

Agenda Item:

COUNCIL COMMUNICATION

City Manager's Office

GENERAL INFORMATION—

Agenda Date: 01/12/04
04-012

Communication No.:

Agenda Item Type: Resolution

Roll Call No:

Submitted by: Richard Clark, Deputy City Manager

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SUBJECT—

Resolution Approving Release of Economic Development Grant to Water Street Brownstones, LLC

SYNOPSIS—

On the January 12, 2004 Council agenda is a roll call that authorizes and directs the City Treasurer to pay and release a portion of the Economic Grant to Water Street Brownstones, LLC. The Economic Development Grant was authorized by Roll Call 02-953 approved 4-12-2002.

FISCAL IMPACT—

Payment shall be in the amount of \$219,476. This amount is equal to the balance of the Economic Development Grant in the amount of \$287,500 less 125% of the estimated cost to complete the Vine Street Improvements.

RECOMMENDATION—

Approval

BACKGROUND—

When construction began in June 2002, the Vine Street Lofts and Water Street Brownstones projects were the culmination of over three years of work by the public and private sector to

develop housing south of Court Avenue. The projects were 50% complete when a fire destroyed both developments on April 5, 2003.

On July 28, 2003 by Roll Call 03-1755, Council approved a roll call that authorized the Mayor to execute the First Amendment to the Development Agreement with Water Street Brownstones, LLC. The amendment did not adjust the grant amount but addressed the distribution of the funds. More specifically, the amendment:

1. Extended the deadline for the completion of the Improvements to December 31, 2004.
2. Accelerated the City's payment of the Economic Development Grant.

The fire loss created a number of new challenges for the Water Street Brownstones project. The First Amendment to the Development Agreement allowed the release of the grant proceeds to address the substantial increase in project soft costs and timing issues regarding project financing.

The Developer has demonstrated to the City Manager's satisfaction that it has met the requirements for the advancement of a portion of the Economic Development Grant. 125% of the balance required to finish the required work will be retained until project completion. The payment of \$219,476 will be released to Commercial Partners Title, LLC as escrow agent on behalf of the Developer.