



**TO:** T.C. Broadnax, City Manager  
**FROM:** Ricardo Noguera, Director, Community and Economic Development Department  
**COPY:** City Council, City Clerk and CEDD Business Development Manager  
**SUBJECT:** Motion to Authorize Staff to Negotiate Development Agreement - Convention Center Hotel and Mixed Use Development Site – April 15, 2014  
**DATE:** April 4, 2014

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**SUMMARY:**

The Community and Economic Development Department is requesting authorization to negotiate a Development Agreement with Yareton Investment & Management WA LLC of Seattle, WA to develop a hotel and mixed use project on an approximate two-acre City-owned site adjoining the Greater Tacoma Convention & Trade Center (GTCTC) in the downtown at 17<sup>th</sup> & Broadway. Yareton provided the most compelling response to the City's Request for Interest (RFI) in the site and appears to have the capability to perform well.

**STRATEGIC POLICY PRIORITY:**

An agreement that results in new investment, job creation and revenue generation will align best with the following Council priorities:

- Strengthen and maintain a strong fiscal management position.
- Strengthen and support public safety, human services, public education, and diverse higher learning opportunities in Tacoma.
- Foster neighborhood, community, and economic development vitality and sustainability.
- Encourage and promote an open, effective, results-oriented organization.

**BACKGROUND:**

On January 21, 2014, the City of Tacoma issued a Request for Interest (RFI) from developers to acquire and construct a hotel and mixed use development on an approximate two-acre City-owned site adjoining the Greater Tacoma Convention & Trade Center (GTCTC) in the downtown at 17<sup>th</sup> & Broadway. This Tier 1 site represents one of several downtown development opportunities the City Council has deemed appropriate for disposition. Furthermore, in 2004, the GTCTC was designed and built to accommodate a hotel.

A City staff team of seven (7) members from the Community and Economic Development, Finance, Public Assembly Facilities and Public Works Departments evaluated the five (5) submittals received by the February 24, 2014 deadline. Staff's analysis was as follows:

- Provenance Hotels of Portland, OR and Mortenson Construction of Minneapolis, MN did not meet the RFI requirements. Provenance indicated that currently there is no viable market for the minimum 250 rooms the RFI envisioned. Mortenson seeks to serve as the General Contractor and requires \$35-\$60 million from the City/community to construct a 300- to 400-key full service, four-star hotel.



- Hollander Investments, Inc. of Bellingham, WA and American Life Incorporated of Seattle, WA require subsidies based on the definition referenced in the Settlement Agreement with K.S. Murano the Council authorized on April 1, 2014. Hollander Investments, Inc. proposes to build a 250-key, 10-story Hilton Garden Inn on part of the site (Phase I), would rely on existing Convention Center parking to meet its need by requesting access to at least 200 parking stalls on a “paid as used” basis, and would construct another 250- to 300-key, 12- to 16-story hotel (Phase II) within an unspecified timeframe. American Life proposes to construct a 150- to 300-key Embassy Suites extended stay hotel and requested City participation in infrastructure costs, a potential land discount, and sales and occupancy tax rebates.
- Yareton Investment & Management WA LLC of Seattle, WA (subsidiary of Shanghai Mintong Real Estate Company Ltd.) requires no subsidies based on the definition referenced in the Settlement Agreement with K.S. Murano. Yareton proposes to construct a 300-key, four-star hotel, 150 to 220 condominium residences, 10,000 to 60,000 sf of street level retail, and a minimum of 400 parking stalls. This two-tower high rise design positions the hotel in the lower half and residential units in the upper half of the primary 28- to 34-story building; the secondary all-residential tower would be 12- to 18-stories high.

**ALTERNATIVES:**

The City Council may elect not to proceed further with any of the respondents. However, this action will delay development indefinitely and inhibit the GTCTC from attracting more convention business.

**RECOMMENDATION:**

Staff recommends that the City Council authorize the Community and Economic Development Department to negotiate a Development Agreement with Yareton Investment & Management WA LLC of Seattle, WA to develop a hotel and mixed use project on City-owned property adjoining the Greater Tacoma Convention & Trade Center (GTCTC) in the downtown at 17<sup>th</sup> & Broadway. Yareton’s proposed development is very compelling for several reasons:

- **Compatibility with Convention Center and Substantial Revenue Generation.** It satisfies the City’s vision most closely and will enable the growth of Convention Center revenues as well as expansion of the City’s tax base through this estimated \$200 million project.
- **Growth in Residential Units and Condominium Owners Downtown.** It will increase downtown residential density to support existing shops and services.
- **Added Retail Connected to UWT Retail Corridor.** It will add retail space to diversify the downtown’s retail base and establish a connection to the retail spaces along Pacific Avenue between 21st and 24<sup>th</sup> Streets.
- **Direct Foreign Investment.** It will attract direct foreign investment to Tacoma rather than competing for local capital.
- **Developer Personal Financial Commitment.** It demonstrates significant personal equity is available for investment through bank references which signals project commitment.
- **Experienced Team with Local Participation.** It has an experienced development team with local professionals.
- **Realistic Development Schedule.** It has an aggressive yet realistic project schedule.
- **Catalyst to Additional Chinese Investment.** It will serve as a catalyst to attract greater Chinese investment to Downtown Tacoma.



