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Date: 7/24/18

RESOLUTION NO. 5943

ENTITLED: "A RESOLUTION ADOPTING 'THE DEVELOPMENT PLAN FOR THE HYNDS/HOLE (H2) PROJECT' PRESENTED BY THE DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF CHEYENNE."

WHEREAS, the Downtown Development Authority of the City of Cheyenne ("DDA") has presented its "Development Plan for the Hynds/Hole (H2) Project" to the Governing Body; and

WHEREAS, the "Development Plan for the Hynds/Hole (H2) Project" attached to this Resolution as Exhibit A, is a Plan of Development as defined in W.S. § 15-9-202(a)(xiii); and

WHEREAS, pursuant to W.S. §15-9-208(a), the DDA is prohibited from undertaking development projects under a plan of development unless the Governing Body, by resolution, has first adopted the plan of development which applies to the development project; and

WHEREAS, pursuant to W.S. §15-9-208(b), prior to the adoption of a plan of development, the Governing Body is required to submit said plan to the City of Cheyenne Planning Commission for review and recommendations; and

WHEREAS, on July 2, 2018, the City of Cheyenne Planning Commission reviewed the "Development Plan for the Hynds/Hole (H2) Project" and recommended the adoption thereof by the Governing Body; and

WHEREAS, the "Development Plan for the Hynds/Hole (H2) Project" will be treated as an amendment to the "DDA Master Plan for the Downtown Cheyenne Core Area, 1991," that was adopted as a plan of development by the Governing Body on December 23, 1991 pursuant to Resolution No. 3238 and as amended by the "2016 Downtown Cheyenne Core Plan" pursuant to Resolution No.5767, adopted by the Governing Body on May 9, 2016; and

WHEREAS, in accordance with W.S. § 15-9-208(c), the Governing Body conducted a public hearing to hear comments regarding the "Development Plan for the Hynds/Hole (H2) Project" following public notice published June 30, 2018; and


WHEREAS, pursuant to W.S. § 15-9-208(d), the Governing Body finds that adoption of the "Development Plan for the Hynds/Hole (H2) Project" is necessary as a corrective measure to halt or prevent deterioration of property values or structures within the area affected by such plan of development; and

WHEREAS, pursuant to W.S. § 15-9-208(d), the Governing Body further finds that adoption of the "Development Plan for the Hynds/Hole (H2) Project" will afford opportunity, consistent with the sound needs and plans of the municipality as a whole, for the development or redevelopment of the area affected by such plan of development by the Downtown Development Authority and private enterprise.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF CHEYENNE, WYOMING, that, subject to the limitations stated in the concluding paragraph of this resolution, the "Development Plan for the Hynds/Hole (H2) Project", attached to this Resolution as Exhibit A, is hereby adopted as an amendment to the "DDA Master Plan for the Downtown Cheyenne Core Area, 1991" that was adopted as a plan of development and as amended by the "2016 Downtown Cheyenne Core Plan" pursuant to W.S. § 15-9-208 and Resolution No. 3238 and Resolution No. 5767; and

BE IT FURTHER RESOLVED that the information contained under "Project Framework, Timing and Flow", in the attached Exhibit A, are being treated as recommendations that may be acted on by the City of Cheyenne, pursuant to separate ordinances, resolutions, development agreements or other arrangements, to help the Downtown Development Authority achieve the goals set forth in said plan of development. This Resolution does not trigger Section 2 of the Now Be It Resolved clause contained in Resolution No. 5942; that the up to \$750,000.00 commitment of City funds indicated in Resolution No. 5942 is not triggered until a developer is selected, a completion bond is obtained, a development agreement is approved by the DDA and the Governing Body, and that paragraph #3, Project Framework, Timing and Flow, of the DDA Development Plan, attached as Exhibit A, is amended by adding Councilman Pete Laybourn as a member of the Technical Review Committee.

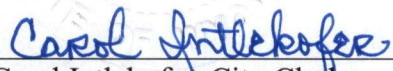
PRESENTED, READ AND ADOPTED THIS 23rd DAY OF July, 2018.



