

# Judge Doyle Project Update



City Finance Committee Meeting  
May 6, 2019



# Today's Objectives

- Provide Project Background Information
- Review Current Project Status
- Provide a Project Look-Ahead
- Answer Your Questions



# City Project Team



- ▶ Project Director: George Austin
- ▶ City Attorney: Mike May
- ▶ Assistant City Attorney: Kevin Ramakrishna
- ▶ Finance Director: Dave Schmiedicke
- ▶ DPCED Director:
  - Block 88: RE Services Director: Matt Wachter
  - Block 105: ED Director: Matt Mikolajewski
  - Zoning Administrator: Matt Tucker
- ▶ Parking Utility Manager: Sabrina Tolley
- ▶ Construction Manager: Dave Schaller

# Blocks 88 and 105



# Development Approach

Unlock the development potential of the two city owned blocks by:

- Replacing the current above grade public parking ramp
- Configuring the new public and accessory parking to support a pedestrian-friendly mixed-use urban environment
- Using Pinckney Street as an axis to link Monona Terrace with the adjoining hotel, retail, restaurant and entertainment district



# Brief Project History

- Early Planning 2010–2011
- Downtown Master Plan July 2012
- Project Elements
  - Replace Government East Parking Ramp
  - Build Bicycle Center
  - Add a Hotel to support Monona Terrace's Book of Business
  - Add vitality to South Pinckney Street
- Request for Proposals
  - 2013–14 (Blocks 88 and 105)
  - 2015–16 (Blocks 88 and 105)
  - 2019 (Block 88)



# Agreement with Beitler Real Estate Services LLC

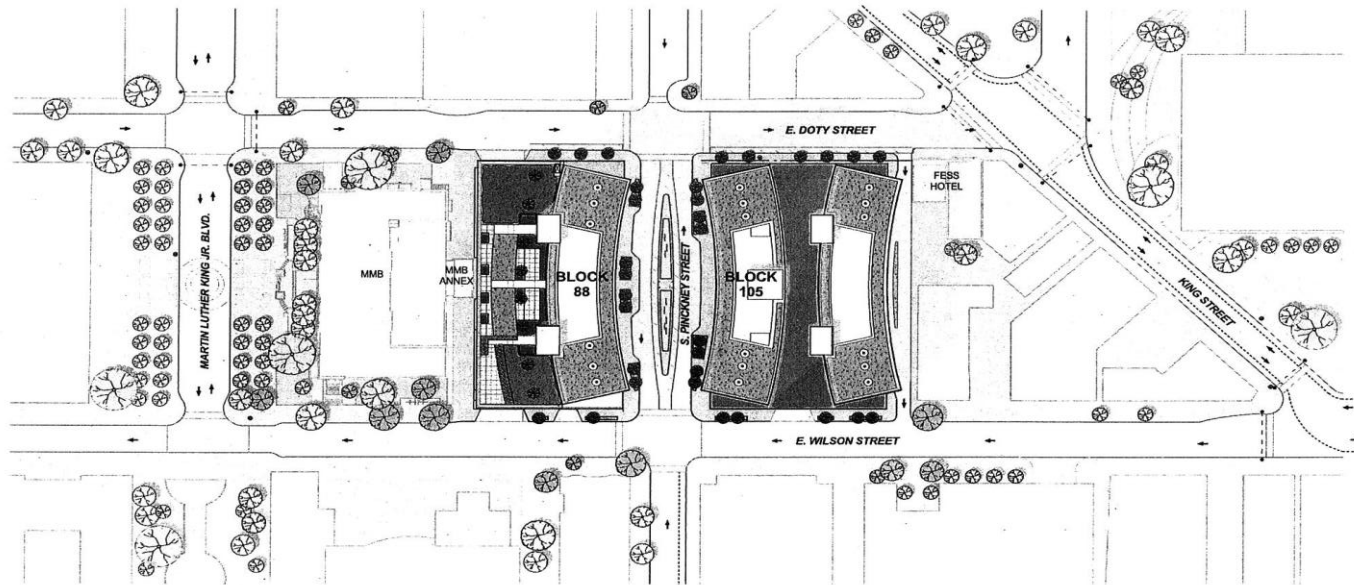
- ▶ July 2016 – City executes Development Agreement with Beitler Real Estate Services LLC
  - Public Elements:
    - New 560-car **underground municipal garage** on Block 88 to replace Government East on Block 105 (\$38 million)
    - New city-owned **bicycle center** on Block 88 (\$1.0 million)
    - \*\*\*First Amendment to the Development Agreement added the **podium** element to the public construction (\$11 million)
  - Private Elements:
    - 252 room **hotel** on Block 105 (\$58 million)
    - 354 **apartments** (144 units on Block 88 and 210 units on Block 105) (\$73 million)
    - 19,000 square feet of **retail** on Pinckney Street

