

Request to Approve Royal Oak City Center Site Plan

January 12, 2017

The Honorable Mayor Fournier and
Members of the City Commission:

At the city commission meeting held on January 9, 2017, city staff and Plante Moran CRESA (PMC) provided an update for the proposed Royal Oak City Center (ROCC) project. The crux of this update was to present an alternative standalone location for a new city hall.

The original site plan proposed by Central Park Development Group (CPDG) (Attachment 1, "Site Plan A") would place city hall operations into a two-story, 30,000 sq. ft. condominium within a 190,000 sq. ft. office building with separate entrances and internal infrastructure. The alternative site plan (Attachment 2, "Site Plan B") would locate city hall operations into a two-story 30,000 sq. ft. building located east of Troy St. facing the proposed downtown central park.

On January 12, 2017, a request for Information was issued for landscape architect services for the design of both the downtown park and the park to be located at the former Normandy Oaks golf course. As with the police station, the downtown park could be completed with or without approving the ROCC project as a whole, provided the current city hall and police station are demolished and both operations are relocated outside of the proposed park footprint.

At this juncture of the ROCC development process, CPDG has requested that the commission provide direction as to the preferred site plan as it relates to a new city hall. Until this decision is made, no further work on the project can move forward. Working with PMC, the developer, legal counsel, and the ROCC committee, city staff has provided the attached chart summarizing the major advantages and disadvantages presented by Site Plan A and Site Plan B for the overall project (Attachment 3). It is anticipated that construction of a standalone city hall would be approximately \$500,000 less than construction of the condominium, but these are preliminary figures that cannot be verified until design development is completed.

CPDG's current exclusivity period with regard to the city hall site expires on February 13, 2017. City staff recommends extending this period by sixty (60) days (Attachment 4) should the commission choose to move forward with the ROCC project at meeting scheduled for January 23, 2017, wherein the following resolution would be recommended for approval:

Be it resolved, the city commission hereby approves Site Plan _____ as the preferred location for future city hall operations with respect to CPDG's proposed ROCC development; and

Be it further resolved, the city commission hereby directs city staff and outside counsel to begin drafting all necessary legal and financial documents pertaining to Site Plan _____ for consideration by the city commission at a later date for final project approval; and

Be it further resolved, the city commission hereby approves executing the attached Fourth Amendment to Mutual Non-Disclosure and Exclusivity Agreement; and

Be it further resolved, city staff shall be prohibited from marketing the city hall site during this period; and

Be it further resolved, after expiration of the exclusivity period on April 17, 2017, this resolution is rescinded and the City of Royal Oak and Central Park Development Group, LLC, shall have no obligations to each other with respect to the city hall site.

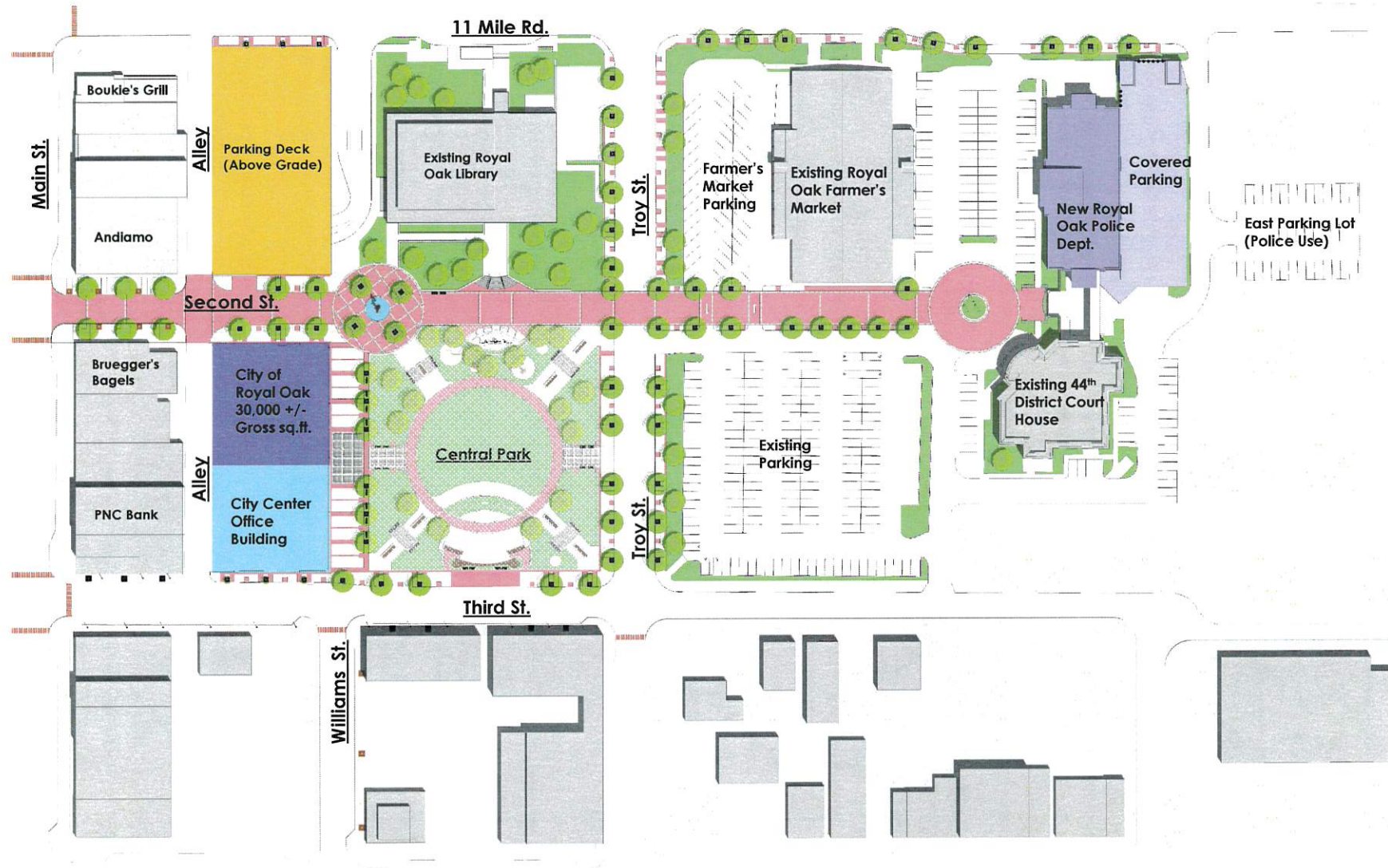
Respectfully submitted,
Todd E. Fenton
Economic Development Manager

