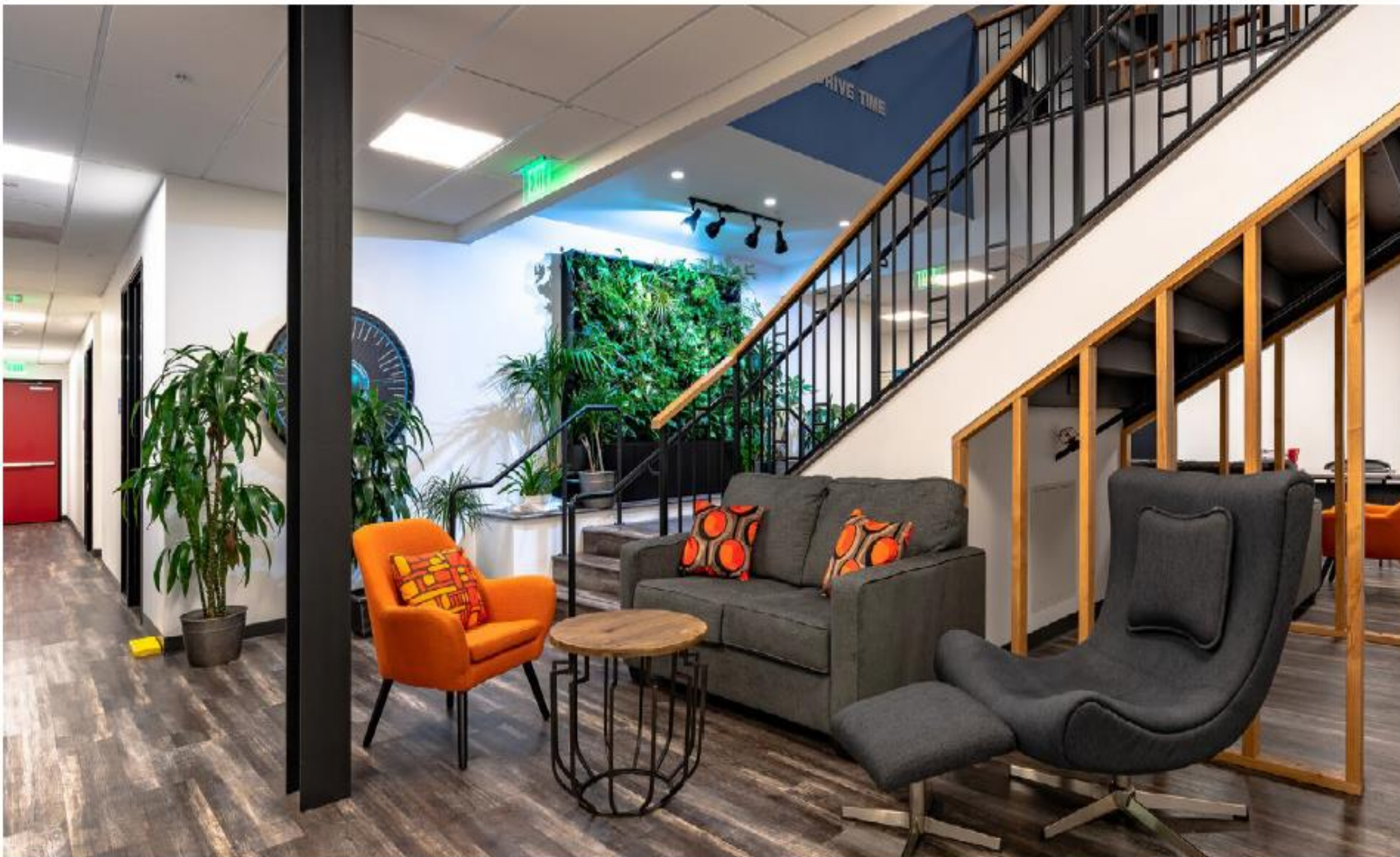
RECENTLY LEASED TO LET'S GO HAIR SALON



# AVAILABLE OFFICE







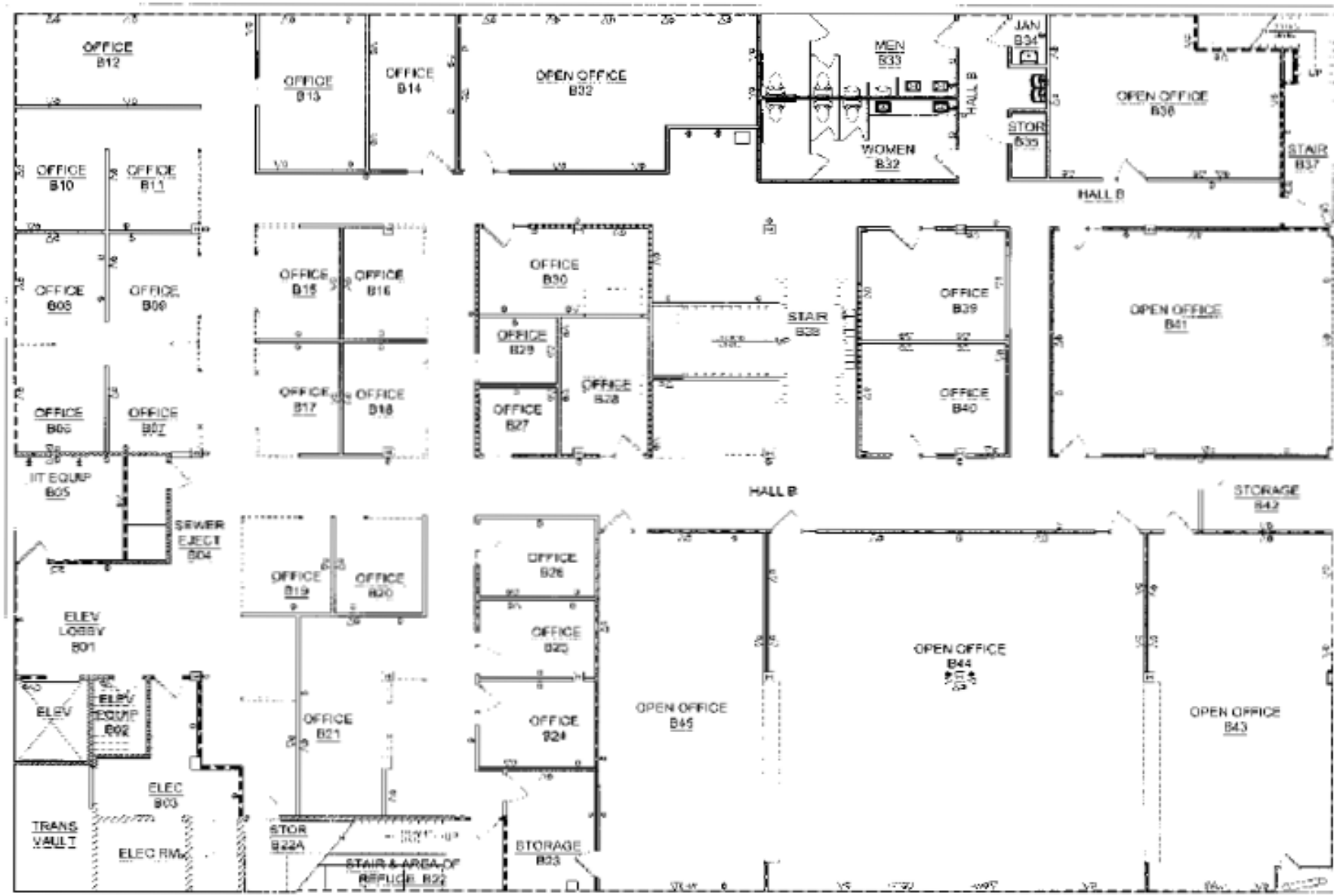


