
Florence Urban Renewal Agency

Memorandum

To: Florence Urban Renewal Agency Board
From: Kelli Weese, City Recorder / Economic Development Coordinator

Meeting Date: October 29, 2020

Subject: Quince Street Property Development

Introduction & Overview:

On July 1, 2020 the Florence Urban Renewal Agency (Agency) released a Request for Expressions of Interest (RFEI) outlining the agency's aims for the Quince Street property. The Agency's objectives for marketing the property (as detailed in the RFEI) are as follows:

- 90+ room hotel, or other similarly sized lodging facility
- Ancillary developments, including:
 - Mixed-use developments, such as food / beverage uses complimentary to the lodging facility
 - Residential or mixed-use facilities with a focus on efforts to promote higher density workforce housing

The RFEI's deadline was August 14, 2020. From mid-August through mid-October, the Florence Urban Renewal Agency Selection Advisory Committee (*Chairperson Bill Meyer, Vice-Chairperson Mike Webb, Mayor / Director Joe Henry and Director John Scott*) met five times to review the submittals, perform interviews, and prepare a recommendation to the Florence Urban Renewal Agency. The Florence Urban Renewal Agency met on October 28, 2020 in an executive session to review the submittals and hear the Selection Advisory Committee's recommendation for a top candidate.

Selection Advisory Committee Recommendation and Executive Session Results:

With this comprehensive review of the submittals, the Selection Advisory Committee recommended the Agency select Sycan B. Corp. / Merete' Hotel Management for the Quince Street development. After a review of the submittals received, and the actions taken to review the submittals, the Selection Advisory Committee's recommendation was tentatively affirmed by the Florence Urban Renewal Agency Board at their October 28, 2020 Executive Session. During this executive session, the Agency Board Directors discussed and found that Sycan B. Corp. / Merete' Hotel Management's proposal and experience met the Agency's direct ask for a hotel on the site and demonstrated the experience necessary to develop the site given quality completion and long-term management of many hotels over the pacific northwest.

About Sycan B. Corp. / Merete' Hotel Management and the Proposal:

Sycan B. Corp. is based out of Springfield, Oregon. Their geographical focus has been in Oregon and Washington, with a significant part of their development portfolio in Lane County, including six hotels in the Eugene / Springfield area. Merete' hotel management was established to manage Sycan's growing hotel portfolio. The company has a track record for operating award-winning properties. Merete' has established relationships with, and has been approved to operate hotels under multiple brands including Marriott, Hilton, Hyatt, IHG, Choice, and Wyndam.

In its preliminary submittal, Sycan B. Corp. proposed a branded, 100+ room, select service hotel directly across from the Florence Events Center. The proposal includes a potential for many amenities to the hotel including a rooftop bar modeled after the successful Hyatt Place Sky Bar in Eugene, bike lending program, and walkable connections to the river and Old Town Florence. The proposal also contains intentions to maintain a future pad for up to 40 additional hotel rooms. In addition, the proposal includes considerations for workforce housing and a plaza area.

It is important to note, that as a response to a RFEI, the submittal proposed by Sycan B. Corp. is preliminary and non-binding. Completion of the items contained in the submittal are subject to a predevelopment cost analysis to be performed prior to property sale. The completion of all portions of the proposal will be subject to negotiation and a financial feasibility analysis.

Urban Renewal Agency Board Check-In Points

The selection of a top candidate by the Agency Board to work with on the Quince Street development represents the first of multiple steps to negotiate the eventual sale of the property. Should the Agency Board proceed with the selection of the recommended candidate, the project will move into the pre-development and design phase. Attachment 1 contains a chart indicating the estimated timeline for completion of the Quince Street development project should the Agency proceed at the October 29th meeting. Below is a summary of the next steps and check-in points for the Agency Board Directors during the pre-development / design stage:

1. Candidate Selection

- a. The formal step by the Agency Board Directors today is to select a candidate for the development of the Quince Street site will be to authorize the City Manager to sign an Exclusive Negotiation Agreement. This agreement represents the beginning of property negotiations. An Exclusive Negotiation Agreement (ENA) is a non-binding agreement that does not commit the Agency to expend funds on the project. The agreement simply sets an understanding between both parties that neither will enter into negotiations with any third parties during the timeline of the Exclusive Negotiation Agreement. This allows for a due diligence period for the developer where they are able to perform property evaluations and a cost analysis in confidence knowing that the seller is not negotiating the sale with another party.