# Agreement with Beitler Real Estate Services LLC

- ▶ July 2016 – City executes Development Agreement with Beitler Real Estate Services LLC
  - Financial Elements:
    - Total public and private cost of **\$170 million**
    - **Property tax revenue** of \$2.0 million on completion (based on \$87 million in assessed value in 2021)
    - **Room Tax revenue** of \$1.1 million annually (based on the 3<sup>rd</sup> year of the operating pro-forma)
    - **State and County sales tax revenue** of \$750,000 per year (based on 3<sup>rd</sup> year of operating pro-forma)
    - **City ground lease revenue** of \$755,000 per year for 99 years (based on each of the three private development elements)



# Block 88 and Block 105 Site Plan



NOTE: AVERAGE ELEVATION FOR BLOCK 88 BUILDING HEIGHT = 903.5'

LVA FOR CITY OF MADISON AND BEITLER REAL ESTATE  
iohan vanhook destefano  
ARCHITECTURE LLC

OVERALL SITE PLAN

JUDGE DOYLE SQUARE - SECTION 1 - GENERAL INFORMATION

SCALE: 1" = 80'-0" 1-08

FEBRUARY 22, 2017

# Project Progress to Date

- ▶ **October 2016** – City hires A/E to design the new Block 88 underground parking facility
- ▶ **May 2017** – City rezones Blocks 88 and 105 to Planned Development GDPs and SIPs
- ▶ **October 2017** – City starts construction of the underground garage on Block 88
- ▶ **February 2018** – City approves Beitler’s selection of Hilton’s Embassy Suites as the hotel flag and brand, and the hotel operator
- ▶ **April/May 2018** – City takes over responsibility for the Podium Element
- ▶ **November 2018** – City approves plans and specs for the Podium
- ▶ **December 2018** – City approves Hotel Room Block Agreement with Beitler

# Project Progress to Date

- ▶ **January 2019** – City and Beitler resolve contract dispute and execute Amendment #1 to the Development Agreement which shortens development timelines, pays Beitler to transfer development rights for the Block 88 Podium and air-rights to the City
- ▶ **February 2019** – City approves issuance of a Request for Proposals for the development of the Block 88 air-rights
- ▶ **April 2019** –
  - City receives three proposals in response to the Block 88 RFP
  - City extends deadlines to file building permits for Block 88 and 105 development
  - Beitler files required notice with CNI of intent to submit a major alteration for the Block 105 hotel
  - City staff and Beitler agree to lease provisions for valet parking in the Block 88 garage. Council resolution introduced for referral

# Block 105 Work Plan

- City prepared workplan in March 2019 to guide progress for development of the hotel:
  - Approve CSM to create two lots on Block 105. *Status: Survey complete. CSM to be processed with the major alteration application*
  - Extend deadlines for recording of zoning documents, conditional use and demo permits to May 2, 2020 and approve a development phasing plan. *Status: Complete*
  - Consider a major Alteration Application for the Block 105 hotel to include a franchise required pool and eliminate parking. *Status: Beitler to file application on May 8. Plan Commission consideration on July 8 and Council action on July 16*
  - Process request to lease 40 parking stalls for hotel valet parking. *Status: Resolution introduced on 4/30. To be considered by the Council on 5/14*