# Miscellaneous Photos





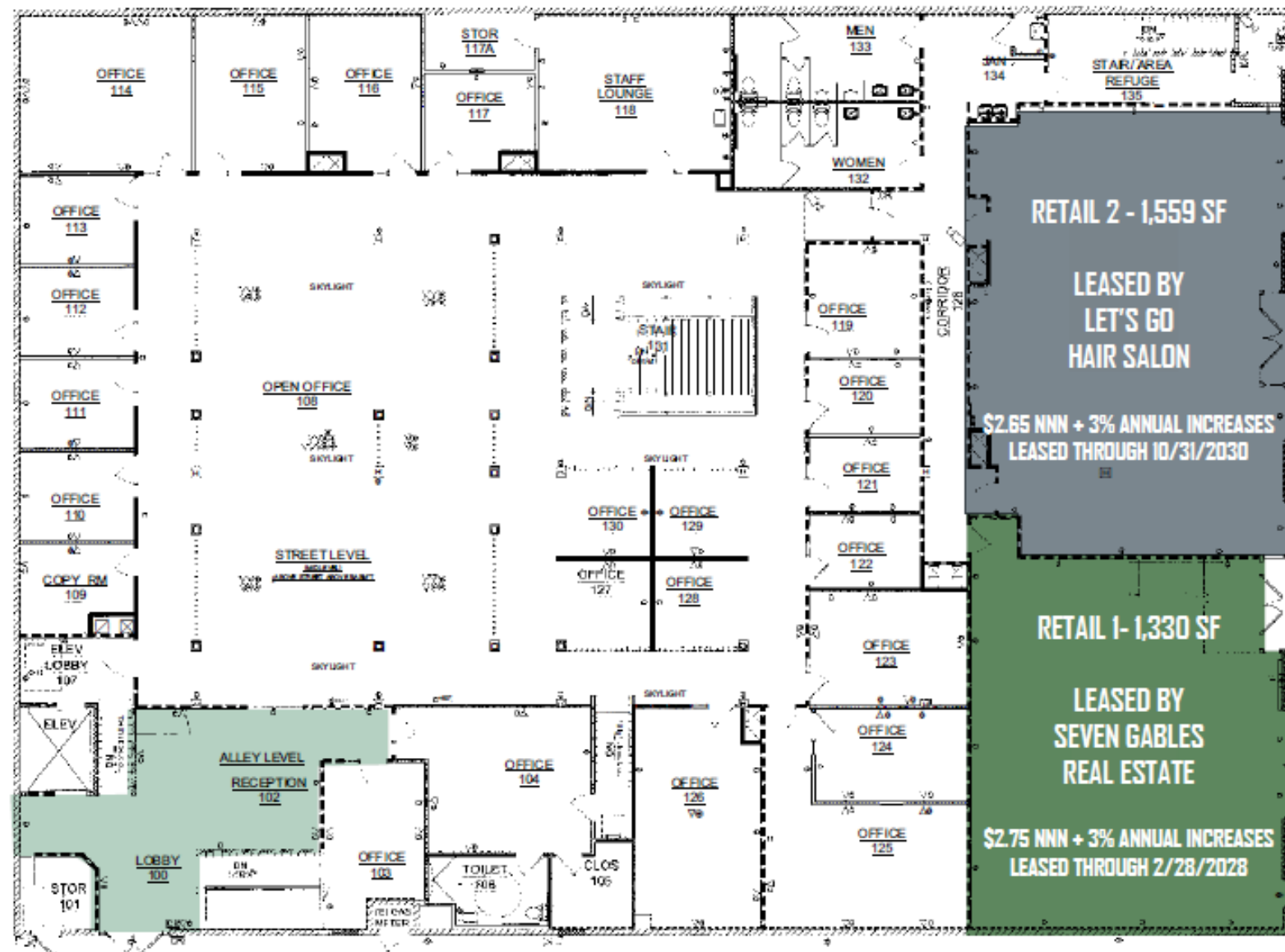
# FLOORPLAN | BASEMENT



ALLEY



# FLOORPLAN | GROUND FLOOR



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

- ▶ Price: \$6,000,000
- ▶ Year Built: 1956, full remodel in 2022
- ▶ 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

