

DATE: June 7, 2011

ITEM: 7.D.

RE: CONSIDERATION AND APPROVAL OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY APPROVING THE REQUEST FOR PROPOSALS TERM SHEET FOR THE PROPERTIES LOCATED AT 873 SOUTH 200 WEST AND 879 SOUTH 200 WEST AND AUTHORIZING THE PREPARATION AND DISTRIBUTION OF THE REQUEST FOR PROPOSALS.

PROJECT AREA: West Temple Gateway Project Area

PREPARED BY: Matt Dahl

EXECUTIVE SUMMARY: Staff is in the process of preparing a Request For Proposals (RFP) to market the RDA-owned properties located at 873 & 879 South 200 West (the "Property") for development. Attached is a copy of a RFP term sheet, which includes the proposed offering terms for the Property. RDA Board approval of the term sheet is required before staff can proceed with marketing the Property

REDEVELOPMENT ADVISORY COMMITTEE RECOMMENDATION: The Redevelopment Advisory Committee (RAC) recommended that the RDA Board approve the RFP Term Sheet for the Property with the following changes:

1. The RFP should not include a sales price, but instead instruct developers to propose a sales price in their response to the RFP. The proposed sales price would be evaluated along with project design and the developer qualifications in the selection process.

The impetus for this recommendation was the belief of some RAC members that the proposed sales price was up to five times too high for prospective developers. To address the discrepancy between current neighborhood real estate prices and the price required to make a project profitable, RAC thought it would be appropriate to let the respondents propose a price that would work for their proposal's proforma. Staff has adjusted its proposal based on RAC's recommendation and input from the development community.

2. The RFP should specify that it is the RDA's intent to stimulate development in the West Temple Gateway project area and that the RDA's incentives and developer selection will be used to accomplish this objective.
3. The RFP should not include a minimum size for each residential unit.

ALTERNATIVES: 1) Approve the resolution.
2) Do not approve the resolution.
3) Approve the resolution with modifications.

ANALYSIS AND ISSUES: The RDA has nearly completed preparing the West Temple Gateway and Granary District Redevelopment Strategy (the “Strategy”). The Strategy provides guidance for the development of RDA-owned property in the West Temple Gateway Project Area for the types of projects that could be financed and built in today’s market, while still benefitting the project area. Utilizing the Strategy, staff has begun preparing RFP term sheets in anticipation of marketing several properties in the West Temple Gateway Project Area for development.

The Property is a 0.23 acre lot located on the northeast corner of the intersection of 900 South and 200 West and is the temporary site of the People’s Portable Garden (the “Garden”). The Strategy did not provide a specific approach to the development of the Property, though its general guidance and specific development approaches for neighboring properties provided staff with adequate direction to recommend a scope of development. In its preparation of the attached RFP term sheet, staff sought to provide a scope of development for the site that would guide developers towards the types of development recommended in the Strategy, but still allow for developers to propose unique projects. The following is the scope of development proposed for inclusion in the RFP for the Property:

1. Proposals must include all offered property.
2. All proposed developments should have designs that complement the neighborhood, are visually interesting, and incorporate the West Temple Gateway and Granary District Project Area Design Guidelines.
3. The preferred land use is residential or mixed-use with ground-floor commercial. Proposals shall include a minimum of seven residential units. Units may be owner occupied or rentals. All residential units shall be sold or leased at market rate.
4. Preference will be given to developments that incorporate environmentally friendly or energy efficient design elements. LEED certification is not required.
5. Preference will be given to developments that incorporate design elements or programs that encourage transit ridership, bicycling, or walking among the development’s residents, businesses, and business patrons.
6. No onsite surface parking or garages shall front 200 West or 900 South. Vehicle access must be from alley.

No new driveways may be built off of 900 South or 200 West.

7. The primary entrance(s) to the development and individual residential and commercial units should front 900 South and/or 200 West.

The RFP will be advertised in the local market for a period of 90 days. Responses to the RFP will need to include verbal and graphic descriptions of the proposed development, as well as background information on the proposer. A Selection Committee comprised of the RDA, Planning, and City Council staff members, as well as representatives of the West Temple Gateway neighborhood and RAC, will be used to review and recommend a first and second ranked developer from among the proposals. The RDA Board will need to approve the first ranked developer before the project can proceed to exclusive negotiations. Given that the People's Portable Garden will be utilizing the Property until November 2012, the selected developer will not be able to begin construction on the site until December 1, 2012.

The Property is currently assessed at \$159,000. Sales prices in the West Temple Gateway Project area suggest the market value of the Property is between \$150,000 and \$210,000. Despite these price indicators, when the Strategy backed into the development cost for the neighboring Jefferson Corner it concluded that the RDA would need to have a land sales price of \$0 to encourage an appropriate development for the site. To address the Strategy's recommendation, staff is proposing that the selected developer be required to pay the sales price of \$150,000 when they close on the acquisition of the Property, but that the RDA refund the total sales price at the end of construction, provided the development is completed per the terms of the development agreement.