~~Mayor~~ ~~City Clerk~~ ~~Mayor~~
Dr. Mark D. Rinne, Acting Mayor

(SEAL)

Attest:



Carol Intlekofer, City Clerk

DEVELOPMENT PLAN

FOR THE HYNDS/HOLE (H2) PROJECT:

1604 CAPITOL & 206 & 208 LINCOLNWAY, CHEYENNE, WYOMING 82001

Submitted by:

Vicki Dugger, Executive Director, Cheyenne Downtown Development Authority

1601 CAPITOL, CHEYENNE, WYOMING 82001

PHONE: 307-433-9730 x4 EMAIL: vicki@downtowncheyenne.com

Project as Part of DDA's Strategic Plan: This project falls under Goal #4 in DDA's (Downtown Development Authority's) Strategic Plan: Aid in the redevelopment of properties by developing a program to attract and match investors to properties, with a focus on unproductive properties. (The DDA Strategic Plan is attached at the end of this document.)

DDA Board Support: The Board of Directors of DDA voted in support of the H2 Project and process outlined in this Development Plan at their May 17, 2018 monthly Board Meeting. The Board also gave the DDA Executive Director negotiation authority on the options; with a top limit set for the purchase price of each property.

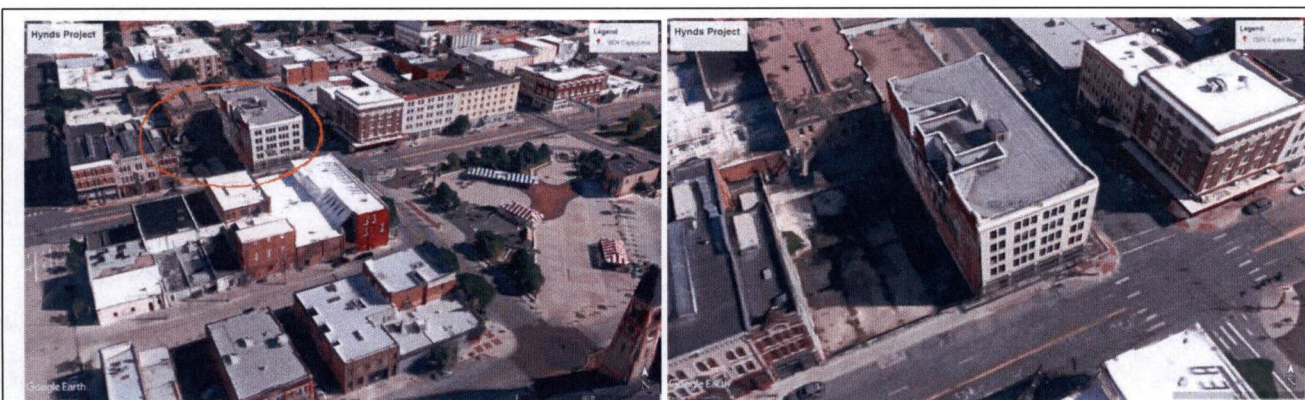
Project Vision: To repurpose a long-vacant historic building and adjoining, contiguous two lots in a unified development that enhances the economic vitality and attractiveness of downtown. The outcome of this project should increase the DDA's district density, foot traffic, vitality and parking. The redevelopment project will create the infrastructure, environment and activity levels necessary to spur further revitalization of downtown Cheyenne and to maintain it as a viable, thriving area of residents, commerce and services. The outcome of this project is viewed as a catalyst to help spur additional downtown redevelopment investment.

Project Opportunity: Mixed-use redevelopment of two Cheyenne Downtown Development Authority-controlled properties in the historic downtown core. The DDA is in the process of securing transferrable options on these properties; with the goal of securing a qualified developer to implement a unified development plan. Located on the "100% corner" (aka most prominent) in downtown, this project includes the Hynds Building, a 5-story historically significant building, and adjoining two vacant lots that are currently in the process of being replatted into a single parcel. Programming will include ground floor commercial/restaurant activities; with developer-driven flexible programming on the existing

upper floors of the Hynds Building. Adjacent parking is required for the lot adjoining the Hynds with a multi-level parking recommended, along with a storefront presence to ensure a continuous storefront presence and enhanced pedestrian experience. DDA will be looking for developer-driven concepts for the upper floors of the Hynds in order to allow as much flexible as possible from the developer's point of view. The zoning for this project is CBD (Central Business District) under the City of Cheyenne's Zoning Code.

The H2 Project Background: The five-story building anchors the corner of Lincolnway and Capitol; with the adjoining vacant lot located on Lincolnway. The Inter-Ocean Hotel was the original structure where the Hynds now stands and in 1916, it was severely damaged by fire. The City of Cheyenne required the damaged building be razed and rebuilt to modern standards. Local entrepreneur and philanthropist Harry Hynds purchased the property and contracted with architect William R. Dubois to design a state-of-the-art office building. His direction to Dubois was that the new structure be impervious to fire and other perils.

