



Legislation Text

File #: 17-205, **Version:** 1

ACTION REQUESTED:

Communication from the City Manager with a Request to APPROVE the FIFTH AMENDMENT to the REDEVELOPMENT AGREEMENT with RIVER TRAIL DRIVE L.P. (Council District 1)

BACKGROUND: On April 14, 2015 the City Council approved a Redevelopment Agreement with River Trail Drive L.P. to create the River Trail apartment project. The Agreement was fully executed by both parties on April 29, 2015. Section 1.3(c) of the Agreement created a six month "Due Diligence" window in which both the City and developer had to produce certain documents and complete certain activities prior to conveyance of the property and commencement of the project. Those documents and activities are outlined more fully in Sections 1.3 and 1.5 of the Agreement. Among the more critical deliverables are having the property subdivided and rezoned; an approved bond resolution; securing of private financing; and obtaining approval from the Illinois Department of Natural Resources (IDNR) and National Park Service (NPS) for the conversion of the property.

The "Due Diligence Expiration Date" was originally set to expire on October 29, 2015. This date has been extended by four separate amendments to the Agreement, with the last being approved by the City Council on November 15, 2016 creating a Due Diligence Expiration Date of June 30, 2016. After that date, either party has the right to terminate the Agreement during an additional 10-day period. If neither parties terminates, the project could proceed.

The largest remaining issue is receiving approval from NPS that will allow project to proceed. While anticipated, the City has not yet received approval from NPS and has no definite timetable for a decision. NPS continues its review of the City's request and has followed up with the City seeking additional information. While the developer has arranged financing, nothing can be finalized until the developer is certain that NPS approves the conversion. Similarly, the City will not prepare a bond resolution in the absence of such approval.

Given the hard work and progress on this project, neither the developer nor City staff wish to terminate the Redevelopment Agreement. Without some relief, the City would be forced to terminate since it cannot sell the property without NPS approval. The attached Fifth Amendment extends the due diligence window through December 29, 2017. It is important to note that this date is an outside parameter. Should all of the deliverables in the Agreement be satisfied prior to that date, the next steps in the project can proceed.

FINANCIAL IMPACT: The amendment extends the Due Diligence Expiration Date. The City has spent funds to during the due diligence period, including costs associated with its conversion request and purchase options for the replacement properties. To extend the purchase option agreements for the replacement properties for another six months, the City will pay \$22,800. Staff is not anticipating any further costs associated with due diligence.

NEIGHBORHOOD CONCERNS: The River Trail project has been the subject of a great deal of public comment. While there has been support for the project, there has also been considerable opposition.

IMPACT IF APPROVED: The Due Diligence window will be extended through December 29, 2017.

IMPACT IF DENIED: The Due Diligence window will end June 30, 2017 and the City would need to terminate the Agreement under the provisions of 1.3(e).

ALTERNATIVES: Council could lengthen or shorten the proposed Due Diligence extension.

EEO CERTIFICATION NUMBER: Not Applicable

WHICH OF THE GOALS IDENTIFIED IN THE COUNCIL'S 2014 - 2029 STRATEGIC PLAN DOES THIS RECOMMENDATION ADVANCE?

1. Vibrant Downtown: Riverfront/ Central Business District/ Warehouse District

WHICH CRITICAL SUCCESS FACTOR(S) FROM THE COMPREHENSIVE PLAN DOES THIS RECOMMENDATION IMPLEMENT?

1. Reinvest in neighborhoods.

DEPARTMENT: City Manager's Office