


CITY OF ONTARIO

Agenda Report
April 15, 2025

SECTION: **CONSENT CALENDAR**

Department: Planning
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Approved By: 

Submitted To: Council/OHA
Approved: _____
Continued To: _____
Denied: _____
Item No: 20

SUBJECT: A DEVELOPMENT AGREEMENT (FILE NO. PDA23-005) BETWEEN THE CITY OF ONTARIO AND DIVERSIFIED PACIFIC DEVELOPMENT GROUP, LLC IN CONJUNCTION WITH THE EMPIRE GROVES SPECIFIC PLAN (FILE NO. PSP23-001)

RECOMMENDATION: That the City Council consider and adopt:

- A. An Ordinance for a Development Agreement (File No. PDA23-005) between the City of Ontario and Diversified Pacific Development Group, LLC to establish terms and conditions for the associated Development Plan (File No. PDEV23-039);
- B. An Ordinance for the Empire Grove Specific Plan (File No. PSP23-001) to establish the Land Use District, development standards, guidelines, and infrastructure improvements.

THE FOLLOWING COUNCIL GOALS ARE BEING ACHIEVED:

Invest in the Growth and Evolution of the City's Economy

Focus Resources in Ontario's Commercial and Residential Neighborhoods

FISCAL IMPACT: The proposed hotel is expected to generate approximately \$4.5 million in transit occupancy tax revenue during its first year, rising to \$6.5 million by year five. Additionally, the project is projected to produce around \$2.2 million in Development Impact Fees. It will also contribute to an increase in property tax revenues, based on the hotel's anticipated market value. The development will create between 700 and 900 permanent jobs, along with 500 temporary construction jobs. Specific details regarding the payment schedule and timing of Development Impact Fees are outlined in the Development Agreement (File No. PDA23-005).

BACKGROUND & ANALYSIS: On April 1, 2025, the City Council introduced and waived further reading of Ordinances Approving the Development Agreement (File No. PDA23-005) and the Empire Groves Specific Plan (File No. PSP23-001).

On March 18, 2025, the City Council continued this item to a future City Council meeting.

On January 27, 2010, the Ontario City Council certified The Ontario Plan Environmental Impact Report in conjunction with File No. PGPA06-001 (City Council Resolution No. 2010-006). On August 16, 2022, the Ontario City Council certified The Ontario Plan 2050 Update Supplemental Environmental Impact Report in conjunction with File No. PGPA20-002 (City Council Resolution No. 2022-129). The Ontario Plan 2050 (TOP) and associated Environmental Impact Report analyzed the Project site and established the vision, general guidelines, overlays, districts, mixed-use areas, etc. for the Project site and surrounding area.

The TOP adopted several overlay areas at varying scales. The first is the Ontario Airport Metro Center Overlay (OAMC Overlay), which envisioned an area developed with a mix of regional serving retail, office, restaurant, cultural, entertainment, and residential uses. The OAMC is bounded by Fourth Street to the north, the 1-15 Freeway to the east, the Southern Pacific Railroad and Airport Drive to the south and Vineyard Avenue to the west. Within the OAMC there are two Place Type Districts - Airport Metro/Entertainment District and Guasti District, as well as six Mixed Use zoning designations.

The project site is within the Guasti Place Type District and the Multimodal Mixed-Use zoning designation. Both areas are envisioned with office, commercial, hospitality, and residential uses that can complement current and future public transportation and the nearby Ontario Airport.

On October 16, 2023, the applicant submitted three applications to facilitate the development of a 600-room hotel with commercial/retail space.

- A Development Agreement (File No. PDA23-005) between the City of Ontario and Diversified Pacific Development Group, LLC to establish the terms and conditions for the associated Development Plan (File No. PDEV23-039).
- A Specific Plan application (File No. PSP23-001 - Empire Groves Specific Plan) to establish the land use district, development standards, guidelines, and infrastructure improvements for the potential development of up to 600,000 square feet of hospitality and commercial land uses.
- A Development Plan (File No. PDEV23-039) to construct a 600,000 square foot hotel consisting of 600 rooms and commercial space for restaurant and retail uses for hotel guests and the general public.

DEVELOPMENT AGREEMENT: The proposed Development Agreement is between the City of Ontario and Diversified Pacific Development Group, LLC for the construction of a full-service hotel with several on-site amenities. The City is considering this Development Agreement due to the substantial economic and community benefits the Convention Hotel will bring. Additionally, it aligns with the City's vision to transform the area into a regional tourism hub, capitalizing on the increasing success and its close proximity to the Ontario International Airport (ONT), located directly across from the Ontario Convention Center. The terms of the Agreement outline the development of the hotel project, timing of development, required infrastructure improvements, as well as obligations towards Development Impact Fees, off-site street improvements, among others. Key components of the Development Agreement include the following:

Development of the Property

- Timing: The Developer is required to develop the Project no later than four years after the completion of the Convention Center expansion.
- Public Infrastructure Improvements: Developer is responsible for connecting the hotel project to all utilities necessary to provide adequate water, sewer, gas, etc., and it is responsible for sewer and storm drain improvements necessary for the construction of the facilities.