If the RDA Board approves the attached term sheet, staff will issue an RFP for the development of the Property in August or September 2011. If the RDA Board does not approve the term sheet, staff will require further direction regarding how to proceed with the redevelopment of the Property.

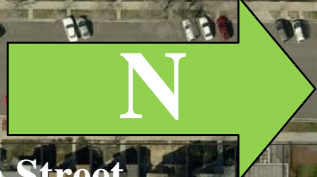
BACKGROUND:

- The 873 & 879 South 200 West were purchased in 1998 for \$345,000.

ATTACHMENTS: Site Map, Resolution, RFP Term Sheet



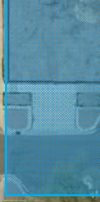
SLCRDA



Washington Street

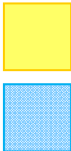
900 South

200 West



Jefferson Street

Key



873-879 South 200 West



156 West 900 South

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY APPROVING THE REQUEST FOR PROPOSALS TERM SHEET FOR THE PROPERTIES LOCATED AT 873 SOUTH 200 WEST AND 879 SOUTH 200 WEST AND AUTHORIZING THE PREPARATION AND DISTRIBUTION OF THE REQUEST FOR PROPOSALS.

WHEREAS, the Redevelopment Agency of Salt Lake City (“Agency”) was created to transact the business and exercise the powers provided for in the Utah Community Development and Renewal Agencies Act; and

WHEREAS, the Agency adopted the West Temple Gateway Neighborhood Development Plan on August 1, 1987; and

WHEREAS, the Salt Lake City Council adopted the Central Community Master Plan on November 1, 2005; and

WHEREAS, the Agency adopted the West Temple Gateway and Granary District Redevelopment Strategy on June 7, 2011; and

WHEREAS, the Agency owns property located at 873 South 200 West and 879 South 200 West (the “Property”) in the West Temple Gateway Project Area; and

WHEREAS, the Agency plans to redevelop its property in the West Temple Gateway Project Area in accordance with objectives set forth in the West Temple Gateway Neighborhood Plan, Central Community Master Plan, and West Temple Gateway and Granary District Redevelopment Strategy; and

WHEREAS, the Agency intends to market the Property for redevelopment through a Request for Proposals (RFP) process.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY, that we do hereby approve the Request for Proposals Term Sheet (the “Term Sheet”) attached hereto.

BE IT FURTHER RESOLVED, that we do hereby authorize the Chief Administrative Officer and the Executive Director to prepare and distribute an RFP incorporating the terms in the Term Sheet. The Term Sheet shall also incorporate such other terms as recommended by Agency legal counsel.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this 7th day of June, 2011.

Luke Garrott, Chairperson

ATTEST:

D.J. Baxter, Executive Director

Transmitted to the Chief Administrative Officer on _____. The Chief Administrative Officer

_____ does not request reconsideration

_____ requests reconsideration at the next regular Agency meeting.

Ralph Becker, Chief Administrative Officer

ATTEST:

D.J. Baxter, Executive Director

Approved as to legal form: _____

156 West 900 South
Request for Proposals Term Sheet

Property

Description:

Property Address: 873 & 879 South 200 West

Property Size: 0.23 Acres (10,000 square feet)

Current Use: Temporary site of the People's Portable Garden

Purchase Price:

\$150,000 - The purchase price will be refunded to the developer in conjunction with the RDA's issuance of a Certificate of Completion at the completion of construction.

Down Payment:

Each proposal must include a deposit of \$2,000 that is refundable only if the developer is not selected. The selected developer must submit an additional \$5,000 down payment after the Board's action to select the developer to enter into exclusive negotiations. Prior to closing on the sale of the property, the down payment is only refundable if the developer cannot obtain Planning Commission approval (if needed). The developer will be required to submit the down payment in the form of a certified or cashier's check within 10 days of being notified that they have been selected or must forfeit their position and the Agency will begin negotiations with the second ranked developer.

The \$7,000 down payment will be applied to the purchase price at closing.

Scope of

Development:

1. Proposals must include all offered property.
2. All proposed developments should have designs that complement the neighborhood, are visually interesting, and incorporate the West Temple Gateway and Granary District Project Area Design Guidelines.
3. The preferred land use is residential or mixed-use with ground-floor commercial. Proposals shall include a minimum of seven residential units. Units may be owner occupied or rentals. All residential units shall be

sold or leased at market rate.

4. Preference will be given to developments that incorporate environmentally friendly or energy efficient design elements. LEED certification is not required.
5. Preference will be given to developments that incorporate design elements or programs that encourage transit ridership, bicycling, or walking among the development's residents, businesses, and business patrons.
6. No onsite surface parking or garages shall front 200 West or 900 South. Vehicle access must be from alley. No new driveways may be built off of 900 South or 200 West.
7. The primary entrance to the development and individual residential and commercial units should front 900 South and/or 200 West.

