ITEM 23 DISTRICT 4 ORDINANCE S -43065 - AUTHORIZATION TO ENTER INTO CONTRACT WITH CORNERSTONE

AT CAMELBACK, LLC, FOR THE SALE AND REDEVELOPMENT OF 50 W. CAMELBACK ROAD

Request authorization for the City Manager, or his designee, to enter into a disposition and redevelopment agreement, and other agreements as necessary (collectively, the "Agreements"), with Cornerstone at Camelback, LLC, or its City-approved designee ("Developer") for the sale and redevelopment of City-owned property located at 50 W. Camelback Road ("Site"). Further requesting authorization for the City Treasurer to accept all funds related to this item.

In February 2016, the Community and Economic Development Department (CEDD) issued a Request for Proposals (RFP) for the disposition and redevelopment of the Site. The Site is adjacent to the Central Avenue and Camelback Road Metro Light-Rail Station and was formerly utilized as a bus bay for Valley Metro Bus Service. The Public Transit Department determined that this parcel was no longer needed for transit operations, and the Federal Transit Administration concurred with the disposition process. Prior to the issuance of the RFP, staff met with the neighborhood groups in the vicinity including Four Corners, Pierson Place, St. Francis, Uptown, and Windsor Square. The City received one responsive proposal for the RFP, from the Developer.

On April 19, 2016, an award notice was posted, and staff began negotiations with the Developer. The Developer is the owner of property directly adjacent to the Site at the southwest corner of Central Avenue and Camelback Road. Staff and the Developer have negotiated the following business terms:

1. The Developer, utilizing the City-owned land and its own parcels ("Combined Site"), will construct a transit-oriented development (TOD) with a minimum of 120 market-rate apartments.
2. The Developer has 30 days from Council authorization to enter into a Disposition and Redevelopment Agreement (DRA) with the City.
3. The Developer agrees to a purchase price of $790,000, which will be deposited into an escrow account within 30 days of the DRA's execution. At which point:
   1. $510,000 will immediately be transferred from Escrow to the City.
   2. City will transfer title of the Site to the Developer.
4. $280,000 will remain in Escrow to facilitate improvements to Combined Site.
   1. Up to $100,000 may be reimbursed to the Developer for Interim Beautification Improvements.
   2. Up to $180,000 may be reimbursed to the Developer for construction of City-approved public infrastructure to  support TOD at the Project, as long as construction of the Project commences before Jan. 1, 2020, and  Developer complies with Title 34 of the Arizona Revised Statutes in constructing the public infrastructure.
   3. All funds not claimed as an eligible reimbursement by the Developer will transfer to the City.
5. No later than 12 months following execution of the DRA and prior to the construction of the Project, the Developer will construct interim improvements on the Combined Site to enhance the pedestrian connection between the intersection at Central and Camelback and the light-rail platform. The proposed interim improvements must be approved in advance by the City and may include accessible and bicycle parking, pathways, hardscape, landscaping and irrigation, wayfinding, and event space.
6. The Developer will design, construct, finance, maintain and manage the Combined Site at its sole cost.
7. The City will assign a lease for an existing Arizona Department of Environmental Quality pad on the Site to the  Developer.
8. Other terms and conditions as deemed necessary by the Public Transit and Community and Economic Development  department Directors.

Financial Impact

This contract will have no expense impact to the General Fund. The proceeds of the sale, $510,000.00, will be deposited into the Public Transit Program Fund.

Location The City-owned property is located at 50 W. Camelback Road, which is south of the southwest corner of Central Avenue and Camelback Road but north of the light-rail station.

Concurrence/Previous Council Action The Transportation & Infrastructure Subcommittee recommended approval of this item with a 4-0 vote on Nov. 8, 2016.

Responsible Department This item is recommended by Deputy City Managers Mario Paniagua and Paul Blue and the Community and Economic Development and Public Transit departments.