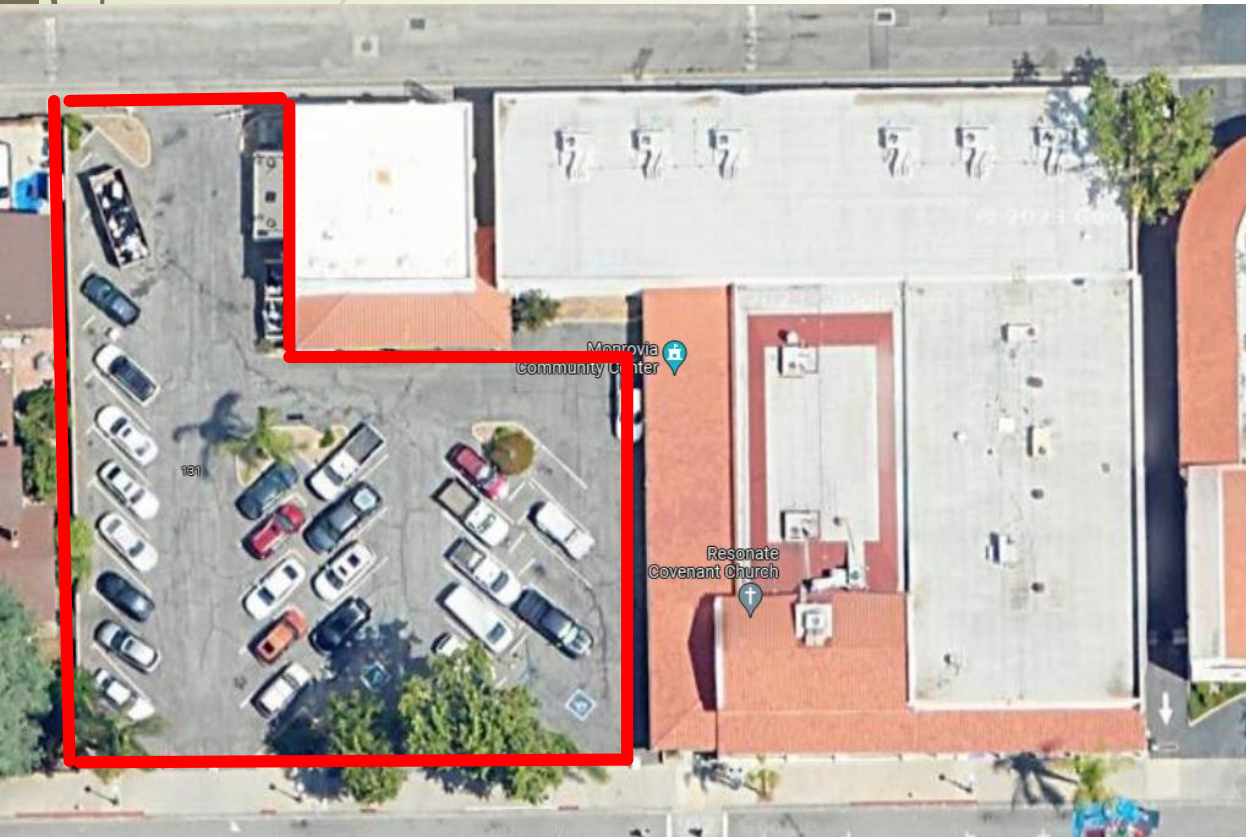
## Current Community Center

- ▶ 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

# Parking

## Community Center

- ▶ 30 parking spaces



## J.C. Penney Building

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







# What's our Strategy?

## Short Term Goals / Needs

- ▶ Temporary Relocation during Community Center Renovation Project
- ▶ Building could also be used during City Hall Renovation Project
- ▶ Old Town Location across from Library
- ▶ Buyer's Market for Commercial Real Estate
- ▶ Cash Purchase = New Asset w/ 40 year life
- ▶ Existing rental income for commercial businesses on Myrtle Ave. frontage
- ▶ Enhanced community rental opportunities

## Long Term Goals / Needs

- ▶ Current and future municipal uses
- ▶ Lease to potential users
- ▶ Sell when market improves
- ▶ Hold/Own a large public building in the middle of Old Town





# A Purchase & Sale Agreement has been prepared for Council consideration

- ▶ Purchase Price: \$6,000,000
- ▶ Current annual lease revenue: \$95,000 w/ CPI
  - ▶ Tenants will not be impacted or displaced
- ▶ Fixtures, Furnishings & Equipment: Included
  - ▶ Nearly 70 computer work stations (little-to-no use)
  - ▶ Brand new server equipment with CAT-6 fiber throughout the building
  - ▶ Office furniture included (little-to-no use)
- ▶ Closing Period: 15 days

# Cash Balances – All Funds

Financial Update Slide from  
September 5<sup>th</sup> Meeting

Cash and Investment Balances (All Funds)  
\$ (In Millions)



# Cash Balances

Financial Update Slide from  
September 5<sup>th</sup> Meeting

City cash balances will continue to grow as the City receives future reimbursements for out-of-pocket costs already incurred:

- ▶ Emergency Events
    - ▶ Canyon Park - \$4.8M
    - ▶ COVID - \$258K
  - ▶ Other Grant Funded Costs:
    - ▶ Lucinda Garcia Park - \$1.23M
    - ▶ COPS Grant - \$843K
  - ▶ Proposition 68 Water Grant - \$6.8M
- Total: \$13,800,000

# FY 22-23 Pre-Audit Estimated Fund Balance General Fund \*

Fund	Estimated Pre-Audit Balance *	After Building Purchase
General Fund Restricted	\$5,191,941	\$5,191,941
General Fund Unrestricted	\$13,570,758	\$7,570,758
Emergency Fund *	(\$270,958)	(\$270,958)
Development Services Fund	(\$3,133,706)	(\$3,133,706)
Measure K Fund	<u>\$16,901,179</u>	<u>\$16,901,179</u>
Total	<u>\$32,259,214</u>	<u>\$26,259,214</u>

\* Includes additional \$5.05M in expected future reimbursements for emergency events.





Thank you!