**Zoning
Requirements:**

The property is in the Downtown Support Zoning District (D-2). Proposals for the development of the property must adhere to the zoning provisions outlined by Salt Lake City ordinance for the D-2 Zone (Salt Lake City Ordinance 21A.30.030). A complete description of the zoning requirements can be found on the Salt Lake City Planning Division website (www.slcgov.com).

**RFP Design
Submittal
Requirements:**

RFP Submittals shall include:

1. A conceptual site plan showing auto and pedestrian circulation.
2. Elevation drawings showing the development's south and west facades. The elevation drawings should identify façade materials.

**RFP Information
Submittal
Requirements:**

RFP Submittals must include:

1. Statement of Qualifications: A description of the entity that will be the developer and the financial capacity of the entity to complete the project.
2. Project Description: A brief written description of the proposed development.
3. Preliminary Project Proforma: A preliminary estimate of the project costs and potential revenue.
4. Preliminary Financing Statement: The proposal should include a brief description of how the developer anticipates funding the project.

**Proposal
Selection:**

The proposals will be reviewed by a Selection Committee comprised of representatives of the Redevelopment Advisory Committee, Planning Division, RDA, City Council staff, and the West Temple Gateway Project Area. The Selection Committee may select a first and second ranked developer, or no developers. The first and second ranked developers' proposals will be reviewed by the Redevelopment Advisory Committee, with the RDA Board having the final approval of the first and second ranked developers. The RDA will enter into exclusive negotiations with the first ranked developer. The RDA will enter into exclusive negotiations with the second ranked developer if the first ranked developer is unable to close on the project.

**Design Review
Process:**

This design review process will require the selected developer to obtain the approval of a Design Review Committee (which is to be comprised of 3-4 Redevelopment Advisory Committee Members) and/or the Board of Directors for the Conceptual Site Plan, Schematic Design, Design Development, and Final Construction Documents.

Conceptual Site Plan: The basic concept design drawings for the development shall be approved by the Board of Directors during the selection process. In addition, the selected developer will be expected to present the site plan to the Ballpark Community Council.

Schematic Design: The schematic design shall be conducted

when the design is 30% complete. The submittal shall include a narrative description of the development, a presentation site plan, exterior concept elevation drawings, and two project sections.

Design Development: The Design Development submittal shall include the 60% complete construction documents. The submittal will include samples of exterior materials, as well as drawings that specify the location and appearance of all exterior design features.

Final Construction Documents: The Final Construction Document submittal shall include all drawings, specifications, and related documents necessary for construction of the development.

Legal Documents:

A summary of the Agency's standard legal requirements will be attached to the offering with a statement that the full documents are available upon request. The agreements will be negotiated and executed after the developer has been granted the exclusive right to negotiate.

Purchase and Sale Agreement:

The Purchase and Sale Agreement will be negotiated during the period of exclusive negotiations and will be signed at such time as the Board approves the agreement's terms. The exclusive negotiation period shall not exceed six months. As a condition of the Agency's obligation to sell the property, the developer must demonstrate its financial ability to acquire and develop the property and the RDA Board must approve of the proposed development.

Development Agreement:

At closing, the developer must enter into a standard Development Agreement with the Agency to construct and oversee the marketing of the development. The terms of the Development Agreement will require the developer to provide personal guarantee(s) and payment, performance, and completion bonds. Additionally, the Development Agreement will indicate that no construction may proceed on the site until December 1, 2012.

- CC&Rs:** The developer will be required to prepare and record CC&Rs against the property.
- Title:** The developer must accept a Special Warranty Deed subject to a right of reverter in favor of the RDA in the event of default.
- Closing:** Closing shall be contingent on the developer receiving the requisite approvals of the final construction documents, a construction estimate, a marketing plan, a project proforma, and a copy of the building permit. The Agency will close simultaneously with the developer's construction financing.
- Schedule:** The developer will prepare a development schedule in consultation with Agency staff, highlighting major milestones such as closing, start of construction, and project completion.
- Property Listing:** The Request for Proposals (RFP) will be distributed free of charge to all interested parties. Notices of the RFP will be mailed to developers, architects, and real estate brokers with offices in Salt Lake City. Notices will also be placed in the local newspapers, as well as the RDA's website and Salt Lake City's Purchasing and Contract Management Division Online Bidsystem. A sign declaring the property is available and listing the appropriate contact person will be placed on the site and will remain in place until a Purchase and Sale Agreement is executed.
- RFPs will be issued in August or September 2011. Proposals will be due three months after issue. If no offers are received on or before the RFP deadline, the RDA will continue to offer the property on a first come, first serve basis.
- 1% for Art Requirement:** The selected developer will be required to make a contribution equaling 1% of the property's purchase price to West Temple Gateway public art. The contribution may go towards art that is incorporated into the developers proposed development or the developer can make a cash contribution to the RDA for the purpose of funding future art projects. The contribution will be required before the RDA will issue a Certificate of Completion and will not be refunded with the Purchase Price.
- Miscellaneous:** Such other terms as required by RDA attorney.