



Old City Hall Contract Amendments

City of Tacoma | Community & Economic Development

City Council Meeting
September 28, 2021
Resolution No. 40845



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OVERVIEW





- Authorize execution of First Amendment to Old City Hall Development Agreement, Purchase and Sale Agreement and Public Benefits Agreement
- Purpose is to modify the residential and commercial mixed-use project development plan, phasing, construction schedule and financing
- Developer: Surge Tacoma d.b.a. Tacoma Old City Hall LLC

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● ● ● OLD CITY HALL






625 Commerce Street in Downtown Tacoma

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● ● ● PROPOSED REVISIONS: DEVELOPMENT PLAN



USE	2019 AGREEMENT	2021 AMENDMENT
Micro-apartments	40 units (20 market rate and 20 affordable at 60% AMI)	19 units (10 market rate and 9 affordable at 60% AMI)
Restaurants	Three restaurants	Food hall and bar/café; no rooftop restaurant
Event space	In glass-enclosed area on sixth level and Clock Tower	Same but not in Clock Tower
Exhibit, retail, office and co-working space still on first four levels.		

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● ● ● PROPOSED REVISIONS: PHASING



Phase 1: 60% of Full Buildout

- Building envelope: 100% of internal structural upgrades and exterior masonry rehabilitation
- Office space to be leased to Tacoma Historical Society and restaurant/retail space including a food hall on second level (Commerce Street)
- Co-working/office space on third and fourth levels

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● ● ● PROPOSED REVISIONS: PHASING



Phase 2: 40% of Full Buildout

- Office space in basement
- Cafés, a bar and/or office space on first level (Pacific Avenue)
- Apartments on fifth level
- Event space on sixth level
- Any required brick reinforcement

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PROPOSED REVISIONS: CONSTRUCTION SCHEDULE



ACTION	2019 AGREEMENT	2021 AMENDMENT
Commence building renovation	No Phasing: 8/15/20	Phase 1: 11/30/21 Phase 2: 6/1/23
Complete building renovation	No Phasing: 11/30/21	Phase 1: 5/31/23 Phase 2: 11/30/24
Obtain Certificate of Occupancy	No Phasing: 12/15/21	Phase 1: 7/31/23 Phase 2: 1/31/25
<i>Closing to occur by November 30, 2021.</i>		

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PROPOSED REVISIONS: FINANCING



Total Project Cost: \$14.5 million

- **Developer self-financing Phase 1**
 - Property acquisition: \$4 million
 - \$2 million in cash; \$2 million in public benefits
 - Developer investment in soft costs to date: \$1.7 million
 - Phase 1 costs: \$6.68 million
- **Developer self-financing or obtaining equity/debt Phase 2**
 - Phase 2 costs: \$2.14 million

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PROPOSED REVISIONS: PUBLIC BENEFITS



ACTION	2019 AGREEMENT	2021 AMENDMENT
Reduced Rent to Tacoma Hist. Society	\$287,500	\$287,500 (No change)
Entrepreneurial Education Program	\$1,245,000	\$1,415,000 (+\$170,000)
Computer Literacy Skills Program	Not proposed	\$25,186 (New proposal)
Affordable and Market Rate Housing	\$467,500	\$272,314 (-\$195,186)
TOTAL		\$2,000,000

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PROJECT OUTCOME



- Adaptively reuse a historic landmark
- Catalyze additional development within the historic district
- Add affordable and market rate housing
- Provide office and co-working space to attract growing companies
- Create livable wage jobs
- Develop retail and restaurant-related space
- Showcase historic exhibits in a landmark building
- Deliver event space for people to gather and celebrate

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RECOMMENDATION



- Staff recommends authorizing execution of Old City Hall contract amendments



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