



Golcheh Group, LLC
1180 S Beverly Drive
Los Angeles, CA 90035

August 26, 2024

Subject: Request for Removal of Condition #73

15209 Lincoln St., Lake Elsinore, CA,

Lincoln @ Riverside

Hello Dearest Council Members

We hope this message finds you well.

First, I would like to commend the City of Lake Elsinore for its vibrant community and unwavering commitment to growth and development. The city's dedication to preserving its beautiful parks, lake, fostering a dynamic cultural scene, and supporting thriving local businesses makes it a wonderful place to live and work. Your efforts to honor Lake Elsinore's rich history while fostering innovation and inclusivity are truly commendable. It is with great respect and admiration for our city that I write to you today.

Secondly, we are pleased to inform you that this project is fully entitled, and we are currently finalizing the construction drawings. We anticipate submitting the second round of drawings next week, between August 27th and 30th.

Our Request

We are planning to invest over \$2.5 million in off-site improvements, including widening streets, constructing new sidewalks, and modifying traffic signals. Additionally, we will be spending millions more to significantly enhance the building's aesthetics, boost energy efficiency, and create jobs and tax revenue for the city.

Our lender will only provide the necessary funds for this project only if the City agrees to modify Condition #73 as follows:

1. The electrical poles will Be relocated however they remain above ground, rather than being undergrounded.
2. The city will provide a \$100,000 credit towards all permit fees associated with this project.

First and foremost, please keep in mind that Condition 73 pertains solely to the improvements we are making for the City of Lake Elsinore, not for our property. Secondly, over the past five years, we accepted 100% of every condition the city has placed on us, without ever asking for any favors. We would not be bringing this request to the City Council if it weren't absolutely necessary. This is the only modification we have ever asked for, and we kindly request your approval

Background

Over the past five years, we have invested over \$3.5 million in this transformative project for our city. This commitment stems from a shared belief in the potential this development holds to uplift our community, a sentiment echoed by the unanimous support and collaboration we've received from both residents and the City of Lake Elsinore.

From the outset, we meticulously assessed the project's viability, engaging with various stakeholders, including grocers, retailers, and restaurant chains. Despite extensive efforts, securing a major grocery store proved challenging, leading us to focus on developing a mixed-use site anchored by 7-Eleven and McDonald's. Negotiating with property owners and these esteemed brands took over two years, during which we overcame numerous obstacles to revitalize a long-abandoned site.

We have already committed an additional \$4 million to enhance the surrounding infrastructure for the benefit of the community, and develop the project. This property has always remained vacant, with previous owners and developers unable to unlock its potential. Our unwavering dedication distinguishes us from the rest, as we remain resolute in delivering a project of unparalleled quality.

Reasons for Our Request

We believe in paying our "fair share" and have always prioritized fairness and integrity in our dealings. In over 40 years of real estate development, we have never been involved in legal disputes which had to be litigated in court of law. This speaks volumes about our commitment to this principle. However, we are facing several challenges:

1. No Tenant Income

This property has generated no income, and the prolonged development process has strained our financial resources.

2. Increased Carry Costs

Rising interest rates have significantly increased our borrowing costs.

3. Impact of COVID-19

The pandemic has severely affected our operations, with no government assistance received. For example, our office manager Stephanie McGuan got so sick and as of today has never recovered.

4. Architectural Delays

Our architectural firm faced significant delays due to key personnel losses from the COVID impact.

5. 7-Eleven Acquisition Delays

The \$21 billion acquisition of Speedway Oil by 7-Eleven caused management upheavals. Three times the entire staff of 7 eleven has changed. Each new management team, required substantial changes in the plans. The constant changes and delays, impacting our project timeline. 7 Eleven cooperation also has canceled 5 of other deals we had with them which created enormous financial damage to us. we are also very concerned that they may cancel this lease anytime; Which will completely derail this project.

6. Rising Construction Costs

Construction expenses have exceeded our budget, depleting our funds.

7. Stagnant Rent Prices

The lease signed five years ago has not adjusted to reflect the increased costs, further straining our finances.

Given these challenges, the additional burden of relocating electrical poles is beyond our current financial capacity. If this condition is not removed, it will jeopardize the entire project, leaving the site undeveloped and the community without the promised improvements.

Here are four (4) main reasons why you should approve a request:

1. Economic Enhancement and Job Creation

Our project will generate significant economic growth and create jobs in the community. We are investing substantial resources in developing this intersection, which will greatly enhance the area.

2. Substantial fees + taxes

This project shall produce substantial fees for the city and future tax revenues to come.

3. Intersection Improvements

We are committed to covering the full cost of improvements, including curbs, gutters, and sidewalks—enhancements that could reasonably be funded by the city, yet we are absorbing these expenses.

4. Minor & fair request

Considering all the above facts, it is a minor and very fair request to makes the project possible.

Conclusion

Considering the significant challenges we have faced over the past five years, we earnestly request the City Council's understanding and support in modifying Condition #73. Doing so will allow us to proceed with the project, benefiting the community and fostering economic growth.

Thank you for your time, understanding, and commitment to making our city great.

Sincerely,



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President

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