2. Pre-Development and Design

- a. After the selection of a top candidate and signing of the Exclusive Negotiation Agreement as directed by the Board, the Agency and the top candidate will begin work on property due diligence steps including, but not limited to, environmental review, preliminary engineering, geotechnical, and a hotel market study. This step may include a requests from the Developer for financial commitment from the Agency should it be necessary to secure the development and should the Agency choose to do so. If the Agency Board authorizes any such funding, it would be after a review of a proposal from the Developer on the scope and pricing of any such pre-development work with a not-to-exceed price. In addition, any work products would be owned by the Agency, ensuring the availability for use with an alternate developer should that be necessary.

3. Property Sales

- a. Once pre-development work has been completed and substantial design has been finalized, the Agency will work to negotiate a purchase and sales agreement with the potential developer. This is a binding agreement that would commit the Agency to the property sale. Although all points are negotiable, the intent would be to have this agreement include multiple check-in points and assurances should the development not proceed as planned or on schedule. This would also be the point where the Agency would negotiate terms of the sale including sales price and any potential incentives should they be necessary.

Action Items for Agency:

At the October 28, 2020 Florence Urban Renewal Agency Executive Session, the Agency Directors had the opportunity hear from the staff / project team, as well as the Selection Advisory Committee members, regarding the submittals and the recommendation for a top candidate. The Directors also had the opportunity to consider many options for the agency moving forward including requesting additional information of submittal parties, determining the need to reopen the RFEI, and even up to rejecting all submittals and reconsidering the marketing strategy.

At the executive session, the Agency Directors tentatively approved the Committee's recommendation to proceed with Sycan B. Corp. / Merete Hotel Management for development of the Quince Street site and to proceed with an open session for eventual action. Given this direction, the action for the Agency Board of Directors at the October 29, 2020 Florence Urban Renewal Agency meeting will be to:

- Authorize the City Manager to sign an Exclusive Negotiation Agreement (ENA) with Sycan B. Corp.

Items Attached:

- Attachment 1: Quince Street Development Project Timeline

Items Available for Reference:

- **November 20, 2019 Florence Urban Renewal Agency Meeting Materials**
(Approval of Strategy for Development of the Quince Street Site)
 - <https://www.ci.florence.or.us/urbanrenewal/florence-urban-renewal-agency-meeting-29>
- **January 22, 2020 Florence Urban Renewal Agency Meeting Materials**
(Approval of Tentative Marketing Process and Establishment of Selection Advisory Committee)
 - <https://www.ci.florence.or.us/urbanrenewal/florence-urban-renewal-agency-meeting-30>
- **February 26, 2020 Florence Urban Renewal Agency Meeting Materials**
(Report on Selection of Professional Development Team)
 - <https://www.ci.florence.or.us/urbanrenewal/florence-urban-renewal-agency-meeting-31>
- **May 27, 2020 Florence Urban Renewal Agency Meeting Materials**
(Report on Status of Project since COVID-19)
 - <https://www.ci.florence.or.us/urbanrenewal/florence-urban-renewal-agency-meeting-32>
- **June 30, 2020 Florence Urban Renewal Agency Meeting Materials**
(Update on decision to begin marketing opportunity July 1, 2020)
 - <https://www.ci.florence.or.us/urbanrenewal/florence-urban-renewal-agency-meeting-33>
- **August 26, 2020 Florence Urban Renewal Agency Materials**
(Update on Site Tours, Submittals Received, and Submittal Review Process)
 - <https://www.ci.florence.or.us/urbanrenewal/florence-urban-renewal-agency-meeting-34>

