




**CITY COUNCIL TRANSMITTAL**

  
Lisa Shaffer (Mar 22, 2022 14:45 MDT)

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**TO:** Salt Lake City Council  
Dan Dugan, Chair

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**FROM:** Blake Thomas, Director, Department of Community and Neighborhoods (CAN)



**SUBJECT:** Update on the status and disposition strategy for 8.75-acres of city-owned property located between 300 and 400 West and between 800 and 900 South, also known as the Fleet Block.

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**DOCUMENT TYPE:** Informational Item

**RECOMMENDATION:** This briefing is for informational purposes; however, the Council may wish to provide feedback due to related policy and budget considerations.

**BUDGET IMPACT:** N/A

**BACKGROUND/DISCUSSION:**

The City owns approximately 8.75 acres of a city block located between 300 and 400 West and between 800 and 900 South, as depicted in Attachment A (the "Property"). The Property, commonly known as the "Fleet Block", was utilized up until 2010 by the City to manage its vehicle fleet. Since then, the City has conducted due diligence and various studies to prepare the Property for redevelopment. Currently, the Administration is working to transform this underutilized community asset into a project that will contribute to the economic, social, and environmental betterment of the city.

To prepare for the forthcoming RFP process, community engagement is being carried out along with technical considerations, with the goal of implementing a project that aligns with the community's values, supports existing policies, and is logistically and financially feasible. The following components are being considered:

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1. Community Engagement – To foster a project that is based on input from the City’s many stakeholders, inclusive of race, ethnicity, age, gender identity, and income, thereby resulting in a project that is community supported and provides opportunity for historically marginalized residents.
2. Policy Alignment – To foster a project that aligns with adopted plans and policies, thereby supporting previous public engagement, planning processes, and legislative actions.
3. Existing Conditions – To foster a project that considers existing conditions and logistics that may influence the design and site plan, such as environmental contamination, high voltage power lines, easements, underserved utilities, parking requirements, and traffic circulation.
4. Financial Considerations – To foster a project that is financially feasible and leverages the value of the land to limit additional financial participation by the City while incentivizing public benefits to implement the community’s vision.

This briefing seeks to provide an overview of the status of the Property, and the proposed process to redevelop the Property. While property management and disposition are largely an Administrative function, the Council is considering a rezone of the Property and may consider budgetary allocations in the future to move forward with redevelopment of the Property. As such, it is helpful for the Council to be briefed and provide feedback early in the process.

#### Prior Studies:

Since 2010, the City has conducted several studies to determine the best approach to redeveloping the site. Most recently, the Administration contracted with Urban Design Associates and Cascadia Partners for a study that included a community engagement process and produced a design proposal with a corresponding economic analysis. The study concluded that there is a strong momentum for an innovation district; the Property is appealing for start-ups and business expansions; and there is a strong presence of the arts, breweries, and culinary uses in the neighborhood. Additionally, the community engagement process indicated support for the development of a mix of uses including housing, commercial, and open space, with a desire to strengthen multimodal transportation connectivity and infrastructure. The subsequent design proposal incorporated new city streets, public space, and a mix of land uses housed within buildings up to six stories.

The study was presented to the Council on February 12, 2019. At that briefing several concerns were raised, specifically about the type and amount of open space. The study was never endorsed or adopted as a master plan for the block. While the study provided value by soliciting public input and providing a development option, the Administration is viewing the study as a scenario analysis and does not plan on using it as a masterplan for the Property.

#### Community Expression

In summer of 2020, with a call for social justice at the local, regional, and national level, the Property was utilized for community expression, protest, and a call for social change which resulted in community-initiated murals on the Property. The Administration recognizes the importance of carrying out a transparent and inclusive process to redevelop the Property, and has

incorporated several strategies, as further described herein, to carry out these objectives. Further, the Mayor's Office, in coordination with the Arts Council, is working with the arts community and the families of those represented in the murals on a proposal to utilize art within the forthcoming project as a medium for awareness to drive social change. The resulting project is intended to be an equitable development that meets the needs of underserved communities through policies and programs that reduce disparities while fostering a healthy and vibrant community.

#### Development Constraints:

The Property has certain development constraints that will influence the forthcoming development plan. Additional detail is as follows:

1. Power Lines: High voltage lines run along the north side of the Property on 800 South and can place constraints on building height and setbacks.
2. Environmental Contamination: The Property has various types and levels of environmental contaminants and groundwater intrusion from over 100 years of industrial uses. Based on previous estimates, cleanup costs may range from approximately \$600,000 to \$2,500,000, depending on the level of remediation and type of end uses.
3. Street Conditions: Many streets surrounding the Fleet Block need redesign to be made more attractive and safer. The City's latest pavement survey shows that three of the block faces around the Fleet Block have pavement in poor condition and the 300 West block face is in failed condition. Additionally, any forthcoming development will require new street infrastructure, whether publicly or privately owned, to improve access, circulation, and walkability of the site.
4. High Water Table: Significant excavation for subsurface parking is unlikely due to the high water table. Large surface parking lots or parking structures are more practical for the site but could negatively impact the urban design.
5. Soil Conditions: Construction of higher intensity uses on the site will likely require driving pilings, which adds to the cost of vertical construction.
6. Infrastructure Capacity: Basic infrastructure may be inadequate to serve higher density development and will likely require investment to improve capacity and development readiness.

