

SUBMITTED BY: Jennifer Smith, Community Services & Economic Development Director

MANAGEMENT TEAM REVIEW: Ana Urquijo, City Manager

FOCUS AREA: Strengthen Trade and Commerce

ORGANIZATIONAL IMPROVEMENTS: Economic Development – Business Attraction

SUBJECT: **ACCEPTANCE of S&A INVESTMENT GROUP, LLC dba MANNY’S FARMERS MARKET BID** for the LEASE of CITY OWNED PROPERTY located at **1300 San Antonio Avenue.**

EXECUTIVE SUMMARY:

In late February, the City of Douglas purchased the former Food City building at 1300 San Antonio Avenue for \$900,000. With direction from Mayor and Council, the city issued a Request for Proposal to lease the property to attract a grocery store to the area. The property consists of 35,341 square feet on a 3.82-acre lot including about 200 parking spaces.

BACKGROUND:

The City of Douglas Procurement Department issued a Request for Proposal (RFP# 2023-ED-001) for such property on 03/22/2023. S&A Investment Group, LLC dba Manny’s Farmers Market submitted a sealed bid to lease the property. This was the only bid received and includes the following highlights:

- Creation of 60 jobs upon opening
- Lease Term:
 - 5 years with the option to purchase at the end of year five
- Rent Proposal:
 - Year 1 - Free
 - Year 2 to 5 - \$5.77/sq ft per year *totaling* \$203,917.57/year or \$16,993.13/month
 - With \$5,000/month being allocated towards purchase price
- Purchase Price:
 - \$1,100,000 at the end of lease term
- Other requests include tax and insurance considerations, structural repairs to the building, and additional list of equipment and fixtures.
- Vendor offerings:
 - Fresh produce; non-durable goods and convenience produce; specialty and high-quality products such as personal care items; ready-made food section; baked goods and tortilla section; raw ingredients; beverage section such as beer, wine, and spirits; a juice bar; coffee mix, roasted coffee; specialty fruits, vegetables, meats, and various types of ceviche’s; handmade tamales and tortillas daily; wellness community center; composting; energy efficient and environmentally focused initiatives.
 - The company proposes an architecture designed layout, detailed marketing/advertising campaigns, a technology plan to include a state of the art POS and inventory system, community involvement and partnership initiatives, a 5-year financial forecast, resumes of partners and letters of repair and recommendations.

Staff are currently working on pricing the proposed items. If approved, staff can begin negotiations for a lease/purchase agreement that will entertain modified terms that fit Mayor and Council direction for a later consideration and approval at a future meeting.

DISCUSSION:

Staff recommend accepting the submitted proposal by S&A Investment Group, LLC dba Manny’s Farmers Market to enter into negotiations for a lease agreement contract.

FISCAL IMPACT:

Additional financial resources to the City's general fund.

Fiscal Year: 2023/2024

Amount Requested: n/a

Budgeted: n/a

Account (s):

“...I MOVE THAT THE MAYOR AND COUNCIL ACCEPT THE BID AWARD FROM S&A INVESTMENT GROUP, LLC DBA MANNY’S FARMERS MARKET FOR THE LEASE OF CITY OWNED PROPERTY LOCATED AT 1300 SAN ANTONIO AVENUE.”