Quince Street Developer Selection

October 29, 2020

Florence Urban Renewal Agency Meeting

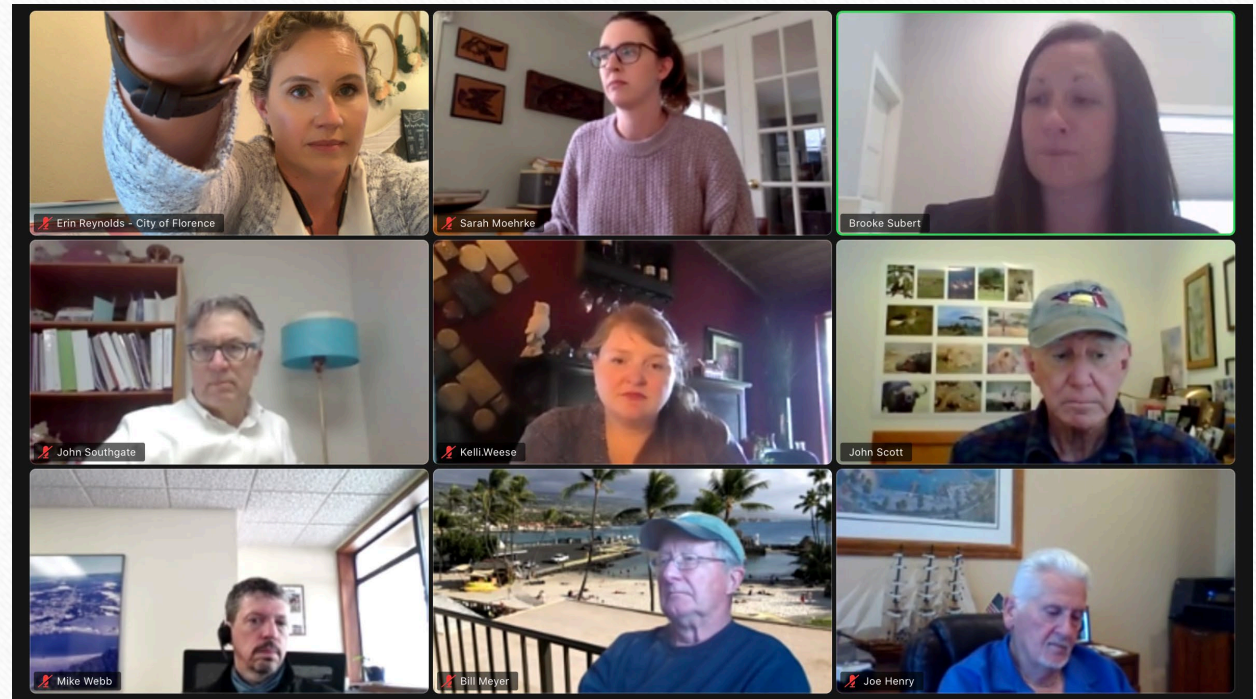
Strategy & Goals

- Goal: Attract a 90+ room hotel (or other similar sized lodging facility), with opportunities for the following ancillary developments...
 - Mixed use development
 - Residential facilities
- Objectives:
 - Increase property values & transient room tax revenue to support future housing / economic development projects
 - Support the Florence Events Center to allow it to be more marketable to outside events
 - Support the development of the Siuslaw Estuary Trail



Selection Advisory Committee

- Appointed by Agency
 - January 22, 2020
- Chairperson Bill Meyer
- Vice-Chairperson Mike Webb
- Mayor / Director Joe Henry
- Director John Scott



Marketing Steps

- January 22, 2020
 - Authorization to proceed with Request for Expressions of Interest
- April / May 2020
 - Delay in Release due to COVID-19
- June 1, 2020
 - Property Information Soft Release
- July 1, 2020 – August 14, 2020
 - Request for Expressions of Interest



**Request for Expressions
of Interest**
for
Redevelopment Site
in
Florence, Oregon

Issued July 1, 2020
by
Florence Urban Renewal Agency

DEADLINE FOR FIRST REVIEW:
Friday, August 14, 2020
at 12:00 p.m.