#### Land Value:

Land Value: As per an appraisal dated January 2022, the market value of the Property is \$37,500,000, or \$98 per square foot, as if no environmental remediation is required. The 89,900 square feet of industrial space does not contribute to value. Additionally, the value considers that the land has been zoned from PL to a zoning district that permits a variety of uses.

#### Zoning:

The Property is currently zoned Public Lands (PL), which generally limits the property to institutional and municipal uses. In March 2019, former Mayor Jackie Biskupski initiated a petition to rezone Fleet Block to a new zone to facilitate development of the Fleet Block in a way that supports the City's master plans. In response to the petition, the Planning Division

evaluated zoning for the block that would support the City's goals as noted in the *Downtown Master Plan* (2016.) The block has been identified in the Downtown Plan to be a redevelopment site that "demonstrates the best of urban family living and industry, the mixing of land uses once thought to be incompatible, and improved connections that focus on putting people first."

Accordingly, a zoning amendment has been proposed that would apply a modified version of the City's Form Based Urban Neighborhood-2 (FB-UN2) zone to the Fleet Block. The zone would be known as the Form Based Urban Neighborhood-3 (FB-UN3) zone. The zone would have similar regulations to the FB-UN2 zone, which is mapped on the blocks around 900 South and 200 West and allows for four to five story tall mixed-use development. The FB-UN3 zone would primarily differ in that it would include requirements for mid-block walkways, allow more intense commercial land uses, such as light manufacturing and industrial assembly, and allow for greater height (up to 125') than the adjacent FB-UN2 zone.

#### RFP Strategy:

Through a request for proposal (RFP) process, the Administration plans to solicit competitive offers to acquire the Property and implement a development that will foster equitable, inclusive, innovative, and sustainable growth. While the City could sell the Property, the transaction will likely be a long-term ground lease to allow the City to maintain an interest in the Property. Additionally, the RFP strategy includes mechanisms to ensure that the values, goals, and requirements expressed through the RFP are indeed carried out, providing ongoing commitments and accountability. Engagement strategies are intended to reach a wide range of representatives to hear from and build trust with the City's communities, during a period of unprecedented attention to the issue of what it means to be inclusive and what it means to be truly heard. This engagement is a critical component of a larger dedication to meaningful community involvement in the development of the City. Additional detail on the proposed RFP strategy is as follows:

1. Request for Information (RFI)

As a precursor to the RFP, CAN issued an RFI to explore options available to the City to develop the Property and to learn from the prior experience of others in developing complex urban infill projects. Due on February 25, 2022, RFI responses gathered feedback regarding development options with the proposed zoning, Form-Based Urban Neighborhood 3 or FB-UN3. An internal technical committee is reviewing and analyzing the information received from the RFI and will utilize it to inform the RFP process.

2. RFP Community Vision Plan

A Vision Plan will be developed that provides community-driven, realistic guidance to the City for how best to incorporate community desires into the Fleet Block RFP. The Plan is anticipated to include the following components:

- a. Community Vision Statement: A statement of what the community envisions the block to incorporate and may include statements regarding inclusion, affordability, design elements, land uses, ongoing engagement, etc.
- b. Guiding Principles: A set of guiding principles that support the community vision and are used to inform and evaluate RFP responses. A draft set of guiding principles

(Attachment B) has been created based off precursory community input and current city plans, policies, and priorities.

- c. Development Concepts: Based on the Vision Statement, Guiding Principles, and information collected through the RFI, various design and development concepts will be presented to the community to gauge preferences and prioritization for:
  - Character images visualizing potential development typologies.
  - Range of alternative site concepts including various development synergies and public benefits such as affordable housing, housing tenure and typologies, density/scale, commercial uses, urban design, connectivity, public art, open space, etc.

### 3. RFP Requirements and Preferences

RFP requirements and preferences will be developed to get competitive and specific responses that address the City and community's needs. These requirements will include essential development components that are deemed vital for redevelopment of the site, such as:

- a. Affordability requirements
- b. Inclusionary hiring practices
- c. Design standards (i.e. floorplate maximums)
- d. Tenant requirements (i.e. local businesses, specific uses, family housing)
- e. Tenure requirements (i.e. homeownership)
- f. Open space requirements
- g. Development team requirements (i.e. partnerships with underrepresented businesses)

### 4. Inclusive Marketing Plan

The RFP will be made available to a diverse range of stakeholders through an inclusive marketing plan. As a result, the RFP will be targeted to underserved populations such as persons with limited English proficiency and persons from the Black, Indigenous, and people-of-color (BIPOC) communities.

