

Information Item

Date: April 30, 2018

To: The City Manager

From: Derwick L. Paige, Assistant City Manager

Subject:

Consider Economic Development Assistance to Mayfair Street Partners.

Strategic Focus Area: Economic Vitality and Diversity

Strategic Objective: Promote Downtown Revitalization

Strategic Plan Action Item: Yes

Key Work Item: Yes



Mayfair Street Partners (Mayfair) currently is redeveloping the former Pepper Building at Liberty Street and Main Street as a 75 room Indigo Hotel. This project is anticipated to be completed by October 2018. The estimated redevelopment cost for this project is \$15,500,000. For the second phase of this downtown redevelopment project, Mayfair intends to construct another hotel and extended stay rental units as well as complete the construction of Merschel Plaza and develop the associated parking for the project. The estimated construction cost for this phase is approximately \$27 million over 20 months.

The City has previously appropriated \$3.0 million for the development of Merschel Plaza. These funds were approved as part of the 2014 Economic Development General Obligation Bonds. To further assist with some of the additional project costs, Mayfair is requesting that the City consider providing assistance to help off-set some of the public infrastructure/improvement costs associated with the hotel and extended stay rental units.

The following assistance is being recommended by staff. Up to \$650,000 from the 2014 Economic Development General Obligation Bonds would be used for Sewer Line (\$150,000); Public Restrooms (\$150,000); Public Alley (\$100,000); Bridge Demo (\$150,000); and Utilities to the Park (\$100,000). An additional \$700,000 would be provided over seven years from a portion of the net, new tax increment from the project for Liberty Street sidewalks (\$100,000); Fourth Street sidewalks (\$200,000); and Third Street work (\$400,000). The proposed assistance equals approximately 50% of the increment generated by the project. All of the work would be completed by Mayfair as a Public-Private Partnership and they would be required to follow all of the City's bidding and purchasing procedures.

There is currently \$13.7 million available for economic development infrastructure and projects. Based upon Council direction an item could be prepared for consideration in June.