Approved,

A handwritten signature in black ink, appearing to read "Donald E. Johnson". The signature is written in a cursive, flowing style.

Donald E. Johnson
City Manager

4 Attachments

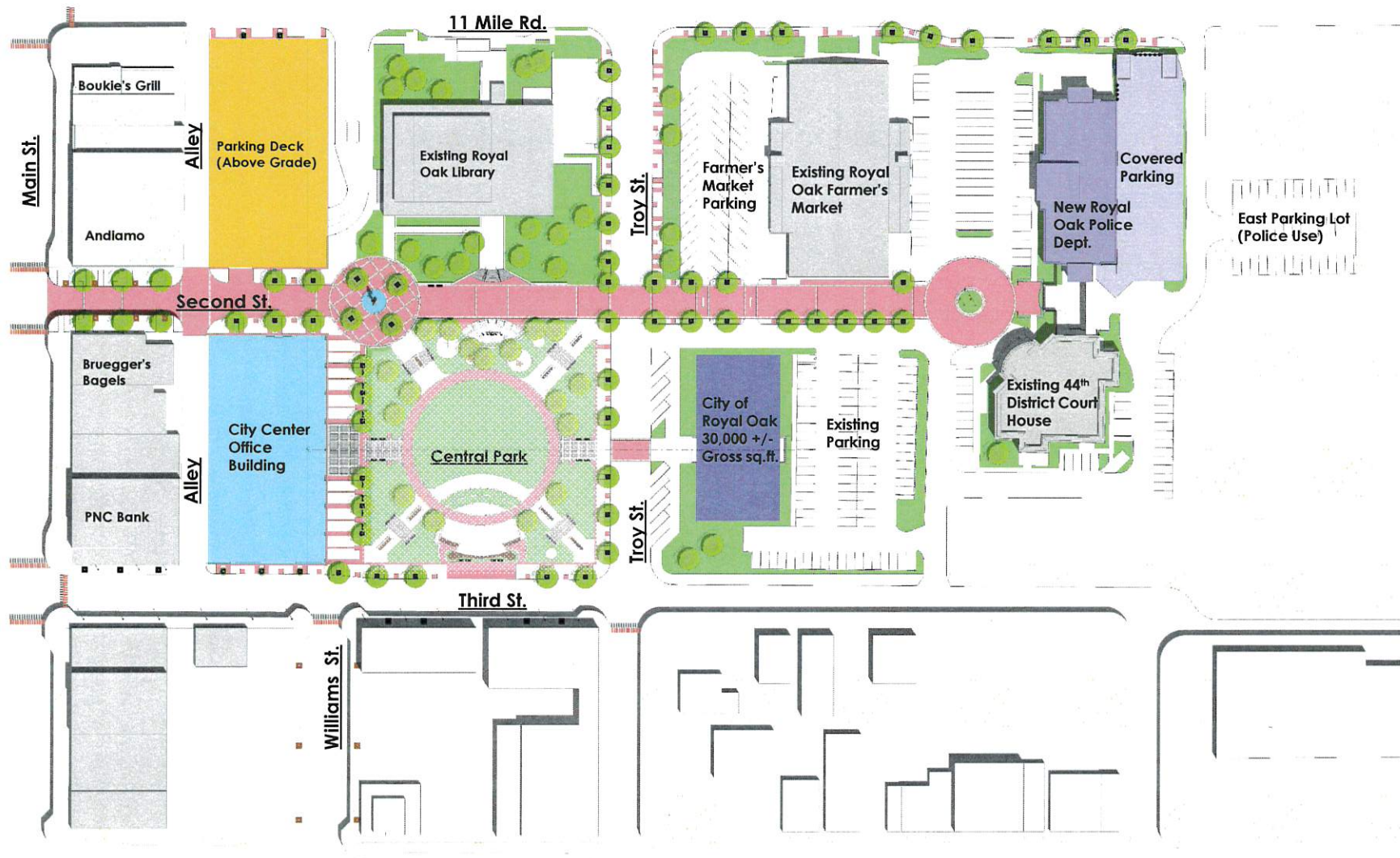


Royal Oak Central Park

*Proposed Site Plan – A
City Hall within ROCC*

CENTRAL PARK DEVELOPMENT GROUP





Royal Oak Central Park

Proposed Site Plan – B
City Hall fronting on Central Park

	City Hall within ROCC	City Hall standalone
Finance & Construction Process	<ul style="list-style-type: none"> Financing and design occurs only at final execution of Development Agreement Non-conventional financing and construction practice with limitations 	<ul style="list-style-type: none"> Traditional financing – can occur at scope and budget establishment Flexibility of conventional financing
Schedule & Cost Implications	<ul style="list-style-type: none"> Linear (step by step) process drives higher uncertainties with rising interest rates / construction costs Current projection for construction commencement Fall 2017 – Winter 2018 	<ul style="list-style-type: none"> Parallel design, financing, and Development Agreement activities lowers uncertainties of rising interest rates and construction costs Construction could commence Spring – Summer 2017
Legal	<ul style="list-style-type: none"> Non-conventional Development Agreement with inherent future risk Condominium Real Estate holdings 	<ul style="list-style-type: none"> Conventional Royal Oak Development Agreement Fee Simple Real Estate holdings
Construction Cost	<ul style="list-style-type: none"> Higher construction cost based on being in a high rise / condominium building Initial estimate \$ 10.7M 	<ul style="list-style-type: none"> Lower construction cost based on two story building Initial estimate \$ 9.5M
Future Development	<ul style="list-style-type: none"> Maximize land yield 	<ul style="list-style-type: none"> Limitation of future development opportunities



Royal Oak Central Park

City Hall Location Comparison – Business Considerations



	A Within ROCC	B Central Park
Civic / Design Impact	Prominent location in signature building	Prominent location in civic center reinforces park with an iconic building
