



Legislation Text

File #: 17-668, **Version:** 1

Purchase and Sale Agreement for 1220 Main Street (Municipal Parking Lot) Second Due Diligence Extension Request

RECOMMENDED ACTION (Motion):

Staff recommends that the City Commission approve the request for a thirty-day due diligence extension as part of the approved Purchase and Sale Agreement for 1220 Main Street.

BACKGROUND:

The Purchase and Sale Agreement for a proposed hotel development on 1220 Main Street was approved on August 16, 2017 by the City Commission at a regularly scheduled City Commission meeting. The proposed project associated with the Purchase and Sale Agreement consists of a one hundred room boutique-style hotel with a multi-level parking structure. A total of ninety (90) parking spaces will be designated as public parking within the parking structure in order to preserve the current parking capacity in downtown. The City is currently working with the developer and PGE to reroute the high voltage transmission wires and underground the distribution wires in this area as part of the Agreement. The development will impact the City's economy by creating fifty (50) full time jobs, generating annual transient room tax revenues of approximately \$111,606 and generating annual property tax revenues of approximately \$160,000 (based on the UR tax rate applied to a building value of \$10 million). It will add a refreshed aesthetic quality to this section of downtown while acting as a catalyst for future redevelopment and private investment. Additional commercial activity will be generated in the form of hotel guests patronizing local businesses during their stay and the project's construction of additional choices for retail and restaurants. The City agreed to granting full credit of the appraised land value of \$920,000 to the developer to help offset the cost of constructing the multilevel parking structure and so that the project can move forward.

The developer is requesting a thirty-day due diligence extension to further investigate the feasibility of constructing the parking structure and reserving ninety (90) parking spaces for the public. Under the current Purchase and Sale Agreement, the due diligence period was initially scheduled to expire on November 17, 2017 with an amendment made on November 15, 2017 for an approved twenty-day due diligence extension request and a new expiration date of December 10, 2017 from the time the amendment was fully executed. An approval of the current thirty-day extension request would set a new expiration date of January 10, 2018. The developer's request for extension is attached along with a list of benefits to the City as a result of the project and a proposed addendum to the Purchase and Sale Agreement.