The five-story building included ground floor retail with offices on the upper levels, along with a full basement. The Hynds Building incorporated an advanced design for its time and was completed in 1922. The structure has no interior or exterior supporting walls; with its mass carried on a steel I-beam frame and poured concrete ceilings and floors. No wood was used in its construction; all doors, casings, windows and frames are metal. The exterior is clad in cream-colored terra cotta tiles. Dubois incorporated light wells into the floor plan so that no interior office would be without natural light. The footprint of the Hynds Building is 66'7" x 132", with a total of 8,789 sqft per floor, including the basement, but not including the light wells on floors 2-5. The light wells exist of 1,004 sqft per floor. The case can be made that the light wells are not considered common areas but that they do add benefit as there are light wells in each office as the configuration currently exists (see photo at right, below).



The project is located on downtown's "100% corner" on Lincolnway and Capitol Avenue. It sits diagonally across the Plaza which includes the Cheyenne's historic, restored Depot.

The vacant lots adjoining the Hynds Building used have a building that housed Mary's Bake Shoppe. This building was destroyed by a fire in the bakery in December 2004. The two empty lots are a combined 11,690 square feet. Parcel 1 is .20 acres and Parcel 2 is .07 acres. Although currently broken into two lots, the process is moving forward to replat them into one single parcel. The lots are located directly across the street (Lincolnway) from the historic Atlas Theater, which is currently undergoing renovation. Directly adjacent west of the empty lot is Wyoming Home, a successful furniture and accessories business. Adjacent to the east is the Hynds Building.

The history of the redevelopment of the historic Hynds Building includes projects that have almost "gone" but were thwarted by the inability of the Hynds' owner(s) to secure the adjacent vacant property for necessary parking. The successful redevelopment of the Hynds Building is predicated on the ability to secure and redevelop it as a unified whole that includes off-street parking. DDA's ability to package the Hynds and vacant lot, as a whole, through transferrable purchase options, has finally created the environment for redevelopment success.

Project Framework, Timing & Flow: There are five critical "pieces of the puzzle" in order for the H2 project to move successfully through the redevelopment process. These include:

1. Commitment of support of \$750,000 by the City of Cheyenne to DDA, pursuant to W.S. §15-9-201, to serve a public use, will promote the health, safety, prosperity, security and general welfare of the inhabitants thereof and of the people of this state, will halt or prevent deterioration of property values or structures within central business districts, will halt or prevent the growth of blighted areas within such districts, and will assist municipalities in the development and redevelopment of such districts and in overall planning to restore or provide for the continuance of the health thereof. This funding is necessary for the project in order to make the numbers work from a development proforma point of view. Without this piece of the puzzle, the project cannot/will not move forward.
2. Securing transferrable options from owners of the subject properties: LEADS (vacant lot) and Cheyenne Development Partners (Dave Hatch). Negotiations on options for both these properties are almost complete, with DDA waiting until the City approval of the resolution (see #1, above) before moving forward with securing the options.
3. Once numbers 1 & 2 have been accomplished, DDA will issue a Request for Qualifications and Request for Proposals as a two-part vetting process in order to secure the right developer, with the best programming and financial wherewithal to successfully carry out the project. Phase I of

the process will include a wide call (locally, regionally, nationally and internationally) for developers to submit their qualifications. An extensive review and vetting process will be put into place and will include a special Technical Review Committee for Phase I that will view submitted quals. This committee will be looking for a developer with experience with similar projects (large, mixed use projects in a historic building in a historic downtown), the financial capability to exercise options and obtain project funding to ensure successful completion, and the ability to carry out and complete the project in timely manner. The proposed make-up of the Technical Review Committee includes: Councilors Roybal & White (co-sponsors of City resolution); Mayor Orr's Chief of Staff; Planning Director, City Engineer, Commercial Banker, Commercial Realtor, Commercial Appraiser, Real Estate Economist, H2 Project Committee and DDA Executive Committee.