FURA
FLORENCE URBAN
RENEWAL AGENCY
OREGON

Selection Advisory Committee Review

- RFEI deadline August 14, 2020
- Selection Advisory Committee Review & Interviews
 - September – October 2020
- Florence Urban Renewal Agency Executive Session
 - October 28, 2020



Selection Advisory Committee Recommendation

- Sycan B. Corp. / Merete' Hotel Management
 - Hotel Primary Objective
 - Proposal for branded hotel
 - Experience with development and long-term management of over 15+ hotels
 - Demonstrated performance in public / private partnerships in other cities

About Sycan B. Corp. / Merete' Hotel Management

- Track Record of Award Winning Properties
- Established relationships with multiple brands

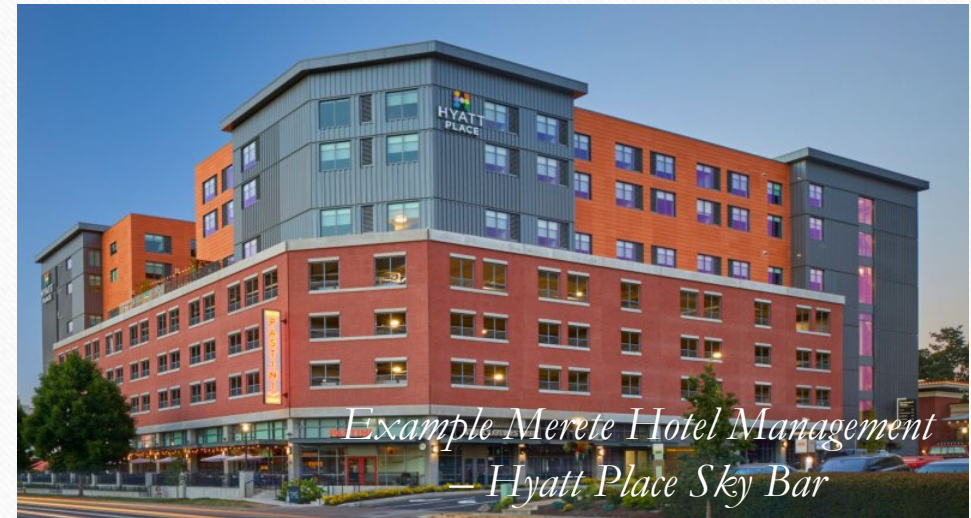
Mereté
Hotel Management



*Example Merete Hotel
Management Properties*

About the Submittal

- Branded, 100+ room, select service hotel directly across from the Florence Events Center.
 - Includes amenities such as roof top bar (modeled after Hyatt Place Sky Bar in Eugene), bike lending and walkable connections to Old Town
 - Contains opportunity for up to 40 additional hotel rooms
 - Contains considerations for workforce housing and plaza area



- Note: Proposal is subject to predevelopment cost analysis and is non-binding.

Urban Renewal Agency Approval Points

1

- **Candidate Selection**
- Exclusive Negotiation Agreement

2

- **Pre-Development & Design**
- Financial Support Decisions

3

- **Property Sales**
- Disposition & Development Agreement

Step 1: Candidate Selection

Fall 2020

- Exclusive Negotiation Agreement = *Beginning of Property Negotiations*
 - Non-binding agreement
 - No Committal of Funds
 - Will not enter into negotiations with any third parties
 - Allows for due diligence period for developer
 - Able to perform property evaluations and cost analysis in confidence

Step 2: Pre-Development & Design

Fall – Winter 2020/2021

- Property Due Diligence
- Franchise Determination
- Conceptual Site Design
- *Note: Includes multiple potential negotiation points for Urban Renewal Agency based on purchasing policies*



Step 3: Property Sales *Spring 2021*

- Disposition and Development Agreement
 - Binding Agreement
 - Check-In Points & Assurances to be negotiated



