



COUNCIL COMMUNICATION

TO:	Mayor and Council
FROM:	Dan Poremba
DEPARTMENT:	Community Development
DATE:	June 1, 2020
SUBJECT:	Motion to approve Pre-Development Agreement with SKB

DESCRIPTION:

Motion to approve Pre-Development Agreement with SKB

RECOMMENDATION:

In accordance with a recommendation from the Board of the Englewood Environmental Foundation (EEF), approved by motion at the May 7, 2020 EEF Board Meeting, Community Development staff recommends that the City Council approve by motion the execution of a Predevelopment Agreement (PDA) between the City/EEF and SKB of Portland, Oregon (also known as Scanlan Kemper Bard). If approved, the City and EEF will each be a party to the PDA which reflects the selection of SKB as the preferred master developer for the City to partner with in redeveloping the “City Property” at Englewood City Center. This is the property owned or controlled by the City and EEF as shown in blue on the attached site plan.

PREVIOUS COUNCIL ACTION:

On February 18, 2020, City Council approved by motion an Exclusive Negotiation Agreement (ENA) between the City/EEF and SKB. On May 4, 2020, staff provided Council with an informational update on the positive progress being achieved by SKB and the City in accordance with the provisions of the ENA. The PDA is the second of three anticipated agreements between the City/EEF and SKB, each requiring Council review and approval. This item was initially scheduled for Council’s consideration at the May 18, 2020 Regular Council Meeting. However, a drafting error was discovered after the PDA had already been included in the Council packet and the decision was made to defer the submittal of the corrected agreement for Council consideration to June 1, 2020 (corrected document is attached).

The City initiated exploration of the redevelopment of the City Property in connection with the August 2018 foreclosure of the adjacent three-square block former Weingarten Realty property at CityCenter, shown in red on the attached site plan. This led to a Council-authorized, year-long, multi-step master developer procurement process culminating in the selection of SKB as Englewood’s preferred master developer partner. Council was updated by staff throughout the process.

SUMMARY:

This PDA recommendation is consistent with the formal competitive procurement process authorized by City Council and managed by staff to identify a preferred master developer for the City to partner with in redeveloping the City Property at Englewood CityCenter. Council’s considerations regarding CityCenter redevelopment included the following key points.

- CityCenter currently presents a dated and fading image and the need for redevelopment has been documented in multiple City-sponsored planning studies, and in two recent independent studies of the Urban Land Institute.
- Englewood has a timely opportunity to guide the redevelopment of CityCenter to re-establish it as Englewood's "central place" with a viable and sustainable future.
- Redevelopment can significantly improve CityCenter's mix of uses, activity levels, walkability, financial sustainability, property values and contribution to City revenues.
- Englewood is receiving no current income from its CityCenter property interests and redevelopment will enable the City to generate new revenues from these interests.

The specific factors that supported Englewood's selection of SKB for the master developer role on the City Property included:

- SKB's specific experience partnering with municipalities on complex, mixed-use and transit-oriented development (TOD) projects, including redevelopments,
- Due to SKB's continuing interest in also acquiring the former Weingarten property, the selection of SKB preserves the possibility that the City Property and former Weingarten property could be combined under common ownership, a favorable scenario for the City,
- SKB's demonstrated commitment to the high level of public outreach the City requires.

ANALYSIS:

Staff and SKB have been working through the predevelopment and planning tasks outlined in the ENA. Staff is pleased with SKB's progress and the evolving relationship between the SKB and the City. SKB has performed its obligations in a timely and partner-like manner, including the following select tasks, all of which will continue under the terms and time frame of the PDA:

- SKB has become an important member of the Downtown Matters Steering Committee and, working with the City's consulting team, is contributing its special districts expertise,
- SKB sponsored an initial space planning analysis of the Civic Center building to evaluate possibilities for the most efficient and cost-effective use of the building and to evaluate potential alternative locations to house City government functions,
- To formulate parking solutions, SKB retained Fehr & Peers, a national transportation engineering firm with experience working on other TOD projects involving RTD,
- SKB and the City have met with RTD to begin to discuss ideas for rearranging and possibly reducing the shared RTD parking currently provided by the City,
- SKB and staff have communicated with the current interim owner of the former Weingarten property (LNR Partners) to explore possibilities for SKB acquiring the property or specific portions and to discuss general coordination matters.

FINANCIAL IMPLICATIONS:

Collaborating with SKB to formulate a mutually acceptable redevelopment plan for the City Property at CityCenter will likely require that certain professional consultants' fees be funded from the approved 2020 Community Development professional services budget. As previously approved by Council, EEF is funding special counsel legal fees (up to \$150,000 in 2020).

These pre-development expenditures support the City's proactive efforts to protect and enhance property values, property taxes and sales taxes within and adjacent to CityCenter. These expenditures should allow Englewood to generate new net revenues from its CityCenter property interests as redevelopment takes place in the coming years.

CONCLUSION:

Subject to approval by Council, the recommended PDA will guide the process of formulating the redevelopment plan and negotiating the definitive Master Development Agreement (MDA) between the City/EEF and SKB. Subject to EEF Board and City Council approval, the MDA would then govern the parties' long-term public/private partnership relationship. It is expected that the MDA could be completed by year-end 2020, however, there could be some COVID-related impacts that may extend the final consideration of the MDA to 2021.

ATTACHMENTS:

CityCenter Site Plan (City Property in blue and the former Weingarten property in red)
Predevelopment Agreement (PDA) between the City/EEF and SKB

CityCenter Site Plan (City Property shown in blue and the former Weingarten property is shown in red (still labelled as the C-III Property))

