

CITY COUNCIL COMMUNICATION



MEETING DATE: July 19, 2016

ITEM NUMBER: 4.B.

SECOND READING: N/A

TYPE OF ITEM: Study Session

PRESENTED BY: David Starnes, Redevelopment Manager, 303-651-8318

Shawn Lewis, Assistant City Manager, 303-651-8601

Dale Rademacher, General Manager, Public Works & Natural Resources,
303-651-8355

Nick Wolfrum, Director of Engineering Services, Public Works & Natural
Resources, 303-651-8307

Tyler Stamey, Civil Engineer II, Public Works & Natural Resources, 303-
651-8737

SUBJECT/AGENDA TITLE: South Main Station Development Update

EXECUTIVE SUMMARY:

The City of Longmont is carrying out the *1st and Main Station Transit & Revitalization Plan* adopted by the City Council in June 2012. This plan serves as the general blueprint and guide to reinvestment within the 1st and Main Area. A key catalyst project in this area is the redevelopment of the former Butterball turkey plant into a mixed use development.

On March 17, 2015, City Council passed Resolution R-2015-13 approving a Redevelopment and Reimbursement Agreement among the City of Longmont, Longmont Downtown Development Authority (the "Authority") and PFP Longmont Holding I, LLC (the "Owner"), collectively referred to as the "Parties", in order to create a public/private partnership to redevelopment 150 Main Street (called South Main Station) and adjoining property. This agreement contained certain benchmarks for the redevelopment of 150 Main Street and adjoining properties. On December 1, 2015, City Council passed Resolution R-2015-102 approving the First Amendment to the Original Agreement ("First Amendment") to extend those benchmark deadlines in order to reflect the revised schedule for completion of the redevelopment of 150 Main Street and adjoining properties.

The First Amendment includes two benchmark milestones to be met on or before June 30, 2016. The Owner made substantial progress toward meeting the June 30, 2016 benchmarks. The Owner has met one of those benchmarks - City and Authority approval of Owner Financing pursuant to Paragraph 4.2 of the First Amendment. In addition, the Owner has submitted and City has provided initial comments of Construction Documents for 162 of the 200 multifamily residential units and 3,740 of the 7,500 square feet of ground floor commercial pursuant to Paragraph 4.3 of the First Amendment.

While the Owner continues to make progress, due to the complexities of this infill development, such as the site required environmental remediation, project redesign due to higher than expected project costs, and planning and design for impact on adjacent streets and the railroad which



require third party approval, these have caused delays that has resulted in the Owner to be unable to obtain City approval of the Construction Documents for the remaining multi-family residents and ground floor commercial by June 30, 2016, as required by Paragraph 4.3 of the First Amendment. The City also contributed to this delay by not providing consistent expedited site plan review pursuant to Paragraph 6.12 of the Original Agreement. The City and Owner acknowledge that the PUC and BNSF Railway review and approval process for the First and Emery railroad improvements have been a contributing factor for the delay.

To cooperatively and proactively address this delay within the framework provided for in the Original Agreement and First Amendment, the Parties agreed on a timeframe for good faith remedy and cure to provide a minor extension of the June 30, 2016, benchmark deadline to obtain City approval of the Construction Documents for the 150 Main Street Improvements. These dates are detailed below and in the attached document.

Please note that there are no changes to the Start of Construction, as reflected in the First Amendment, which is expected to occur by the end of the year.

1st and Emery Intersection

The rail crossing at the intersection of 1st Avenue & Emery Street has presented several challenges for the City and for redevelopment of 150 Main. An early estimate to improve the at-grade rail crossing was originally established at \$1 million. This is the number used in the development agreement, with the developer and the City sharing costs equally (50/50). Upon further design work, several complexities of this intersection have been identified that have resulted in anticipated construction costs for the roadway improvements, traffic signal and railroad signal at costs much higher than originally anticipated and budgeted. The major design issues related to the following:

- All three existing tracks need to be incorporated within the new crossing gates, and new crossing material installed on all three tracks. Widening the existing crossings to facilitate offset sidewalks for pedestrian improvements adds width to the crossing and increases the costs.
- The traffic signal is substantially more complex than a typical traffic signal due to the distance from the north side of the three tracks to the south side of Emery Street. The need to stop vehicles on the north side of the tracks so that vehicles are not stopped on the tracks at a normal red light cycle required the addition of an additional pole, mast arms and signal heads for southbound traffic.
- In addition, developers proposed Emery Street access for the 150 Main Development must be incorporated into the signal in order to operate safely and meet requirements for a future quiet zone.

Design work for the intersection improvements is currently underway, and staff anticipates that 30% plans with revised cost estimates will be available by the end of August. This revised option will be submitted to the PUC with the 30% plan review. This does not impact or hinder submittals for the 150 Main property, provided the Emery Street access does not move south from its previously approved location. The access could move north with no issues.

Due to the substantial increase in estimated costs, above the initial funding amounts, staff is in

the process of having a traffic study completed to quantify the impacts of potentially closing the crossing as an option to the increased cost of the intersection improvements. This study will evaluate the impacts to other streets in the area with full build out of the redevelopment in the 1st and Main and Southeast Longmont Urban Renewal areas. That would help the City determine if 2nd Avenue and other streets could effectively carry the increased traffic resulting from a closure of the Emery Street connection of 1st Avenue.