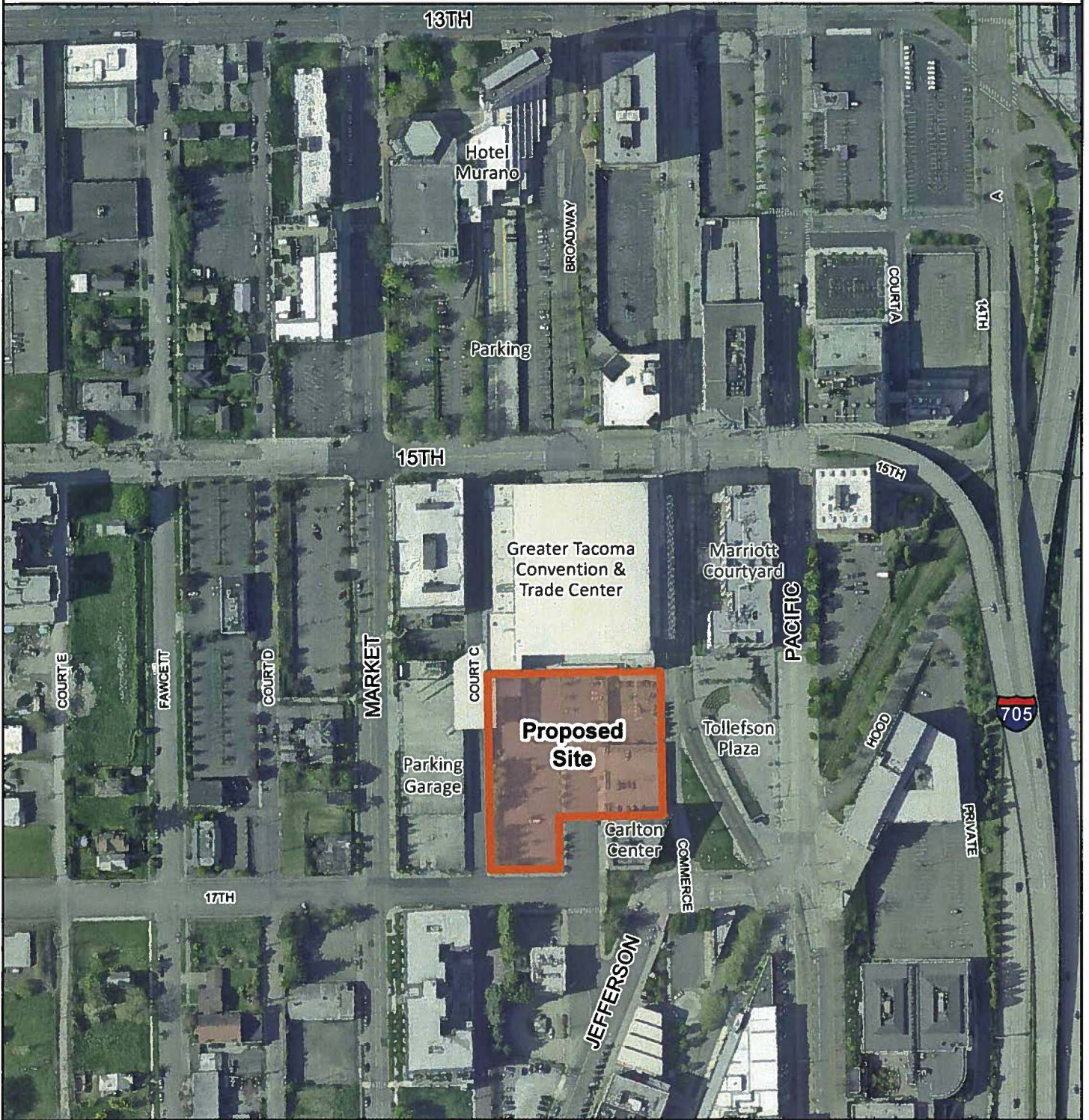
- **International Image of Tacoma.** It represents an international development to further define and reinforce the City's international image.

**FISCAL IMPACT:**

There is no fiscal impact.



# Convention Center Hotel and Mixed Use Development Site



0 50 100 200 300 400  
Feet

Map is for reference only.

