

CITY OF HIGH POINT

AGENDA ITEM



TITLE: Professional Services Contract – TradeMark Properties – City Hall project	
FROM: Eric Olmedo, Assistant City Manager	MEETING DATE: February 5, 2024
PUBLIC HEARING: N/A	ADVERTISED DATE/BY: N/A
ATTACHMENTS: Scope of Services	

PURPOSE:

To consider acceptance of a proposal from TradeMark Properties to perform advisory services for planning, construction and delivery of a new City Hall and associated uses at 405 N. Main Street.

BACKGROUND:

On September 18, 2023 City Council authorized the purchase of 405 N. Main Street for the development of a new City Hall facility. There are multiple opportunities to achieve the overall highest investment in the downtown area, and having a thoughtful development plan is critical to guide the decisions around activating this area. Staff must fully understand the implications of government, multi-family, entertainment, retail, office, and parking uses and how they work together to provide recommendations to the City Council based on market feasibility, financial stewardship, and development best practices.

TradeMark Properties will provide guidance and insight by reviewing all third-party reports and future City plans, speaking with local landlords, real property owners, developers, and stakeholders to gain insight into High Point's market dynamics. Trademark will provide recommendations regarding the best mix of multifamily, office, retail, and entertainment options in addition to governmental uses. TradeMark will develop clarity around parking needs for each use, considering the stadium and other announced projects in the immediate area. Trademark will advise on City zoning and planning conditions, engage a land planning/architectural professional to develop and deliver potential development scenarios based on the above potential uses, and create a massing study to attract a partner developer.

The final component of the work is to provide potential financing options, engage with a parking owner/operator, engage an estimator with a commercial General Contractor to provide a rough cost estimate, provide basic underwriting for each potential use, and provide recommendations for how the City might incent development.

BUDGET IMPACT: Funding is available in the General Fund budget.

RECOMENDATION /ACTION REQUESTED:

City Council is requested to authorize the City Manager to enter into a contract with Trademark Properties in the amount of \$120,000 and to authorize the appropriate city official to execute all necessary documents.





January 12, 2024

Ms. Tasha Logan Ford
City Manager
City of High Point

Re: City Hall Project

Dear Tasha and team,

TradeMark Properties is pleased to offer advisory services to the city of High Point for the next steps in the planning, construction, and delivery of a vibrant downtown complex that includes a new City Hall. We are confident in our ability to provide significant value to the organization as it embarks on this exciting project. We understand that initial studies for land planning, parking, and various uses have been completed and are helpful in advancing the discussions around feasibility. The next steps will lead the City to make concrete decisions to confirm ownership structure, partner or JV opportunities, ground leases, and/or a sale of segments of the parcel. This work will result in an agreement to move forward with the project based on the City's goals and based on best and highest uses.

Phase 1 Market Planning and Development Guidance:

The City has multiple options to achieve optimum development based on the overall highest investment in the downtown area and impact on the surrounding neighborhood. While the construction and occupancy of a new city hall is a natural catalyst, the decisions around activating this area of Main Street and the area around the stadium are critical. The City must understand the implications of multi-family, entertainment, retail, office, and parking uses. The ability to form recommendations to the City Council will be based on clear market feasibility, financial stewardship, and thoughtful development.

TradeMark will provide:

- Guidance and insight into the decision-making process, including but not limited to reviewing all third-party reports, future City Plans, speaking with local landlords, real property owners, developers, and stakeholders to gain insight into High Point's specific market dynamics, anticipate moves local developers will make surrounding the site, and put the City in a strategic negotiating position that impact future development, and ultimate value.
 - Multifamily units drive activity, provide increased property values, and customer opportunities to surrounding office, retail, and entertainment options. The shop local movement is a strong thread in downtown revitalizations and require rooftops for support

