

 <p style="text-align: center;"><b>Council</b> <b>Communication</b> Office of the City Manager</p>	<b>Date:</b>	October 24, 2016
	<b>Agenda Item No.</b>	<b>33</b>
	<b>Roll Call No.</b>	<b><u>16-1830</u></b>
	<b>Communication No.</b>	<b><u>16-622</u></b>
	<b>Submitted by:</b>	<b>Matthew A. Anderson, Assistant City Manager</b>

**AGENDA HEADING:**

Approving preliminary terms of agreement with Hubbell Realty for development of Carbon 550.

**SYNOPSIS:**

Hubbell Realty Company proposes construction of a 43-unit, \$8.6 million market rate apartment project at 550 Watson Powell Jr. Way. The project will develop an infill site immediately north of the Wellmark YMCA (YMCA) swimming pool site. The site is difficult to develop due to underground utility constraints, narrow site configuration requiring a single-loaded hallway, and necessary environmental remediation efforts. The Office of Economic Development has negotiated a \$500,000 financial assistance package to help offset the project’s financial gap.

**FISCAL IMPACT:**

Amount: \$500,000 to be advanced upon approval of final Urban Renewal Development Agreement and land closing by Hubbell Realty Company or a related entity.

Funding Source: Metro Center Tax Increment Financing

**ADDITIONAL INFORMATION:**

Hubbell Realty Company has been working with the YMCA to develop a vacant strip of land adjacent to the Wellmark YMCA. The project will complement the YMCA campus and accommodate a planned mural installation on the YMCA’s west façade. The project features 43 market rate apartments on four (4) floors above one (1) level of parking.

Investigation by Terracon has determined that the site has recognized environmental concerns (RECs) that include dry cleaners, photo processing, and petroleum. Soil investigations have determined contamination. In addition, Bird’s Run sewer runs through the middle of the site as well as an existing gas line and two (2) fiber optic lines. Existing ground stormwater detention from the YMCA will be piped to a planned underground system under this proposed building.

To accommodate the Bird’s Run sewer, a system of ductile iron pipe as well as a structured slab is necessary to protect the sewer during and after construction. Environmentally contaminated soil will be removed to the landfill as opposed to another building site. Over-excavation to a depth of four (4) feet below the building slab and dirt import is required. Additionally, the project will include a circulation exhaust fan system in the garage, a passive radon system, and a vapor barrier system for enhanced vapor intrusion protection.

The projected cost of extraordinary utility and environmental work is estimated at over \$650,000. The proposed economic development assistance of \$500,000 will assist in offsetting a portion of these costs. The project is eligible for 10-year tax abatement. Following the abatement period, the total project-generated tax increment is projected to exceed \$1 million in years 11-20.

**PREVIOUS COUNCIL ACTION(S): NONE**

**BOARD/COMMISSION ACTION(S):**

Board: Urban Design Review Board

Date: July 19, 2016

Resolution Number: NA

Action: No action required. Information review of preliminary project architecture and urban design.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- Urban Design Review Board review and recommendation of final design and financial assistance.
- City Council consideration of final Urban Renewal Development Agreement.

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