### 5. Inclusive Selection Committee

The selection committee that will be responsible for evaluating, ranking, and selecting proposals for an award will include community representatives from diverse backgrounds along with City representatives.

### 6. Community Benefit Agreement

To ensure that the community's input does not get lost or diluted after the RFP is awarded, a Community Benefits Agreement (CBA) could be a requirement of the RFP. A CBA is a contract between a developer and community-based organizations representing residents' interests. The agreement spells out the benefits the community will receive in exchange for supporting the project. The CBA could include benefits such as:

- a. Requirements for local hiring
- b. Commercial space dedicated to underrepresented populations/businesses
- c. The development of certain public amenities
- d. Partnership with local artists from the BIPOC community on privately owned, publicly visible art installations.

While many of the above benefits would be included in a development agreement between the developer and City, a CBA would provide additional assurance and accountability by the developer to the community. It could include elements that are typically not included in a development agreement, such as the type of artists to be commissioned for certain art projects. The parameters of the RFP requirements of a CBA would need guidance from the Attorney's Office, as this would be a new concept for the City.

7. Metrics & Outcomes

A set of metrics will be identified to track and measure the development's outcomes in comparison to the vision, guiding principles, requirements, and preferences identified in the RFP. By establishing metrics early in the process and tracking outcomes over time, the City and developer will be held accountable to the community. Potential metrics may measure indicators such as affordability, underrepresented populations, climate resiliency, community health, and social and economic justice.

**PUBLIC PROCESS:**

The Fleet Block project includes multiple public processes, with a summary as follows:

1. Zoning: Thus far, the rezone process has included public noticing; outreach to the Central 9<sup>th</sup> and Ballpark community councils; an open house held on July 8, 2019 that was attended by over 50 participants; a Planning Commission public hearing held on December 11, 2019; and City Council public hearings held on November 10 and November 17, 2020.
2. Art: The Mayor's Office, in coordination with the Arts Council, is working with the arts community and the families of those represented in the murals on a proposal to utilize art within the forthcoming project as a medium for awareness to drive social change.
3. RFP: The Administration's RFP strategy includes community-supported elements that will be included in the RFP, including a vision statement, guiding principles, and development concepts. The RFP strategy also incorporates an inclusive marketing plan and selection process. Additionally, a community benefits agreement may be a requirement of the RFP to encourage ongoing participation from and commitments to community representatives.

**EXHIBITS:**

- A. Site Map
- B. Draft Guiding Principles

EXHIBIT A: Site Map



## EXHIBIT B: Draft RFP Guiding Principles

The following draft RFP guiding principles are intended to evolve as the City receives additional input from the community and completes due diligence efforts on the property.

a.     **Land Uses: Mixed-use development** that provides for growth while being contextually sensitive, and that incorporates public space with some mix of residential, commercial, retail, hotel, or other function. Land uses shall maximize space utilization, include an array of amenities, establish a unique architectural expression, and be pedestrian oriented.

b.     **Public Space: Accessible public space** to promote public gatherings, free expression, safety, comfort, and well-being of the community, and that may be developed, maintained, and activated through a public-private partnership with the City.

c.     **Placemaking & Community Expression: Publicly visible art or placemaking** that may express community values, establish a unique identity for the Property or Granary District, and/or heighten awareness of social issues. This could include scenarios in which existing community murals are memorialized or preserved and integrated into the publicly accessible space and/or a new community-supported project is carried out.

d.     **Equity & Inclusion: Equitable development** that provides access to opportunity for historically marginalized residents, which may include space for the incubation and growth of small innovative businesses (e.g., makers, artists, etc.), mixed-income housing with units for residents that are 50% of the area median income or below, community resources such as a grocery store or childcare facility, and integration with current and future transit routes and infrastructure.

e.     **Infrastructure & Connectivity: Infrastructure improvements** that mitigate traffic congestion, incorporates parking efficiencies, and provide for safety, walkability, connectivity, and accessibility both within the block and to adjacent transportation networks and land uses.

f.     **Environment & Sustainability: Sustainable and environmentally responsible development** that promotes community resiliency through the mitigation of existing contamination, promotion of environmental equity, and the efficient use of resources.

g.     **Financial Leverage & Partnerships: Financially viable development** that utilizes innovative financing tools and partnership structures to limit financial participation by the City, allows for the incorporation of public benefits, and provides opportunities for revenue sharing. Long-term partnership structures with the City may include a land lease or other structure that could offset costs associated with deeply affordable housing, below-market commercial space, public space, infrastructure, etc.