Site Flexibility	Allows for maximum future flexibility of open spaces	Reinforces civic aspect of overall region. Preserves the future development of 3 rd /Williams
Parking Impact/Disruption	Maximizes surface and deck spaces	Direct patron parking in front and behind City Hall

**FOURTH AMENDMENT TO MUTUAL NON-DISCLOSURE
AND EXCLUSIVITY AGREEMENT**

This Fourth Amendment to a certain Mutual Non-Disclosure and Exclusivity Agreement is dated this ____ day of January, 2017 ("Exclusivity Agreement") is by and between Central Park Development Group, LLC ("CPDG") and City of Royal Oak ("City").

RECITALS UNDERLYING THIS AGREEMENT

RECITAL A: Effective on the 11th day of August, 2015, CPDG and City entered into a Mutual Non-Disclosure and Exclusivity Agreement which was subsequently amended by a First Amendment to Mutual Non-Disclosure and Exclusivity Agreement dated on or about April 7, 2016 and by a Second Amendment to Mutual Non-Disclosure and Exclusivity Agreement dated on or about July 11, 2016 and Third Amendment to Mutual Non-Disclosure and Exclusivity Agreement dated October 24, 2016 ("Exclusivity Agreement").

RECITAL B: The Exclusive Dealing Period under the Exclusivity Agreement will expire on February 13, 2017 and the parties desire to extend the Exclusive Dealing Period.

NOW, THEREFORE, IT IS AGREED that the Exclusivity Agreement by and between the parties listed above, is amended as follows:

1. Paragraph 5 of the Exclusivity Agreement is hereby amended so that the Exclusive Dealing Period is extended to April 17, 2017.
2. Except as herein modified, the provisions of the Mutual Non-Disclosure and Exclusivity Agreement are hereby ratified and affirmed. If there is any dispute between the Mutual Non-Disclosure and Exclusivity Agreement, the First Amendment to the Mutual Non-Disclosure and Exclusivity Agreement, the Second Amendment to the Mutual Non-Disclosure and Exclusivity Agreement, Third Amendment to the Mutual Non-Disclosure and Exclusivity Agreement and this Fourth Amendment to the Mutual Non-Disclosure and Exclusivity Agreement, this Fourth Amendment shall control.

Each party has executed this Fourth Amendment to Mutual Non-Disclosure and Exclusivity Agreement on the date indicated above.

Central Park Development Group, LLC City of Royal Oak

By: _____
Ron Boji, its Member

By: _____