

CITY COMMISSION AGENDA MEMO
August 10, 2021

FROM: Jason Hilgers, Deputy City Manager
MEETING: August 17, 2021
SUBJECT: Aggieville Parking Lot - RFP
PRESENTER: Jason Hilgers, Deputy City Manager

BACKGROUND

The City of Manhattan led an initiative to implement a community-wide vision for the future development of Aggieville as a vibrant, historic, pedestrian-orientated urban district that offers diverse shopping, dining, entertainment, and residential opportunities to students, visitors and the broader community. A year-long process began in the spring of 2016, which resulted in a comprehensive and cohesive planning document with a clear direction for future development and civic improvements in the district, addressing and balancing the needs and desires of the district and the Manhattan community.

View the [Aggieville Community Vision plan document](#) describing the future vision for Aggieville and projects to follow. The document is responding to the issues identified and the opportunities explored through research and community input we received through focus group meetings, outreach events, an open house, and our community survey yielding more than 4,200 responses. The plan was adopted by the City Commission via Ordinance No. 7280 on [April 18, 2017](#).

Page 26 of the above referenced plan document highlights the redevelopment of City-owned parking lots on Laramie Street “with mixed-use developments and/or parking garages that enhance the pedestrian-retail character of the district.”

In 2010 the City hired Gary Stith to prepare a Request for Proposal (RFP) for the City-owned 4.5 acres within the south redevelopment area downtown. The RFP was finalized but the process shifted to a direct redevelopment opportunity that resulted in 2 hotels and a mixed-use building.

Community Development staff modified the RFP to reflect an approach for the City parking lot located at the northwest corner of 12th Street and Laramie Street.

There are two sections of objectives within the RFP. There are 15 primary objectives which highlight multiple items including a minimum investment of \$20 million, mixed-use development, compatible with the district, pedestrian friendly, timely, and address parking.

The 16 secondary objectives focus on local businesses, zoning requirements, compliment public improvements, encourage diversity of uses and activities, take advantage of the public parking garage less than a block away, and minimize construction impacts just to name a few.

The RFP setup a two phase process to evaluate and ultimately consider a recommendation to the City Commission. The Selection Committee comprised of City staff, an economic development practitioner, Aggieville Business Association (ABA) members and City Commissioners Reddi and Hatesohl evaluated the proposals. This process was simplified with only one applicant submitted.

Phase 1 consisted of the following:

- A. Transmittal letter
- B. Statement of Qualifications
- C. Description of the Development Team
- D. Qualifications and Experience
- E. Project Concept
- F. Litigation and Material Controversy

Phase 2 consisted of the following:

- A. Project Plan
- B. Financial Capability
- C. Developer's Commitment and Duration
- D. References

DISCUSSION

The City received one proposal from Back 9 Development on April 7th. The Phase I and Phase II proposals are attached. The selection committee met on May 18th and discussed the proposal. An interview was also scheduled and held on June 22nd. The selection committee unanimously recommended the Back Nine proposal for consideration by the City Commission.

Once selected, the developer will be requested to enter into a negotiated Pre-Development Agreement (draft attached) with the City that, among other things, may include the following matters:

- A. Designating the Developer as the exclusive developer with which the City will be an active participant, during (a specific period to be determined), for the purpose of reaching a Final Agreement for implementation of the Project.
- B. Provide for compensation to the City for such designation and for its work in performing its obligations under a Pre-Development Agreement.
- C. Set forth the issues that need to be explored, and addressed, prior to any Final Development Agreement being entered into by the parties.
- D. Set forth such other matters as the parties deem appropriate.

FINANCING

The redevelopment of the City-owned parking lot could assist with the incremental revenues generated in the Tax Increment Finance (TIF) district over the next 19 years. The parking lot currently generates zero property taxes. This RFP identifies a development minimum of \$20M, which would generate around \$675,000 annually at a commercial rate. The proposal has suggested a \$40M investment, or an estimated \$1M annually in property taxes at a blended commercial and residential rate.

ALTERNATIVE

It appears the Commission has the following alternatives concerning the issue at hand. The Commission may:

1. Accept the recommendation of the selection committee of Back 9 Development for the redevelopment of the City parking lot at 12th & Laramie Street and authorize City Administration to finalize a Pre-Development Agreement for further consideration.
2. Deny the measure.
3. Modify to meet the needs of the Commission.
4. Table the item.

RECOMMENDATION

City Administration recommends the City Commission accept the recommendation of the selection committee of Back 9 Development for the redevelopment of the City parking lot at 12th & Laramie Street and authorize City Administration to finalize a Pre-Development Agreement for further consideration by the City Commission.

POSSIBLE MOTION

Accept the recommendation of the selection committee of Back 9 Development for the redevelopment of the City parking lot at 12th & Laramie Street and authorize City Administration to finalize a Pre-Development Agreement for further consideration by the City Commission.

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Enclosures:

1. Phase I Submittal
2. Phase II Submittal
3. Draft Pre-Development Agreement