Staff Summary Report

Tempe

To: Mayor & City Council
Thru: City Manager

Agenda Item Number 44
Meeting Date: 1/11/01

SUBJECT: **EASTSIDE MILL AVE REQUEST FOR PROPOSALS / DEVELOPER SELECTION / RESOLUTION No. 2001.02**

PREPARED BY: Steve Nielsen, Redevelopment Manager (480-350-8028)
Neil Calfee, Senior Planner (480-350-2912)

REVIEWED BY: Dave Fackler, Development Services Manager (480-350-8333)

BRIEF: Request approval for the selection of developer in response to the City's March 31, 2000 Eastside Mill Ave. Request for Proposals (RFP).

COMMENTS: **EASTSIDE MILL AVENUE RFP (0403-02-15) RESOLUTION NO. 2001.02** Approval requested by the **CITY OF TEMPE** of Resolution No.2001.02 for the selection of MCW Holdings, LLC, Brownstone Residential, LLC and Lynch Realty (collectively the "Developer") as prime developer of an approximate 4.1 acre site located along the eastside of Mill Ave between 2nd and 4th Streets in Downtown Tempe.

Document Name: 20010111devsrh17 Supporting Documents: Yes

SUMMARY: The development group headed by MCW Holdings has responded to the City's March 31, 2000 RFP for the development of a mixed-use development project on an approximate 4.1 acre site located along the eastside of Mill Ave between 2nd and 4th Streets in Downtown Tempe. The purpose of the adoption of Resolution No. 2001.02 is to select MCW Holdings, LLC, Brownstone Residential, LLC and Lynch Realty (collectively the "Developer") as prime developer for this site with exclusive rights to negotiate a Development and Disposition Agreement with the City for the development of the site.

HISTORY AND FACTS:

Attached for the City Council's review and approval is Resolution No. 2001.02, which, if approved, will select MCW Holdings, LLC, Brownstone Residential, LLC and Lynch Realty (collectively the "Developer") as prime developer for the development of a mixed-use project on an approximate 4.1 acre site located along the eastside of Mill Ave. between 2nd and 4th Streets in Downtown Tempe. The resolution also provides for an exclusive negotiation period for negotiation of a Development and Disposition Agreement (DDA) between the Developer and the City.

A copy of the Developer's proposal is attached for the City Council's review. The proposal proposes the development of a mix of office, retail and for-sale housing on the site.

The Developer proposes that the development of the 4.1 acre site be combined with the adjacent Hayden Ferry South development site. The Developer is, in part, a party to the Hayden Ferry South development and is in the process of "buying out" the other interests in the Hayden Ferry South development. Once the buyout is complete, the Developer is proposing that a new Development and Disposition Agreement (DDA), combining the Hayden Ferry South (11ac.) site and this 4.1-acre RFP development site, be negotiated between the Developer and the City.

The Developer's proposal, as submitted, calls for the development of the combined 15.1-acre site in a three-phase development totaling 728,500 square feet of vertically integrated mixed-use. The proposed site plan reflects sensitivity to the City's proposed Hayden Butte Guidelines, but does not respond, at this point, to the City Council's stated desire, that development not occur above the approximate 1180 foot elevation line of Hayden Butte. The proposed site plan, at this point, reflects development up to the previously approved 1215 foot elevation, approved as part of the Hayden Ferry South Planned Area Development (PAD). The developer states that, working with the City during the DDA negotiation, the developer will prepare a revised site plan that reflects the City Council's desire to have as little of the butte property developed as possible. The Developer must complete the buyout of its Hayden Ferry South development partners, before the two development sites can be combined and a revised site plan prepared. The developer is hoping to complete the buyout contract prior to or shortly after the City Council's adoption of this Resolution No. 2001.02. Also, as part of this developer selection process, the City Council is being asked to approve an addendum to the existing Hayden Ferry South Development and Disposition Agreement. The addendum will facilitate the buyout of the Developer's development partners in the Hayden Ferry South development and the negotiation of a new DDA for the combined development site.

Combining the two development sites into one will also require the negotiation of a new development schedule. The Developer is proposing that the first phase of the combined development move to construction prior to April 30, 2002.

FISCAL NOTE:

The Developer's proposal requests the negotiation financial participation by the City in the purchase and development of the combined development site and the provision of public parking and replacement parking for the existing Mission Palms Hotel. This financial participation, as proposed by the Developer, would be primarily through property tax abatement and rebate of sales taxes generated by the new development. The details of any financial participation and a new development timetable will be determined through negotiation of the DDA, and City Council approval.

RECOMMENDATION:

Approval of Resolution No. 2001.02

RESOLUTION NO. 2001.02

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, SELECTING MCW HOLDINGS, LLC, BROWNSTONE RESIDENTIAL, LLC AND LYNCH REALTY, COLLECTIVELY, OR THEIR NOMINEE AS PRIME DEVELOPER OF CERTAIN REAL PROPERTY IN TEMPE, ARIZONA.

WHEREAS, in furtherance of the objectives of, and pursuant to, the Local Urban Renew Enabling Act, A.R.S. 36-1401 through 36-1491, inclusive, as amended from time to time (the "Urban Renewal Act"), the City of Tempe has adopted a community redevelopment plan known as the University-Hayden Butte Area 1 Redevelopment Plan, first dated March 22, 1973, as recorded in Docket 10122, pages 161 et seq., official records of Maricopa County, Arizona (the "Community Redevelopment Plan"), and last amended by City Resolution 94.67 on December 8, 1994.

WHEREAS, in accordance with the Urban Renewal Act and the Community Redevelopment Plan, the City issued a Request for Proposals, dated March 31, 2000, for the redevelopment of certain real property within the University-Hayden Butte Redevelopment Area, and

WHEREAS, MCW Holdings, LLC, Brownstone Residential, LLC and Lynch Realty, collectively, submitted a development proposal on November 20, 2000, acceptable to the City Council, for the development of a mixed-use project within the Redevelopment Area.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, as follows:

Section 1: That, MCW Holdings, LLC, Brownstone Residential, LLC and Lynch Realty, collectively, or nominee be selected as prime developer to develop the real property described in the March 31, 2000 Request for Proposals (RFP) substantially as proposed in their development proposal submitted November 20, 2000 in response to the RFP, subject to negotiation with the City of Tempe and its normal development approvals. Further, that MCW Holdings, LLC, Brownstone Residential, LLC and Lynch Realty, collectively, or nominee be given a 90-day exclusive negotiation period in which to negotiate a Development and

Disposition Agreement with the City of Tempe for the development of the property contained in the RFP.

Section 2: That the City Attorney be and hereby is authorized and directed to negotiate with MCW Holdings, LLC, Brownstone Residential, LLC and Lynch Realty, collectively, or nominee a Development and Disposition Agreement for the development of the property contained in the RFP.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, this _____ day of _____, 2001.

_____
Neil G. Giuliano, Mayor

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

_____
City Attorney