

City Council Agenda Memo

From: Paul Briseno, City Manager

Council Meeting: August 10, 2021

Subject: Armory Agreement Addendum

Person(s) Responsible: Mike Struck, Community Development Director
Steve Britzman, City Attorney

Summary:

Linchpin Corporation is requesting an addendum to the 2020 Armory agreement. The original due diligence period expired July 1, 2021, and an extension was requested before the expiration. Staff recommends approval of the addendum, which extends the due diligence period.

Background:

The Armory is located at 221 Main Avenue and is a city-owned facility. In 2019/2020, the City solicited through a competitive process requests for proposal. In October 2020, an agreement was entered with Linchpin Corporation to redevelop the Armory and further develop a hotel and parking ramp on the adjacent site.

The agreement contained the following phases:

- Phase I: Due Diligence Period (July 1, 2021)
- Phase II: Armory Renovations/Construction
- Phase III: Hotel and Parking Ramp Construction (2023)

The City's obligation included:

- Responsibility for the costs of repairing the roof of the Armory (Tax Increment Financing eligible expense).
- Waiving of the disposal costs at the landfill associated with the hazardous materials abatement and remediation.
- Creation of two Tax Increment Financing (TIF) Districts, one for Phase II and one for Phase III.
- Creation of a Business Improvement District on the hotel.
- Approval of alcohol license(s) upon completion of the application.
- Transfer of the property for \$0.00.
- Use of the west parking lot and south side of 3rd Street parking for construction staging.

Item Details:

The developer requests an addendum to the original armory agreement. The following is requested:

- An extension of the due diligence period until June 1, 2022.
 - Allows the developer time to inspect the property, complete the 11.1 historical reviews, arrange to finance, and fulfill sale conditions contained in the original agreement.

The developer desires to continue the project as either two separate phases or a single phase after the due diligence. This extension allows the developer to fully examine all opportunities for the successful redevelopment of this site.

Staff believes the request is reasonable and recommends approval.

Legal Consideration:

City Attorney Steve Britzman and Jim Wiederrich, attorney with Woods, Fuller, Schultz & Smith, have worked with Linchpin Corporation on the development of this addendum.

Strategic Plan Consideration:

The redevelopment of the armory and construction of a hotel with a parking ramp meets two of the Council's strategic plan areas:

Sustainability – sustainable measures (training, implementation, policy), environmental, future quality of life, Master Plans, Comprehensive Plan; and
Economic Growth– community improvements, equitable opportunities, community appearance, city-owned land, land purchasing policy, future development/re-development, future growth.

Financial Consideration:

The City will front the costs of the Armory roof repairs (2020 estimate at \$130,000) and be reimbursed through TIF.

Options and Recommendation:

The City Council has the following options:

1. Approve as presented
2. Amend
3. Deny
4. Move the item to a study session
5. Do nothing

Staff recommends approval of the addendum as presented.

Supporting Documentation:

Addendum

Agreement – October 2020