- Retail/entertainment should accentuate unique opportunities to visit downtown, including food and beverage services and shopping that may or may not extend beyond typical office hours
- Office that provides greater downtown opportunities for government-adjacent and private services to enjoy proximity to City Hall
- Understand and develop clarity around parking needs for each use consideration, especially in concert with the stadium and other announced projects in the immediate area.
- Attend meetings and make presentations as needed to share, discuss, and provide clarity about planning, market, and construction information.
- Understanding that the City has the greatest understanding of any City zoning and planning conditions, these conditions often impact development costs and the project's marketability. TradeMark will advise on these conditions based on best practices, current market conditions, and market flexibility.
- TradeMark will engage and manage a land planning/architectural professional to develop and deliver potential development scenarios based on the above potential uses. A massing study is crucial to understanding and developing requirements for the project based on the City's desired outcomes. This information is important to attract a partner/JV developer, understand potential financing options, and a parking owner or operator aligned with the City's ultimate goals.
 - TradeMark will engage an estimator with a commercial General Contractor to provide a rough cost estimate based on current material costs to guide a strategic discussion.
 - TradeMark will provide basic underwriting for each potential use to indicate feasibility and ability to attract a developer/JV partner. The underwriting will guide recommendations for how the City might incent development or other considerations that improve the ultimate project delivery.

Timeline:

Upon approval and authorization of the scope of work and services agreement, TradeMark will complete the following milestones within 75 days (excluding additional administrative or procedural timelines from the City):

- Facilitate stakeholder engagement to determine City goals and priorities that drive the project
- Engage and deliver massing studies for review and discussion with High Point team
- Complete data collection and forecasting work to determine estimated costs and underwriting assumptions
- Make presentations as requested to elected officials and/or other stakeholder groups
- Make formal recommendations to the High Point team regarding market feasibility and financial stewardship

Total Fees for Phase 1:

- **\$120,000**
 - **35% due after presentation of massing study**
 - **50% due at presentation of the underwriting report and discussion**
 - **Balance due at presentation of TradeMark recommendations**
- **Land planning/architectural professional fees to develop and deliver potential preliminary development scenarios will be included in the TradeMark scope of work and fees**
- **TradeMark may require the engagement of the parking analysis consultant and will negotiate any additional fees in good faith to be approved and paid by the City**

Phase 2.1 Selection of Developer Partner:

The city is wise to use its expertise and internal staff capabilities focused on the city hall project, whether working with a developer to deliver the building and associated components or to self-deliver the building. Evaluating the balance of the uses that create critical mass and activation often requires an outside third-party review and guidance. TradeMark's goal is to augment the expertise and leadership of the team in advancing the project to approval and completion. Selecting an overall developer or a developer(s) for portions of the project might be best advised. The decision to deliver flats, multifamily units, multistory offices above the retail, or wrapping the parking deck could best be delivered by a partner developer with appropriate expertise. The ongoing operation of rental space and especially the parking could be managed more efficiently with market standard agreements within market expectations. TradeMark will develop a comprehensive outline of requirements for the City's consideration, which will, in turn, drive the next steps of project leadership and/or ownership discussions.

TradeMark will:

- Identify critical needs in the deal structure that will determine the partner selection
- Develop a project outline of options within market conditions that align with the City's goals
- Present the project criteria that the Partner must meet, i.e.: uses, planning and construction delivery, and parking
- Detail covenant/declaration considerations for design and future management/operation
- Work with legal and accounting professionals to understand and recommend default protection structure
- Propose Architectural Review Committee representation-design of the exterior, lobby areas, and building materials
- Develop appropriate marketing materials and use market-appropriate methodologies to identify and evaluate partner options. The massing study will be critical as partners consider the options for the project and the City's requirements

- Present an analysis outlining the potential partner's qualifications and response to the project
- Recommend shortlist and facilitate discussions and negotiations for an ultimate JV/partner, ground lease agreement or sale of real property

Timeline:

Upon notification from the High Point team that the Phase II scope of work services agreement has been approved, including marketing methodologies, timeline, and Partner criteria, within 30 days, TradeMark will develop a Request for Proposal for review and approval of the HP team. We will market to customary channels, including an exclusive internal list of over 4,000 known developers and investors nationwide.

Total Fee for Phase 2:

Identify, negotiate, and complete representation agreements. The representation agreement will include defined value criteria to allow for the options under consideration by the City, such as a ground lease, JV, or sale.

Tasha, we have enjoyed the opportunity to understand the potential development to enhance downtown, deliver a new city hall, and create new options to live, work, and play in the City of High Point. We look forward to our subsequent discussions.

Sincerely,

The image shows two handwritten signatures in black ink. The signature on the left is 'Billie Redmond' and the signature on the right is 'Jonathan Bassi'.

Billie Redmond and Jonathan Bassi