Options for Agency

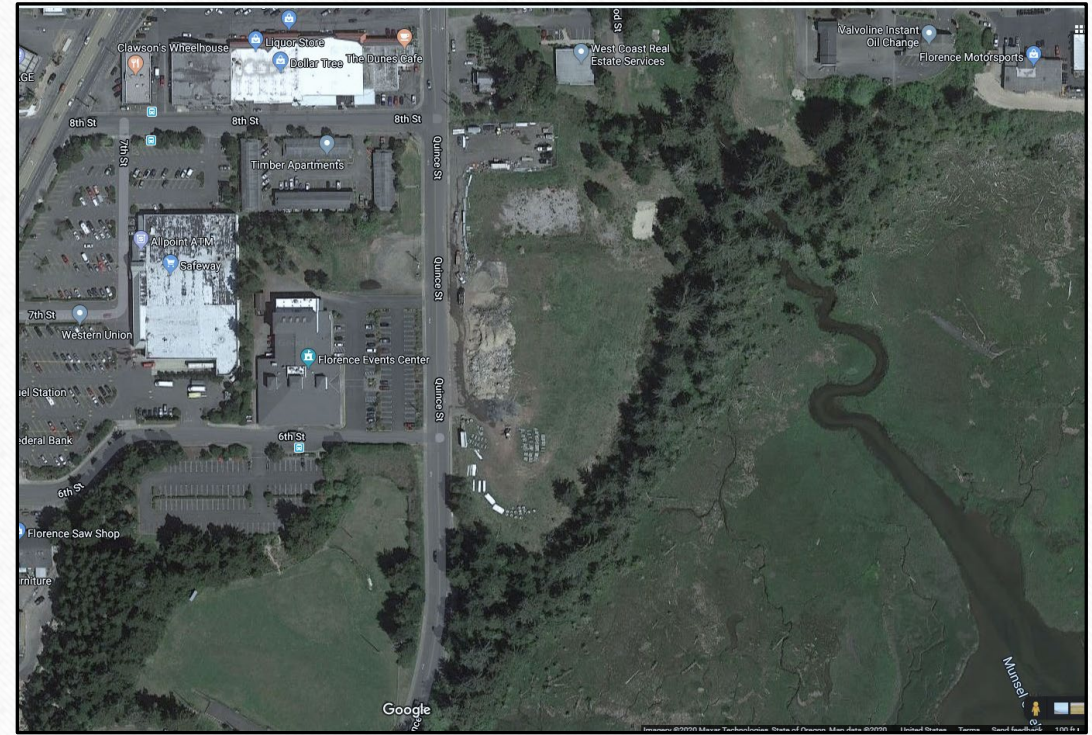
1. Affirm approval of the Committee's recommendation to proceed with Sycan B. Corp. / Merete' Hotel Management and Authorize the City Manager to sign an Exclusive Negotiation Agreement (ENA) with Sycan B. Corp.
2. Request additional information (*Written / Interviews*) from all, or a portion, of the submittal parties
3. Determine the need to reopen the RFEI marketing opportunity to obtain additional submittals
4. Reject all submittals and reconsider marketing strategy, vision and goals for the site, or any other portion of the development process and provide staff direction at open session