# Block 105 Work Plan

- ▶ City prepared workplan in March 2019 to guide progress for development of the hotel:
  - ▶ Clear conditions for the approved planned development documents. *Status: To be completed following July 16 Council action. Target date for sign-off – August 31, 2019*
  - ▶ Create a Government East Garage deconstruction calendar: *Plans and Specs to BPW by July 3. Target date for the deconstruction to commence – November 1, 2019*
  - ▶ Execute ground lease agreement. *Status: To be completed prior to hotel construction start*
  - ▶ Hotel construction start – *Status: Upon completion of the Government East deconstruction by February 29, 2020*



# Project Requirements

- ▶ Block 88 only
- ▶ Be a housing or mixed-use project and include a workforce housing component
- ▶ Be compatible with surrounding buildings, including the Madison Municipal Building
- ▶ Priority given to projects that maximize the tax base, have a straight-forward development framework, and utilize sustainability concepts for the design, construction and operation of the building



# Project Requirements

- ▶ The air-rights above the parking must be leased or purchased at fair market value.
- ▶ No accessory parking available in the underground municipal garage
- ▶ No TIF available
- ▶ Zoning in place for a housing development. Approved plan can be amended through a major alteration to the PD zoning process



# Project Summaries



Gebhardt Development of Madison, WI proposes:

- a 196-unit apartment development and 26,000 square feet of creation/office space and amenities above the Podium with a total development cost estimated at \$52.0 million.
- Seventy-eight units would be income restricted for a mix of incomes averaging 60% of the area median income (AMI).
- Gebhardt is requesting \$1.75 million of affordable housing funds from the City of Madison and has proposed to pay \$7.5 million to purchase the air-rights and the Podium subject to structural modifications to the Podium.

# Project Summaries



Mandel Group of Milwaukee, WI proposes:

- a 144-unit apartment development and 7,000 square feet of retail space in the Podium with a total project cost estimated at \$38.2 million.
- Twenty-nine units would be income restricted at 80% of the AMI.
- an unspecified amount of funding to be negotiated at a later date to provide the affordable housing under a lease arrangement for the Podium, and a future purchase of the air-rights for \$1.0 million within ten years of the occupancy.

# Project Summaries



Stone House Development of Madison, WI proposes:

- ▶ a 159-unit apartment development and 7,000 square feet of retail space in the Podium with a total project cost estimated at \$40 million.
- ▶ Thirty-seven units would be income restricted for a mix of 60% and 80% of the AMI.
- ▶ \$1.2 million of affordable housing funds from the City of Madison and a payment of \$5.0 million to purchase the air-rights and the Podium.

# RFP Review Process

- ▶ Three proposals received for consideration on **April 15**.
- ▶ Each proposal was complete and responsive to the RFP guidelines.
- ▶ City Negotiating Team has completed a preliminary evaluation of the proposals, is making reference checks and is conducting a technical interviews with each team on **May 7 and 8**.
- ▶ Recommendations from the City Negotiating Team will be presented on **May 28** to the Finance Committee.
- ▶ The Finance Committee will need to determine whether it wishes to conduct interviews also.

# RFP Review Process

- ▶ Finance Committee action to select a **development team** to enter into negotiations regarding a development agreement is targeted for **June 6**.
- ▶ Council consideration to select a **development team** is targeted for **June 14 or July 2**.
- ▶ Final deal negotiation is targeted for June and July.
- ▶ Finance Committee consideration of the **development agreement** in August
- ▶ Council action on the **development agreement** targeted by **September 5**.

# Block 88 Selection Criteria

## *From Section 2.7. of the RFP*

“The City of Madison intends to select a development team based on: RFP proposals that (1) are most responsive to the project Goals found in Section 1 and Project Requirements found in Section 2 of this RFP and (2) contain the combination of features and attributes offering the best value to the city. The City will determine the potential best overall value by comparing differences in project features and feasibility, and development team attributes, striking the most advantageous balance for achieving the City’s goals for the Judge Doyle Project.

The submissions must provide convincing evidence that all team members have sufficient understanding and experience with similar projects to be able to manage the project in the initial stages and throughout the term of the relationship.”

# Judge Doyle Project Website

[www.cityofmadison.com/planning/judgedoylesquare/](http://www.cityofmadison.com/planning/judgedoylesquare/)

