

CIP
EXPENSE DETAIL

DATE OF COUNCIL CONSIDERATION:

6/7/12

CONTACT DEPARTMENT(S):

Economic Growth and Redevelopment

SUBJECT: Approve an ordinance amending Ordinance No. 20080410-023 and amending the Master Development Agreement (MDA) with SEAHOLM POWER DEVELOPMENT LLC for the Seaholm Power Plant Redevelopment Project.

CURRENT YEAR IMPACT:

Department:	Financial and Administrative Services
Project Name:	Seaholm roadways and infrastructure
Fund/Department/Unit:	8560-5507-0051; 8560-5507-0052; 8560-5507-0053: 8560-5507-0054; 8560-5507-0056
Funding Source:	Certificates of Obligation
Current Appropriation:	20,400,000
Unencumbered Balance:	0
Amount of This Action:	<u>(13,600,000)</u>
Remaining Balance:	<u>6,800,000</u>

ANALYSIS / ADDITIONAL INFORMATION: The Seaholm Power Plant operated as a City-owned power generation facility until 1989. In 1996 City Council authorized the decommissioning of the plant and its adaptive reuse. In 2005 the City Council selected Seaholm Power Development, LLC, (SPD) to develop Seaholm and the area bounded by 3rd Street, West Avenue, Cesar Chavez, and Seaholm Drive. Council approved the Master Development Agreement with SPD in April 2008. The Seaholm Redevelopment Project includes the redevelopment of the historically significant Seaholm Power Plant and its immediate grounds. In addition the Project will relocate utilities, provide for new street infrastructure to connect Cesar Chavez Street and Third Street and provide for a mix of office, retail, residential, special event space, and associated parking.

This Council action would allow the City to make the following amendments to the Master Development Agreement which has an effective date of June 17, 2008:

to allow a change of use from Condo/Hotel to Multi-unit Residential to delete the Restrictive Covenant prohibiting any use other than retail on the ground level of the Power Plant Building to modify the incentives and the scope of the Streets and Streetscape Improvements to replace the original pro forma with an updated pro forma.

The MDA contemplated the construction of a Class A hotel with at least 62 condominium units on the Seaholm Property. To capitalize on a currently robust “for rent” multi-family market and to commence redevelopment of the Seaholm Redevelopment Project at an earlier date, the Seaholm Power Development LLC has requested that the City consent to a change in use of the Hotel/Condo Building to a “for rent” multi-family building. The Hotel/Condo Building under the MDA would become the “MF Building” which means at least a 305 unit “Class A” for rent multi-family project.

The Restrictive Covenant of the MDA prohibited “any Office or Services Use” of the ground level of the Power Plant building. Due to current market environment, Seaholm Power Development LLC has been unable to identify sufficient retailer interest to tenant 100% of the ground level.

This council action would allow the City to expand the streets and streetscape improvements to include additional streetscape work and parking along 3rd Street, a retaining wall on the west side of the site, thickened roadway sections to protect utilities, an additional water line, and festival street amenities for West Avenue. The City will reimburse the developer for a total of \$13,600,000 for these infrastructure improvements.

Adjustments have been made to the pro forma to reflect current values, tax rates and anticipated revenue.