



## Old City Hall Agreements

City of Tacoma | Community & Economic  
Development and Public Works Departments

City Council Meeting  
MARCH 26, 2019  
ITEM #19-0219



## OVERVIEW



- Request to execute Purchase and Sale, Development and Public Benefits Agreements with Tacoma Old City Hall LLC (Eli Moreno, Manager)
- \$15 million historic retrofit of Old City Hall (625 Commerce) for residential and commercial mixed-use
- Create 100 construction and 150 full-time jobs and 40 affordable and market rate housing units

## BACKGROUND



- **June 19, 2015:** City purchased Old City Hall for \$4 million which had deteriorated significantly and fallen into disrepair
- **Late 2015:** City selected developer through RFI process but project could not proceed for several reasons
- **May 29, 2018:** City issued RFP and received five submittals
- **August 2018:** City team including Planning (Historic Preservation), Public Works (Real Property Services), CED and Landmarks evaluated proposals and interviewed proponents; made recommendation
- **Fall 2018:** City Manager authorized staff to negotiate with Eli Moreno, Manager, Tacoma Old City Hall LLC

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## PROJECT TEAM



- **Developer:** Eli Moreno, Surge Tacoma and Tacoma Old City Hall LLC
- **Legal:** Robert Pentimonti, Harlow & Falk LLP
- **Finance:** NBS Financial
- **Engineering and Architecture:** Pacific Engineering
- **Contractor:** Easyway Contractors (Developer-owned)
- **Leasing:** John Bauder and Harrison Laird, CBRE
- **Historic Preservation:** Michael Sullivan, Artifacts Consulting, Inc.

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## PROJECT DESCRIPTION



- Two restaurants--one on Pacific Avenue (basement level) and on rooftop
- One bar on Commerce Street
- Approximately 20,000 sf of retail space on first and second levels
- About 20,000 sf of office and co-working space on third and fourth levels
- Minimum of 40 micro-apartments on fifth level (20 affordable units at 60% AMI)
- Event space in old clock tower if economically feasible, and
- Exhibit space

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## RESTORATION



- Maintain historic integrity of structure in accordance with Secretary of Interior's Standards for Historic Rehabilitation for interior and exterior alterations
- Restore and maintain clock and chimes in clock tower to working order in perpetuity
- Restore missing elements (e.g. copper eaves) if economically feasible
- Address stabilization and protection of vaulted walks adjacent to building

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## ● ● ● HEALTH, EQUITY & SUSTAINABILITY ANALYSIS



- Include measures in renovation to promote environmental sustainability and energy efficiency if economically feasible
- Make reasonable efforts to incorporate SBE and LEAP participation in project construction
- Incorporate equity into project through tenant leases and entrepreneurial education program

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## ● ● ● PROJECT PERFORMANCE



- Rescission option
- Ownership of intellectual materials
- Liquidated damages

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## ••• PURCHASE & SALE AGREEMENT

- \$2 million in cash
  - \$400,000 Deposit upon execution of Agreement (non-refundable)
  - \$1.6 million at closing
- \$2 million in public benefits

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## ••• PUBLIC BENEFITS AGREEMENT

- 10-year term
- Reduced rent to Tacoma Historical Society (\$287,500)
  - Free admission to museum/exhibit space
  - Monthly workshops; one to include redeveloping historic properties
  - 20% of space to reflect history of communities of color and women
- Entrepreneurial Education Program (\$1,245,300)
  - At least 50% of students that live and/or work in underserved areas
  - Strive to employ educators reflective of student demographics
- Affordable and Market Rate Housing (\$467,200–no MFPTE)
  - 50% of affordable units to underserved areas; 60% AMI

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## FINANCING



- 40% equity (\$6 million)
  - Developer, investors, Federal historic tax credits
- 60% debt (\$9 million)

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## PROJECT SCHEDULE



- **Complete schematic design:** By September 30, 2019
- **Obtain Landmarks Commission approval:** By February 28, 2020
- **Demonstrate 100% financing:** By April 30, 2020
- **Obtain building and related permits:** By July 15, 2020
- **Transfer title to property:** By July 31, 2020
- **Commence building construction:** By August 15, 2020
- **Complete building construction:** By November 30, 2021
- **Obtain Certificate of Occupancy:** By December 15, 2021
- **Tenants occupy building:** By December 31, 2021

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# RECOMMENDATION



Authorize City Manager to execute Purchase and Sale, Development and Public Benefits Agreements with Tacoma Old City Hall LLC for residential and commercial mixed-use project at Old City Hall (625 Commerce Street)



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