4. The top qualifiers who submit in Phase I will be invited to submit a full project proposal. Prior to the submission of proposals, developers will be required to tour the project site and attend a pre-submittal meeting. Proposals received in Phase II will be reviewed by the Technical Committee *plus* a Community Review Committee. The proposed make-up of the Community Review Committee includes: Mayor Orr, representatives from LEADS (if there is no conflict of interest), Chamber, Visit Cheyenne, Historic Preservation, downtown property owner, other downtown stakeholders, as appropriate. The top proposers will be invited to an on-site interview and presentation. Once complete, the review committees will make a final recommendation as to the preferred developer and redevelopment plan.
5. Once the developer is selected, DDA will craft a Development Agreement and begin the negotiation process (again, using the expertise of the Technical Review Committee). Once the Agreement is signed, the developer will exercise the options on the subject properties (purchase the properties) and will provide a Completion Bond issued by an A-rated insurer for the project. Once these conditions have been met, the developer would be eligible to receive the flexible \$750,000 in subsidy to be used in whatever ways the DDA deems legally able to support the project and to help meet the stated vision and goals of the project. The ultimate goal is to allow as much flexibility to the developer as possible while ensuring DDA project goals are met. In addition, the Hynds Building would be eligible to receive previously awarded, but never used, Façade Improvement Grant from DDA in the amount of \$158,582 for awning work, including repair and/or replacement of awning and related drainage work.

Project Timing: There are several good answers to the “why this project” and “why now” questions. They include:

- The H2 Project is a catalyst (pioneering) project for downtown; its success will help spur additional redevelopment activity.
- Its location on downtown’s “100% corner” is a critically important location that either lends to the look of success or failure of downtown Cheyenne.
- It’s time to stem the flow of property tax loss (a conservative minimum of \$570,000 in lost property taxes on the Hynds alone) and bring these properties back as strong contributors to the livability and economic vitality of downtown.
- The current lending climate is excellent; the economy is good; and growth pressure from Front Range is occurring (a positive in this case).
- The players, incentives and expertise are in place: it’s the right project with the right players at the right time.
- The project has been packaged as a unified development (for the first time).
- DDA, for the first time, will exercise its designated authority as a true development agency.
- Use of DDA reserves in securing transferrable options will help spur reinvestment in downtown in a way that is strategic, ROI-considered, measured, sustainable, defensible, and catalytic.

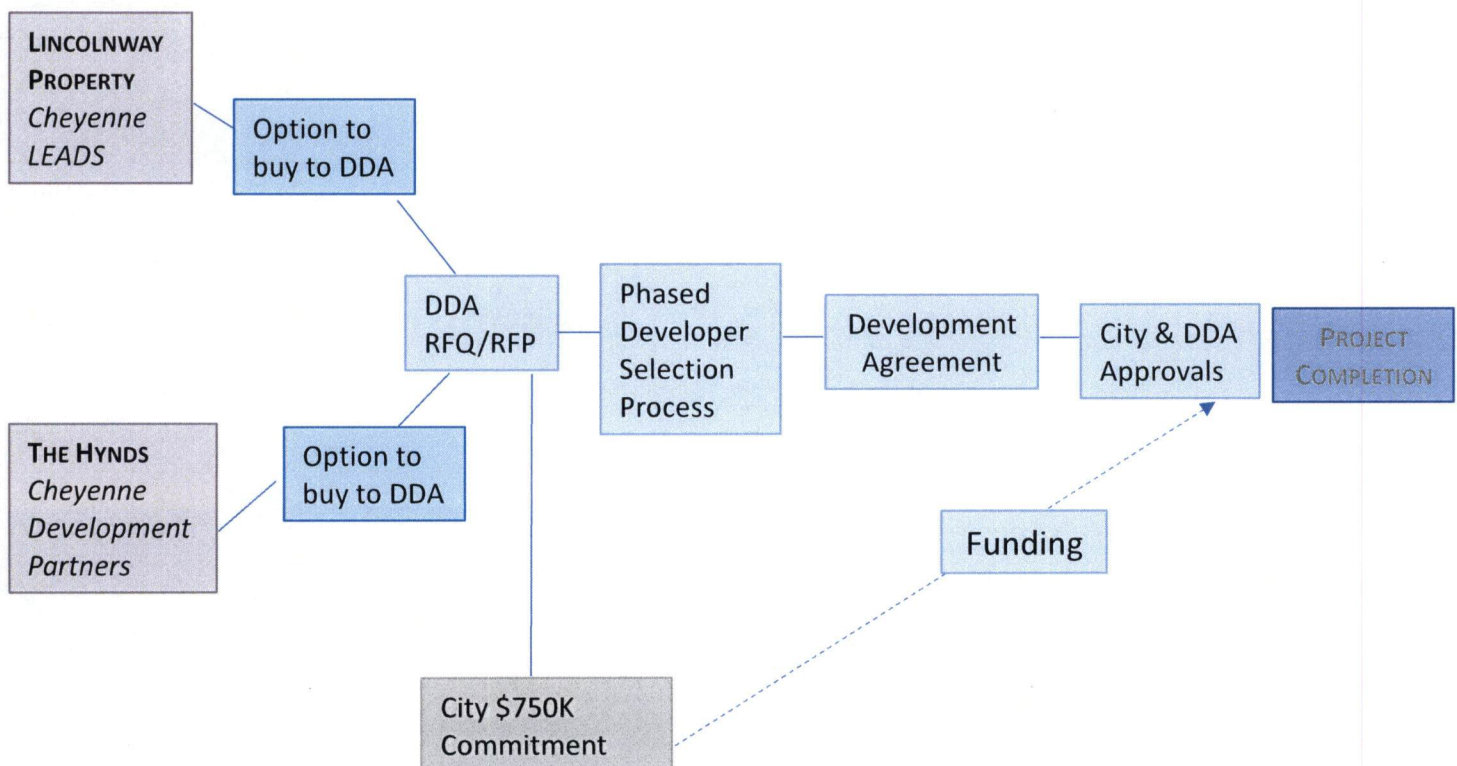
Once this Development Plan has received final approval by the Governing Body and the City commits \$750,000 to the project (see W.S. §15-9-201 reference on page 3 for outline of how funds must be used)FI, then the Request for Proposals will be sent out within a month. Once that process has begun, the proposed timeline to get through the selection process and negotiate the Development Agreement will be by the end of 2018.