Public Benefits

- Covenant to Rebate/Reimburse: The Hotel Project is anticipated to provide substantial public benefits from the increase in property taxes, retail sales taxes, transient occupancy taxes and parking taxes. Of those taxes described, the Developer shall be entitled to the rebate and reimbursement of only Transit Occupancy and Parking Taxes for a period of 20 years.
- Pedestrian Bridge: The cost to construct a pedestrian bridge spanning Holt Boulevard connecting the future parking structure to the Convention Hotel will be split equally between the City and Developer if the bridge is complete by December 31, 2026. Otherwise, the City will be responsible for 100 percent of the cost to construct this bridge.
- Guasti Road: Developer at its sole expense will construct and complete required right-of way improvements along the property frontage of Guasti Road. The City will issue Development Impact Fee credits to Developer for the amount incurred.
- Holt Boulevard: City agrees to make road improvement to Holt Boulevard adjacent to the Property in accordance with City standards.

Staff finds that the Development Agreement is consistent with State law, The Ontario Plan, and the City's Development Agreement policies.

SPECIFIC PLAN: The Empire Grove Specific Plan serves to implement the City's Policy Plan for the project site and provides zoning regulations for development of the Project site by establishing permitted land uses, development standards, infrastructure requirements, implementation requirements that are outlined below. The proposed Specific Plan boundary covers 10.43 acres of vacant land for the development of a hotel and commercial/retail space. While the Specific Plan currently facilitates the hotel and commercial/retail development, there is anticipation that the proposed development will encourage future growth in the immediate and surrounding areas.

- Land Use Plan – The Empire Grove Specific Plan land use plan includes one Planning Area for the Project site, the Hospitality Mixed Use (PA1). The Hospitality Mixed-Use combines hotel uses, ancillary services and amenities with local service commercial/retail uses on a single property. At buildout, the total development allowed for the project site will be 600,000 square feet (hotel: 553,124 square feet and retail: 46,876 square feet) and up to 600 guest rooms.
- Design Guidelines – The design concept ensures a high-quality, attractive, and cohesive design structure for the Specific Plan. The guidelines ensure a high-quality design for new development design standards that promote energy and water conservation.
- Site Plan and Circulation – The Circulation Plan for the Specific Plan reinforces the objective of moving vehicles, pedestrians, cyclists, and public transit safely and efficiently through and around the Project. The site planning and circulation design guidelines are intended to promote high quality aesthetics, efficient land use practices, and public safety.
- Landscape Design – The landscape design guidelines ensure water-conserving, drought-

tolerant plant palette that will soften transitions from the ground plane to the vertical plane of the building; offer screening from the adjacent neighborhood; and add color and texture to the development.

- Infrastructure – Development of the Specific Plan requires the installation of all infrastructure necessary to serve the Project as a standalone development.

PLANNING COMMISSION REVIEW: On February 25, 2025, the Planning Commission conducted a duly noticed public hearing on the subject applications and voted (4-0) to recommend that the City Council approve the Development Agreement (Resolution No. PC25-007), and the Specific Plan (Resolution No. PC25-008).

COMPLIANCE WITH THE ONTARIO PLAN: The proposed Project is consistent with the principles, goals and policies contained within the Vision, Governance, Policy Plan (General Plan), and City Council Priorities components of The Ontario Plan (TOP).

HOUSING ELEMENT COMPLIANCE: The Project is consistent with the Housing Element of the Policy Plan (general plan) component of The Ontario Plan, as the Project site is not one of the properties in the Housing Element Sites contained in Tables B-1 and B-2 (Housing Element Sites Inventory) of the Housing Element Technical Report.

AIRPORT LAND USE COMPATIBILITY PLAN COMPLIANCE: The California State Aeronautics Act (Public Utilities Code Section 21670 et seq.) requires that an Airport Land Use Compatibility Plan be prepared for all public use airports in the State; and requires that local land use plans and individual development proposals must be consistent with the policies set forth in the adopted Airport Land Use Compatibility Plan. On April 19, 2011, the City Council of the City of Ontario approved and adopted the ONT ALUCP, establishing the Airport Influence Area for Ontario International Airport, which encompasses lands within parts of San Bernardino, Riverside, and Los Angeles Counties, and limits future land uses and development within the Airport Influence Area, as they relate to noise, safety, airspace protection, and overflight impacts of current and future airport activity. As the decision-making body the City Council has reviewed and considered the facts and information contained in the Application and supporting documentation against the ONT ALUCP compatibility factors, including [1] Safety Criteria (ONT ALUCP Table 2-2) and Safety Zones (ONT ALUCP Map 2-2), [2] Noise Criteria (ONT ALUCP Table 2-3) and Noise Impact Zones (ONT ALUCP Map 2-3), [3] Airspace protection Zones (ONT ALUCP Map 2-4), and [4] Overflight Notification Zones (ONT ALUCP Map 2-5). As a result, the City Council finds and determines that the Project, when implemented in conjunction with the conditions of approval, will be consistent with the policies and criteria set forth within the ONT ALUCP.

ENVIRONMENTAL REVIEW: Staff has prepared an Addendum to The Ontario Plan 2050 Supplemental Environmental Impact Report (State Clearinghouse No. 2021070364, certified by the City Council on August 16, 2022. This Application introduces no new significant environmental impacts. All previously adopted mitigation measures are a condition of Project approval and are incorporated herein by this reference.