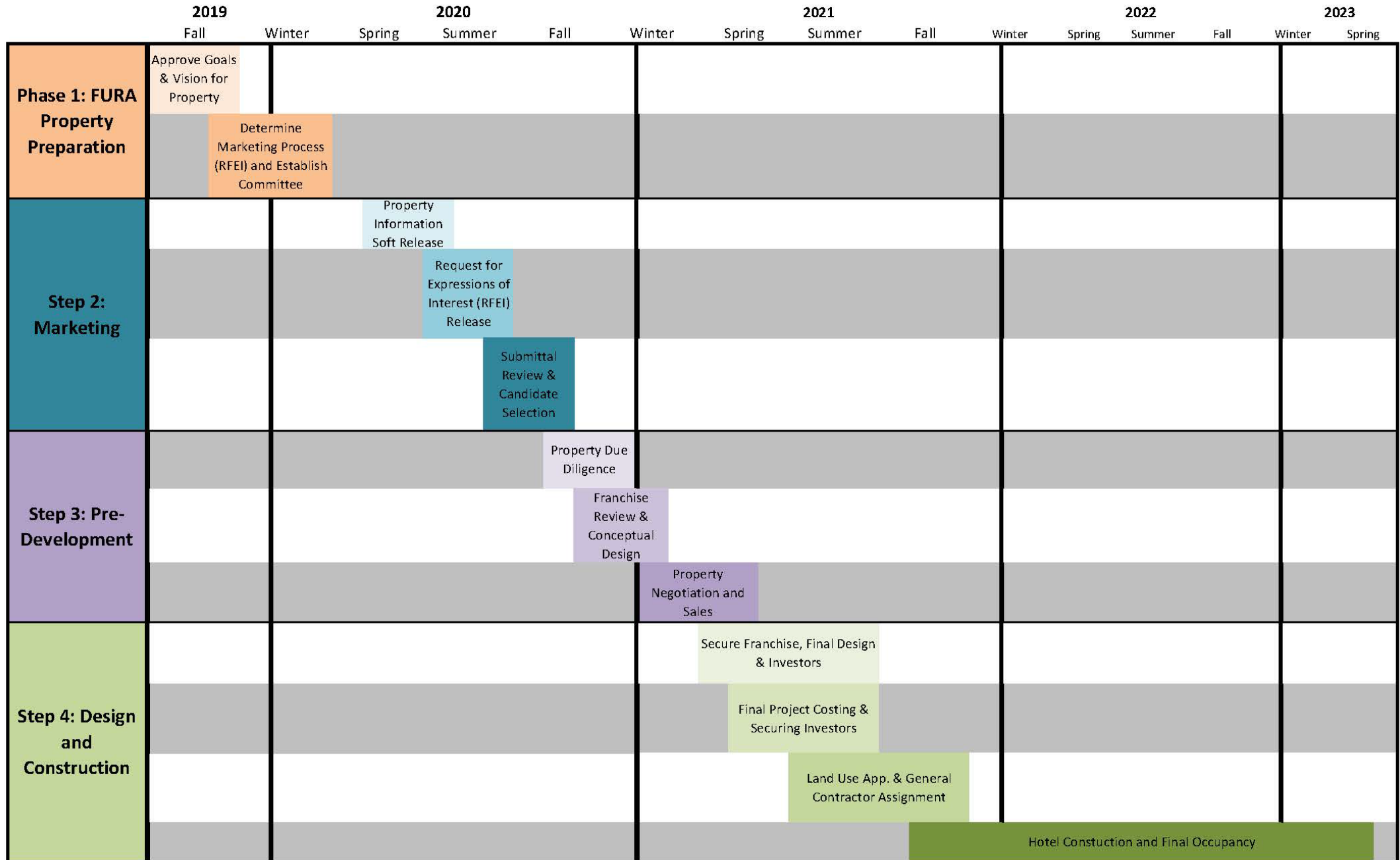
Questions & Answer Board Discussion

Selection Advisory Committee Recommendation

- Authorize the City Manager to sign an Exclusive Negotiation Agreement (ENA) with Sycan B. Corp.
 - *Begins the Property Negotiation Process*



Quince Street Project Development Timeline



Potential Next Steps for Selection Advisory Committee

- Opportunity for assistance during negotiations
- Agency could consider action to:
 - Authorize the City Manager to work with the Selection Advisory Committee to review negotiation points in order to provide recommendations to the Florence Urban Renewal Agency prior to each upcoming Agency action item.

Quince Street Property Expenditures

Expenditure	Cost	Date Allocated
Property Purchase	\$495,000	June 2018
Property Maintenance	\$5,000	May 2020
Professional Services	\$33,500 (including sale bonuses)	March 2020
Marketing Direct Costs	\$1,000	June 2020
Total Expenditures	\$534,500	