

## City Council – Action Request Form

**Date:** August 13, 2018

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**To:** The City Manager

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**From:** Evan Raleigh, Assistant City Manager

**Council Action Requested:**

Approve a Resolution Authorizing Financial Assistance to Mayfair Street Partners Pursuant to N.C.G.S. 160A-458.3. (Northwest Ward)

**Strategic Focus Area:** Economic Vitality and Diversity  
**Strategic Objective:** Promote Downtown Revitalization  
**Strategic Plan Action Item:** Yes  
**Key Work Item:** Yes



**Summary of Information:**

Mayfair Street Partners (Mayfair) is currently redeveloping the former Pepper Building located at the corner of Liberty and Fourth Streets as a 75-room Indigo Hotel. This project is anticipated to be completed by October 2018 with an estimated redevelopment cost of \$15,500,000. For the second phase of this downtown redevelopment project, Mayfair intends to construct another hotel and extended stay facility. This second phase will include the redevelopment of Merschel Plaza and the construction of the parking associated with the project. The estimated construction cost for this phase of the project is approximately \$27 million with an estimated construction timeline of 20 months.

As part of the 2014 General Obligation Bond package, \$3 million was designated for the development of Merschel Plaza. 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 costs associated with the public infrastructure improvements associated with the hotel and extended stay facility.

**Committee Action:**

<b>Committee</b>	Finance 8/13/18	<b>Action</b>	Approval
<b>For</b>	Unanimous	<b>Against</b>	

**Remarks:**

In addition to the \$3 million in 2014 bonds funds previously designated for Merschel Plaza, the following assistance is being recommended by staff:

- Up to \$930,375 from 2014 Economic Development General Obligation Bonds to assist with the following projects:
  - construction of public restrooms (\$100,000)
  - construction of a public alleyway (\$119,300)
  - completion of bridge demolition (\$135,000)
  - reconnection of miscellaneous public utilities (\$20,000)
  - relocation of public sanitary sewer lines (\$225,000)
  - relocation of public storm water lines (\$145,000)

The recommended assistance also includes a contingency amount of 25% to account for any unanticipated expenses related to the above-listed projects.

- Up to \$700,000 over 7 years from a portion of the net, new tax increment generated by the project to assist with the following projects:
  - Liberty Street sidewalks (\$100,000)
  - Fourth Street sidewalks (\$200,000)
  - Third Street work (\$400,000)

The proposed new 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.