



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Doug Schulze, City Manager

MEETING DATE: January 14, 2025

SUBJECT: Consideration of Resolution 2025-06, Approving an Exclusive Negotiating Agreement with Investel Development LLC for City-Owned Real Property Located at 150 E. Ramsey Street, Banning (APNs 541-181-032, 541-181-033, 541-181-034, AND 541-181-035)

RECOMMENDATION:

Adopt Resolution 2025-06.

BACKGROUND:

Investel Development LLC ("Investel") and the City of Banning entered into an Exclusive Negotiating Agreement (ENA) on February 23, 2023. The term of the ENA ended on January 10, 2024. Investel has submitted a Preliminary Application Conference application for the proposed development of the property and that PAC was held in early 2024. A new Exclusive Negotiating Agreement was approved by the City Council at the July 10, 2024 meeting. The term of the July 10, 2024 Exclusive Negotiating Agreement expired on December 31, 2024. The developer has been working to refine the project based on input received during the PAC and has been in continuous contact with City staff. Investel is in the process of preparing documents required for the Uniform Development Application, which includes a variety of engineering studies and reports. Investel has requested that the City enter into a new ENA with a term through the end of June 2025.

Investel intended to have the Uniform Development Application complete and submitted by the end of 2024, but delays in contracting various consultants has caused the timeline to slip. As a result, Investel has requested renewal of the Exclusive Negotiating Agreement for a period of six months. Recently, soil borings of the site have been scheduled by Investel's consultants and a project update with Investel was conducted in late November.

The proposed project includes a 90-room hotel with restaurant, bar, banquet space, and swimming pool. The project also includes a 90-room apartment building with first floor retail. The Transient Occupancy Tax generated by the hotel is estimated below:

Assumptions:

Average Daily Rate (ADR): \$250
Occupancy Rate: 60%
TOT Rate: 12%

Annual TOT Calculations:

Daily Revenue: 90 rooms x \$250 x 60% occupancy = \$13,500
Annual Revenue: \$13,500 x 365 days = \$4,927,500
Annual TOT: \$591,300

Using the same assumptions, sales tax on hotel rooms would generate an additional \$500,000 with the City portion being approximately \$50,000 annually. Sales tax on restaurant and bar sales has not been calculated due to insufficient information. A total valuation of the property has not yet been submitted so, calculation of property tax revenue has not been calculated.

JUSTIFICATION:

Development of 150 E. Ramsey Street is a priority for the City of Banning and will serve as a catalyst for downtown redevelopment. The project will generate property taxes, sales taxes, temporary occupancy taxes (Hotel tax), and jobs. In addition, the project will create housing within the downtown that will result in a demand for services in the area as well as increase the median income.

FISCAL IMPACT:

Entering into a new ENA will not have any additional financial impact. The remaining work on the project application is the responsibility of the owner/developer. Once permit applications are submitted and permit fees paid, staff time for permit review will be incurred. However, permit fees are set to cover the cost of application review and inspections.

ALTERNATIVES:

Do not adopt the resolution and provide direction to staff.

BUDGETED?:

No

CONTRACT/AGREEMENT:

Yes

ATTACHMENTS:

1. [Resolution 2025-06, Investel ENA 150 E Ramsey.docx](#)
2. [Exhibit A - 01142025_ENA_150 E Ramsey St_Investel Development LLC.pdf](#)
3. [231228_Banning Development_Pre-app.pdf](#)
4. [2023 02 23_ENA_150 E Ramsey St_Investel Development LLC.pdf](#)
5. [2024 07 09_ENA Investel.pdf](#)
6. [Reference Check SCG America from the City of Garden Grove.pdf](#)
7. [SCG Le Meridien Hotel.jpg](#)
8. [SCG Hyatt Disney Area.png](#)