Important Things to Consider:

- This project CANNOT/WILL NOT move forward without the City’s support. It is not feasible without intervention from both the City & DDA.
- DDA’s options will be TRANSFERRABLE; the selected developer will be the one to exercise the right on the options to purchase.

- **BEST CHANCE OF SUCCESS:** DDA's ability to package both properties and RFP for unified development gives this project the best chance of success.
- We expect to leverage **SIGNIFICANT** financial investment in downtown through the implementation of this plan. It is estimated the build-out on the H2 properties will result in a \$13,000,000-15,000,000 investment in downtown. This does not include the next level of economic activity that will be derived from jobs created during and after construction; as well as the added economic benefit of having a fully-activated five story building after 30+ years of under-utilization.
- **The ON-GOING LOSS OF TAX REVENUE OF NOT MOVING FORWARD WITH THIS PROJECT:** According to Co. Tax Assessor, a conservative estimate of loss of tax revenue for Hynds alone over time is \$570,000.
- City will review and be comfortable with the Development Agreement; the goal is for City funding to not kick-in until developer has purchased properties and provided a Completion Bond from an A-rated insurer.
- There will be **NO** commission to Hynds listing agent if project goes through this RFQ/RFP process. We have a letter from listing agent stating this arrangement.

Project Flow: The following chart graphically illustrates the proposed process to implement this Development Plan.



In Closing: The H2 Project is a complicated redevelopment project with a process that must incorporate the City's approval of the \$750,000 before any of the other pieces can move forward. The volunteer committee working on this project, as requested by Councilor Scott Roybal, has put together a dynamic, well-considered Development Plan/Process to secure the subject properties through transferrable options, and creating the opportunity for a unified development that will serve as a catalyst for additional redevelopment investment in downtown Cheyenne.

The beauty of this plan is that DDA will never own the subject properties but will simply hold the transferrable options on them. This plan also incorporates a rigorous vetting and review process in order to select the most qualified developer with the best programmatic plan that will enhance downtown's vitality and livability. The most important piece of this plan is that it offers a clear path forward to redevelop a keystone downtown property and return it as a high functioning contributor to the local property tax base – as well to the overall livability of downtown Cheyenne.



DDA/MAIN STREET STRATEGIC PLAN OVERVIEW

MISSION

To create the infrastructure, environment and activity levels necessary to promote revitalization of downtown Cheyenne, and to maintain it as a viable, thriving area of commerce and services.

GOALS

- To boost commerce within the downtown district
- Draw new businesses and companies to the downtown district
- Remediate blighted and unproductive properties
- Create higher activity and pedestrian traffic throughout the district

METRICS

Sales tax generation and permit reports will help to identify quarter and annual growth within the district.

KEY
ED: Executive Director
PD: Program Director
MC: Marketing Coordinator
OC: Office Coordinator
CPD: Cheyenne Police Dept.
CTC: Chey. Transitional Cent.

