

STAFF REPORT
City of Lancaster

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MVB

Date: January 10, 2017

To: Mayor Parris and City Council Members

From: Vern Lawson, Economic Development Director

Subject: **Approval of Amendment to Agreement with Clutter Motors, Inc.**

Recommendation:

Approve the First Amendment to Agreement Consolidation and Amendment of Transactions with Clutter Motors, Inc., thus allowing the City to shift an existing obligation to install public improvements to a new site; and authorize the City Manager or his designee to execute all related documents.

Fiscal Impact:

None.

Background:

In May 2014, the City of Lancaster entered into an agreement with Clutter Motors, Inc. to consolidate all existing agreements in place between the two entities at that time. This agreement included a commitment by the City to install public improvements adjacent to the new Honda Superstore, currently under construction at the previous Lancaster Honda site in the Lancaster Auto Mall. These improvements were intended to be consistent with the design created by Sargent Town Planning, which envisions a complete streetscape redesign and revitalization for the entire Auto Mall.

Unrelated to its operations in the Lancaster Auto Mall, Clutter Motors Inc. is currently in the development approval process for a new retail center located on the northwest corner of 10th Street West and Avenue K. This project will feature a number of high-end fast-casual restaurants and other retail, thus bringing substantial new job creation and sales tax revenue growth opportunities to one of Lancaster’s premier intersections. It will simultaneously bring much-needed private-sector redevelopment to a key commercial area of the City.

This project will require considerable public improvements. Because staff has learned through the bidding process that there is substantial cost savings potential in conducting the entire Auto Mall revitalization in a single construction job, as opposed to a piecemeal process starting with Lancaster Honda as would be required under the current contract, staff recommends that the obligation to construct public improvements be shifted from the Lancaster Honda site to the 10th Street West and Avenue K site. Approval of the proposed amendment would enable the public improvements in the amount of \$400,000 required by the current agreement to instead be performed at 10th Street West and Avenue K. This would be carried out through a reimbursement agreement, thus allowing the project’s contractor to best align the on-site construction schedule with the needed off-site public improvements.

In the near term, this shift will enable the City to facilitate the construction of a brand-new retail center offering a variety of new dining and retail options for Lancaster patrons. This development will attract new businesses, create jobs and bring new sales tax revenue to the Lancaster community, all while beautifying a vital intersection in the center of the city. In the longer term, it will significantly stretch the value of revitalization dollars for the Lancaster Auto Mall by enabling the construction process to be performed as a single project, while also meeting the City's existing obligation to Clutter Motors, Inc. in a timely manner.

Attachment:

First Amendment to Agreement Consolidation and Amendment of Transactions