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JUN 28 2007



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MEMORANDUM

Downtown Redevelopment - Council Memo DT07-034

DATE: JUNE 28, 2007

TO: MAYOR AND CITY COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER
RICHARD K. MULLIGAN, ECONOMIC DEVELOPMENT DIRECTOR

FROM: TERI KILLGORE, DOWNTOWN REDEVELOPMENT MANAGER

SUBJECT: SITE 6 RFP ADDITIONAL INFORMATION AND TENTATIVE
TIMELINE

BACKGROUND: Council Agenda Item #33 requests that the City Council approve staff's recommendation to begin negotiations with Desert Viking on a development agreement for Site 6. As mentioned in Council Memo (DT07-32) and raised as part of the June 25th Council Meeting, the proposed timeline for the redesign of Site 6 and expansion of the discussion to include Sites 4 and 5 is estimated to be six months by both staff and Desert Viking.

DISCUSSION: Staff has since met with Desert Viking to discuss what milestones could be accomplished within the next six months. The attached development timeline was created in partnership and both parties recognize that this represents an ambitious plan for moving forward. Staff expects to return to Council by end of the year with an Initial Design including site plans and renderings, and Development Agreement deal points. Along the way, Desert Viking and staff will hold team meetings on a monthly basis to assure the project continues to move forward. It is important to note that this timeline incorporates a key assumption that the Conference Center Feasibility Study will be completed in early November and a decision made by Council shortly thereafter. Any delays in this process will have a significant impact on this proposed timeline.

To complete the Initial Design, Desert Viking and staff will first work together to select a firm with expertise in land use planning, urban design and circulation, to develop a land use plan that integrates the three sites. At the end of summer, the consultant will meet with stakeholder representatives from DCCP, the Museum Advisory Board, and the Chamber to

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review progress and solicit input on the initial design and layout. This input will be considered in the development of the site plans, renderings, elevations and related narratives to be completed by year's end.

In order to complete the related Development Agreement, the rough design must be completed so that analysis of any incentives can be undertaken. We anticipate this will include a financial analysis as well as an outline of additional City processes that may need to occur, such as rezonings. Staff will return to Council with proposed deal points and an associated ordinance by the end of the year, provided the Initial Design moves forward as anticipated.

FINANCIAL IMPLICATIONS: Desert Viking and the City will share the cost of the consultant and partner in the selection of the firm. Any financial incentives to be offered will be brought to Council.

SITE 6 DEVELOPMENT TIMELINE

OBJECTIVE: The City of Chandler and Desert Viking have committed to a 6 month schedule to revise the site plan, identify project components (square feet by usage, parking requirements, museum location and size, etc.), complete design concept and elevations, and prepare a deal point Ordinance to submit to the City Council.

TIMELINE: There are three primary components of the Timeline with the following schedule parameters:

(1) Initial Design

- (a) Beginning immediately, select the design team and outside architectural support with costs to be shared equally;
- (b) Revise the existing site plan considering Sites 4, 5 and 6 as a single area (as well as potential additional adjoining land);
- (c) Within about 2 months (August 31, 2007) review progress with stakeholders to provide an update and solicit input to the process;
- (d) Target a completed "rough design" within about 4 months (October 31, 2007); and
- (e) Complete the Initial Design phase, including site plan, rendering/elevations, and narrative within 6 months or by December 31, 2007.

(2) Development Agreement:

- (a) Complete the Ernst & Young study of Sites 1, 2 and 3 and determine if applicable to Site 6 incentives;
- (b) Outline issues for the agreement in addition to the financial incentives (i.e. CIC, off-site work, additional land acquisition/site expansion, etc.);
- (c) Define rezoning or other land use or planning requirements and identify timing and method;
- (d) Within about 4 months (by October 31, 2007) begin drafting the Ordinance utilizing the "rough design" product defined above;
- (e) Complete Ordinance, including financial incentives and schedules, within 6 months or by December 31, 2007.

(3) Process Reviews:

- (a) Schedule monthly team reviews of both the design and agreement plans to ensure the process remains on schedule;
- (b) Make adjustments as required to meet the Objective of submitting both Initial Design and Development Agreement to the City Council within 6 months or by December 31, 2007.

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MEMORANDUM Downtown Redevelopment - Council Memo DT07-029

DATE: JUNE 18, 2007

TO: MAYOR AND CITY COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER
 RICHARD K. MULLIGAN, ECONOMIC DEVELOPMENT DIRECTOR

FROM: TERI KILLGORE, DOWNTOWN REDEVELOPMENT MANAGER

SUBJECT: AUTHORIZATION FOR STAFF TO NEGOTIATE A DEVELOPMENT AGREEMENT WITH DESERT VIKING PROPERTIES, LLC FOR THE REDEVELOPMENT OF SITE 6

RECOMMENDATION: Staff recommends that they be given authority to negotiate a development agreement with Desert Viking Properties, LLC for the redevelopment of Site 6.

BACKGROUND: In March 2007, the City issued a Request for Proposals for an “overall design concept for an urban, mixed-use project on Site 6 that may include a variety of components, such as commercial, cultural, entertainment, hotel, institutional, office, restaurant/retail, supporting parking and other compatible uses. Additionally, it is the current policy of the City to locate the Chandler Historical Museum on the site.” Two responses were received from Desert Viking Properties, LLC and Sterling Centrecorp US Inc.

A selection committee was formed consisting of City Manager Mark Pentz, Assistant City Manager Rich Dlugas, Economic Development Director Richard Mulligan, Budget Manager Dennis Strachota, Current Planning Manager Bob Weworski, Acting City Engineer Sheina Hughes, Purchasing Supervisor Robert Descheemaker, and Downtown Redevelopment Manager Teri Killgore. The team reviewed the proposals and hosted interviews on May 24, 2007. The Desert Viking Properties, LLC proposal provided for a mix of residential, office, retail/restaurant and public space. The proposal by Sterling Centrecorp US Inc. included an ice rink, office and retail/restaurant space. The selection

team concluded that the proposal by Desert Viking Properties, LLC was the superior proposal and was generally more consistent with the vision for Downtown.

DISCUSSION: Follow up discussions were held with Desert Viking Properties, LLC regarding concerns in the layout of the project and its interaction with neighboring properties. Based on these discussions, significant redesign of the project is anticipated and both parties have agreed to work together. To this end, staff recommends that through a collaborative process they be authorized to work with Desert Viking to modify the proposal, develop a Preliminary Development Plan, and negotiate a subsequent development agreement.

Staff will return to Council with a proposed concept and deal terms prior to finalizing any agreement. In the event that negotiations cannot be successfully completed with Desert Viking Properties, LLC, staff will return to Council for further discussion.

FINANCIAL IMPLICATIONS: Desert Viking Properties, LLC included some requested incentives as part of this project; however, given the redesign it is premature to estimate the financial impact of any agreement at this point in time. As mentioned above, Staff will return to Council for further discussion of any incentives.

PROPOSED MOTION: Move to authorize Staff to negotiate an agreement Desert Viking Properties, LLC for the redevelopment of Site 6.