	STRATEGY	PROGRAMMING	PERSON/COMMITTEE	TIMELINE: Implementation—ongoing
1	Define and solve infrastructure obstacles impeding the development of a vibrant district.	<ul style="list-style-type: none"> • Identify and address safety and security concerns • Develop a comprehensive on and off street parking methodology • Enhance and inventory fiber/broadband access • Define and aid snow removal programs 	<ul style="list-style-type: none"> • PD, Peak Wellness, CPD, Comea, CTC • CPD, City Clerk, OC, • E. Vitality, City, PD ED • OC, City Public Works 	<ul style="list-style-type: none"> • Summer 2017-ongoing • Spring/summer 2018 • Summer 2018 • Fall 2018
2	Boost the downtown economy by enhancing functionality for current downtown residents and workers.	<ul style="list-style-type: none"> • Foster the development of grocery/convenience capability • Expand dining and entertainment options • Initiate more Pop-up retail opportunities • Conduct more events/visitor activities to promote pedestrian traffic • Identify and develop other services attractive to downtown residents and workers 	<ul style="list-style-type: none"> • E. Vitality, PD, ED • E. Vitality, Promotions, PD, ED • Promotions, E. Vitality, PD, MC • Promotions, E. Vitality, PD, MC, OC • E. Vitality, Promotions, ED, PD, MC, OC 	<ul style="list-style-type: none"> • Summer/fall 2018 • Summer/fall 2018, into 2019 • Summer 2018; ongoing to 2019 • Summer 2018 • Summer 2018
3	Develop programs to extend the stay and spend of visitors attending existing downtown events. Create new opportunities to promote visitation and spending.	<ul style="list-style-type: none"> • Support and grow existing downtown events (such as CFD, Depot events, Rock the Block, Shop Small Saturday, Ice Rink, Christmas Parade) • Identify and develop new events centered around these potential seasons/holidays: Halloween, Spring fling, summer, labor day • Create capability and atmosphere to promote outdoor vendors, food trucks/carts, street music, etc. • Evaluate and improve the ReRide bike share program 	<ul style="list-style-type: none"> • Promotions, PD, MC, OC, City Special Projects • Promotions, PD, MC, OC, City Special Projects • Promotions, E. Vitality, PD, • PD, OC 	<ul style="list-style-type: none"> • Summer 2018 • Summer 2018 • Spring/summer 2018 • Spring 2018
4	Aid in the redevelopment of properties by developing a program to attract and match investors to properties, with a focus on unproductive properties.	<ul style="list-style-type: none"> • Develop property specific profiles, best use, action plan, inventory and process for redevelopment • Explore funding opportunity and assistance programs • Create a climate for education and support for building codes and development • Create a process with LEADS, Cheyenne Chamber, City to identify potential businesses and developers • Enhance and grow the FIP, CIG and Microloan Programs • Grow and support a partnership with the West Edge Development team 	<ul style="list-style-type: none"> • ED, PD, MC, City Planning • ED, City Planning • ED, PD, MC, City Planning • ED, LEADS, Chamber, Visit Cheyenne • Design, E. Vitality, PD • E. Vitality, Design, Promo, Planning, staff 	<ul style="list-style-type: none"> • Spring/summer 2018 • Spring 2018 • Spring 2018 • Spring/summer 2018 • Summer 2018 • Spring 2018
5	Enhance the general atmosphere, environment, look, and feel of the downtown district.	<ul style="list-style-type: none"> • Evaluate and develop a plan for 17th street completion, to include curb and gutter, planters and streetscape elements, and completion of lighting on last block • Define and create opportunities to develop pedestrian walkways and greenspace • Review and enhance policies related to trees, planters, landscaping, street furnishings, and postings • Develop a plan of action to address curb and gutter • Formalize and revamp existing Adopt-a-Block Program 	<ul style="list-style-type: none"> • Design, PD, OC, City Planning/Engineering • Design, City Planning • Design, PD, OC, City Special Projects • DDF, Design, PD, OC • OC 	<ul style="list-style-type: none"> • Summer/fall 2018 • Summer/fall 2018 • Spring/summer 2018 • Winter, 2018 • Summer 2018
6	Develop a comprehensive communications program to engage and update the downtown stakeholder and community at large.	<ul style="list-style-type: none"> • Develop a plan to engage and build stronger relationships with merchants and property owners • Implement quarterly community and city council updates • Evaluate and update brand, including all online media and website 	<ul style="list-style-type: none"> • Promotions, E. Vitality, ED, PD, MC, OC • Board, ED, PD • PD, MC, OC 	<ul style="list-style-type: none"> • Spring 2018 • Summer 2018 • Summer 2018