



# REQUEST FOR CITY COUNCIL ACTION

**MEETING DATE:**

September 6, 2017

**DEPARTMENT:**

City Administration

**DIVISION:**

Yuma Crossing National Heritage Area

- Motion
- Resolution
- Ordinance - Introduction
- Ordinance - Adoption
- Public Hearing

**TITLE:**

Yuma Pivot Point Phase Three Component: Real Property Sale and Development Agreement, Partial Assignment of Master Developer's Interest, Covenants, and Fifth Amendment of Master DDA

**SUMMARY RECOMMENDATION:**

Approve the terms of the Yuma Pivot Point Phase Three Component Real Property Sale and Development Agreement, Partial Assignment of Master Developer's Interest, Covenants, and Fifth Amendment of Master DDA (Phase Three Agreement) in substantial form as Exhibit A attached to the resolution, and authorize the City Administrator to negotiate and sign the necessary documents on behalf of the City for the development of a 112 room extended stay hotel. (City Administration/Yuma Crossing National Heritage Area) (Charles Flynn)

**REPORT:**

In 2004, the Yuma City Council approved a Master Development and Disposition Agreement (Agreement) for the entire 22-acre downtown riverfront site located north of 1<sup>st</sup> Street between 4<sup>th</sup> Avenue and the Ocean to Ocean Bridge. In 2009 the Agreement was amended and restated and with all subsequent amendments is referred to as the "Master DDA." Since then, the Hilton Garden Inn, Conference Center and the John M. Roll Federal Courthouse have been constructed, representing an investment in the area of more than \$60 million dollars.

Although a number of amendments to the Master DDA have been approved by the City Council in response to new circumstances and economic conditions, the basic framework has always envisioned multiple components to build out the remainder of the riverfront site. Based on market demand, the proposed Phase Three Agreement shifts the proposed site (approximately 124,630 square feet located at the northeast corner of 1<sup>st</sup> Street and Madison Avenue) from parking garage to hotel use. The Phase Three Agreement includes a partial transfer of the Master Developer's interest (Clark-Lankford LLC) to the Component Developer (Kesari Putra Hospitality LLC) as part of the component development framework.

The 5<sup>th</sup> Amendment to the Master DDA includes a new Project Site Plan, a Phase Three Site Plan for the proposed new hotel (Home 2 Suites by Hilton), a clean-up provision of Section 4.3.3.2, a Phase Three Schedule of Performance and revisions to the definition of Project to accommodate the development of the hotel. The changes to the Master DDA need the consent of the Phase Two developer. An extension of dates and addition of an automatic rescission date for the Phase Two DDA is an additional term in the consent of the Phase Two developer.

Unlike previous phases, the Phase Three Component will involve a sale of the property (instead of a

lease subject to the government property lease excise tax or abatement) with a sale price of \$644,337.10 at an appraised value of \$5.17 per square foot. There are no incentives being provided by the City to the buyer. The sale of the property was previously approved by Ordinance No. O2016-039 which conditions any sale on City Council approval of the terms. The proposed resolution incorporates the Phase Three Agreement by reference, and if approved by City Council, will satisfy the ordinance requirements for the sale.

The Home2 Suites by Hilton is planned at approximately 85,736 square feet (anticipated 4 story, 21,434 square feet footprint). The Phase Three Agreement also includes a contractual 1% development surcharge on all activities subject to transaction privilege taxes with the exception of construction of the hotel. The 1% development surcharge will be held in a constructive trust for the benefit of and reinvestment in the North End Redevelopment Area.