Closing the crossing would also mean that it is closed to pedestrians and bicycles in addition to vehicles. Council accepted the Parks and Trails Master Plan in 2014, which included this Emery Street crossing of 1st Avenue as an “Enhanced Recreation Connection” to improve access to the St. Vrain Greenway from the downtown area. A pedestrian overpass of the railroad and 1st Avenue would be the only option for a pedestrian crossing if the at grade Emery Street crossing is closed, and staff estimates that such a structure would be in the range of \$3 to \$4 million dollars.

BNSF Railroad has stated their desire to close the Emery Street railroad crossing, and that could be a consideration that could factor into the City’s desire to establish a new Boston Avenue crossing of the railroad which is currently shown on the Longmont Comprehensive Plan.

Staff anticipates that the traffic study will be available in draft form by June 29. At that time we can evaluate options and impacts.

COUNCIL OPTIONS: N/A

RECOMMENDED OPTIONS: N/A

FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION: N/A

BACKGROUND AND ISSUE ANALYSIS:

The **Butterball Phase 1 Redevelopment Project** will be the first large scale private investment in 1st and Main area. The project is consistent with, and implements, the *1st & Main Station Transit & Revitalization Plan* and will serve as a significant anchor and catalyst in the area by providing multifamily residential housing and retail/commercial space that will help to activate the area, remove blight, and help create mixed use destination in a pedestrian friendly, walkable environment, one block from the future Transit Station.

The Phase 1 plan is to redevelop the 150 Main property (the original Butterball Plant site) with approximately 315, Class A, multifamily residential units and 10,500 square feet of commercial space along Main Street. The plan includes a total of five buildings over the 6.5 acre site, each building will be four stories.

Significant progress has been made to date related to the Phase 1 redevelopment project since adoption of the Redevelopment and Reimbursement Agreement in March 2015. Some of these highlights include:

- The Owner demolished the former Butterball turkey plant at 150 Main Street in the spring/early summer 2015.

- Wibby Brewing opened in September 2015 at 209 Emery Street and is enjoying tremendous success.
- The Owner completed environmental remediation of the 150 Main Street site which included removal of approximately 16,000 cubic yards of contaminated soil.
- The Owner has submitted their site plan for 150 Main Street (South Main Station) and it is currently in site plan review process.
- The Owner has entered into a tap credit agreement with the City pursuant to Paragraph 6.1 of the Original Agreement.
- The Owner has submitted a Public Improvement Plan for 150 Main Street and it is currently in city review process.
- The Owner has met City and Authority approval of Owner financing pursuant to Paragraph 4.2 of the First Amendment.

The Owner has submitted, and City has provided initial comments of, Construction Documents for 162 of the 200 multifamily residential units and 3,740 of the 7,500 square feet of ground floor commercial pursuant to Paragraph 4.3 of the First Amendment.

However, due to the complexities of this infill development such as the site required environmental remediation, project redesign due to higher than expected project costs, and planning and design for impact on adjacent streets and the railroad which require third party approval, the Owner was unable to meet the submission and approval of Construction Documents benchmark deadline by June 30, 2016. The City contributed to this delay by not providing consistent expedited site plan review pursuant to Paragraph 6.12 of the Original Agreement. The City and Owner acknowledge that the PUC and BNSF Railway review and approval process for the First and Emery railroad improvements pursuant to Paragraph 6.9 of the agreement have been a contributing factor for the delay.

To cooperatively and proactively address this delay within the framework provided for in the Original Agreement and First Amendment, the Parties agreed on a timeframe for good faith remedy and cure to provide a minor extension of the June 30, 2016, benchmark deadline to obtain City approval of the Construction Documents for the 150 Main Street Improvements. In addition, to establish mutual expectations and clarity as part of the development review and approval process, benchmark milestones for submission/review dates for the Public Improvement Plan (PIP) and Public Improvement Agreement (PIA) have also been provided. These benchmark milestones are detailed below and in the attached document.

1. The Owner shall resubmit Construction Documents for Buildings #2 and #4 of the 150 Main Improvements incorporating City comments on or before August 15, 2016.
2. The City shall complete review and approve Construction Documents that meet City requirements for Buildings #2 and #4 of the 150 Main Improvements by September 15, 2016.
3. The Owner shall submit Construction Documents the multifamily residential units and ground floor commercial of Building #1 of the 150 Main Improvements on or before September 15, 2016. The City shall complete review and approve Construction Documents that meet City requirements for the multifamily residential units and ground floor commercial of Building #1 of the 150 Main Improvements on or before October 15, 2016.

4. The Owner shall resubmit a Public Improvement Plan incorporating City comments for the 150 Main Improvements on or before August 31, 2016.
5. The City shall complete review and approve a Public Improvement Plan that meets City requirements for the 150 Main Improvements on or before September 30, 2016.
6. The City shall prepare a Public Improvement Agreement for the 150 Main Improvements and send to Owner for comments on or before September 7, 2016.
7. The Owner shall send comments of the Public Improvement Agreement that meet City requirements for the 150 Main Improvements to the City on or before October 5, 2016.
8. The City shall complete review and approve the Public Improvement Agreement that meets City requirements for the 150 Main Improvements on or before October 19, 2016.

Please note that there are no changes to the Start of Construction as reflected in the First Amendment.

ATTACHMENTS:

Mutual Notices of Default and Agreement for Good Faith Remedy and Cure (June 30, 2016)