

Block 88 Negotiation Status Report



City Finance Committee Meeting
July 8, 2019



City Negotiating Team



- ▶ Project Director: George Austin
- ▶ Assistant City Attorney: Kevin Ramakrishna
- ▶ Finance Director: Dave Schmiedicke
- ▶ Real Estate Services Director: Matt Wachter
- ▶ Construction Manager: Dave Schaller

- ▶ Additional City staff are assisting to address specific issues.

Negotiating Sessions with Gebhardt Development

- ▶ Kick-off Session – June 18
- ▶ Session #2 – June 26
- ▶ Session #3 – July 8

- ▶ Future sessions
 - Session #4 – July 15
 - Session #5 – July 22
 - Session #6 – July 29
 - Session #7 (Final) – August 6

Schedule

- ▶ Progress report to Finance Committee July 22
- ▶ Introduce Council resolution for referral to Finance August 6
- ▶ Negotiations Concluded August 6
- ▶ Committee Considers Draft Development Agreement August 12
- ▶ Common Council Action September 3

Key Negotiation Points to Date

- ▶ CLT construction method
- ▶ Podium modifications
- ▶ Affordable housing ownership
- ▶ City Affordable Housing Fund process
- ▶ Contracting goals and workforce utilization
- ▶ Development schedule

CLT Construction Method

- CLT construction method revisited based on Council members interest.
- Negotiating Team and Gebhardt met with Madison code officials to discuss the process for approval.
- CLT would require a variance. However, there isn't a model code that's been adopted yet nationally.
- Timing isn't right. Waiting for the adoption of the model code will delay the project.

Podium Modifications

- ▶ The building exterior is being redesigned based on feedback from City Planning (i.e. height), feedback on sustainability; and post-tension concrete structure vs CLT.
- ▶ JP Cullen is reviewing in detail the structural enhancements that will be needed to the buildings structure and the construction process to make those changes.
- ▶ City will contract for that work and the work to be paid for by Gebhardt. Details of this are under negotiation.

Affordable Housing Ownership

- ▶ Wisconsin Housing Preservation Corp (WHPC), a Madison-based non-profit which owns and operates over 8,300 units in 50 properties in 58 of Wisconsin's 72 counties is working with the Gebhardt Team to evaluate the acquisition of the affordable housing condominium.
- ▶ WHPC would own and operate the 78 affordable housing units in the project.
- ▶ The units would be constructed on three-floors as a condominium element of the project of comparable design and construction quality as the market-rate units. There would be a common entrance to all the units in the apartment tower, and all residents will have full access to the building's amenities.

Affordable Housing Fund

- ▶ Discussions with the City's AHF staff have been held and the AHF Application and Budget workbook have been provided to Gebhardt and WHPC.
- ▶ Preliminary timeline has been established.

Preliminary Timeline

Description <i>(As of 6/27/19)</i>	Projected Timeline – Option A	Projected Timeline – Option B
Deadline to Submit CDD Application Materials & Budget	8/1/19	9/1/19
Staff Review Period/Draft Recommendation	3-4 weeks	3-4 weeks
CDD Staff Recommendation/Resolution due	8/28/19	9/25/19
CC Intro	9/3/19	10/1/19
CDBG Committee	9/5/19	10/3/19
Finance Committee	9/9/19	10/7/19
CC Final Approval	9/17/19	10/15/19

Contracting Goals and Workforce Utilization

- ▶ City DCR has been included in the negotiations to identify goals and opportunities.
- ▶ Goal is to use the City's new TIF process for contracting and good faith efforts on this project.
- ▶ The topic remains under negotiation.

Development Schedule

- ▶ Gebhardt's goal is to file land use requests in September. Neighborhood process has been initiated by Gebhardt.
- ▶ Timing of the WHEDA tax credit application in relation to the approval of the development agreement and AHF funding under discussion.
- ▶ Awaiting further information from the contractor analyses.