

# Riverside Mixed-Use Project Business Plan



Prepared for:

The Urban Development Authority

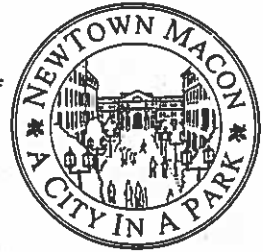
Prepared by:

NewTown Macon, Inc.

May 15, 2002

May 15, 2002

Mr. Chuck Howard  
Chairman  
Urban Development Authority  
P.O. Box 169  
Macon, GA 31202



Re: Riverside Redevelopment Project

Dear Chuck:

Please find enclosed a proposed business plan for the Riverside Redevelopment Project. This plan was prepared by NewTown Macon, Inc. as part of an overall strategy for the revitalization of downtown Macon outlined in our capital campaign. As we have discussed in the past, NewTown Macon wants to work in partnership with Urban Development Authority in the implementation of the Riverside Project.


As you will see in the business plan, we have outlined an organizational structure for the project, key dates for the development, the sources and uses of funds, a capital budget, and project pro forma from pre-development up to the sale of the project to a developer(s). We have also prepared a draft Memorandum of Understanding which outlines how NewTown Macon would propose assisting the UDA in implementation.

As you know, the idea of a major development project that could capitalize on the river views afforded by the Ocmulgee River has been a long-standing vision for downtown. With the Urban Development Authority and NewTown Macon working in concert on this plan, we can achieve that vision.

The County and NewTown Macon have already made substantial contributions to the land assembly process for the Riverside Project. The City and County have committed significant revenues to this project through the issuance of revenue bonds. These funds, which will be administered by UDA, are the financial key to project. The combination of these financial resources assures the successful redevelopment of this area into a signature mixed-use development that will reconnect the city to our riverfront, while increasing activity in our downtown.

After you have had an opportunity to review the business plan, we would welcome an opportunity to meet and discuss whether you are in agreement with the approach, budget and timetable. We look forward to working closely with you on this project which is so vital to downtown Macon.

Very truly yours,

  
Connie Mac Darnell  
President/CEO

Connie Mac Darnell  
President/CEO



## **Executive Summary**

The Riverside Mixed-Use project is designed to reconnect downtown Macon with the Ocmulgee River and attract a major mixed-use development which will bring jobs and vitality to downtown. The Ocmulgee River has been a critical element in the city's development: yet in recent years we have failed to capitalize on this special resource. Our goal for this project is to attract **new** employers and new residents that can generate additional demand for existing and future retail development.

The site is an 8.5-acre parcel of land which has been assembled between Spring and Second Street to the north of Riverside Drive. The plan is to consolidate the existing multiple parcels into one parcel, relocate the Macon Transit Authority, (the relocation of Central Services is also an option), remove most of the buildings and grade, remediate and prepare the site for development. The key attraction of the site will be the construction of a public promenade along the riverfront, which will give Macon residents and visitors and chance to enjoy the river. From the promenade, you will get a special vista of the city and be able to view the completed Ocmulgee Heritage Greenway across the river.

The project will be developed through a partnership between the Macon-Bibb Urban Development Authority ("UDA") and NewTown Macon ("NTM"). The site will be owned by UDA. Our goal is to prepare the site for redevelopment and then sell the site to a qualified master developer selected through a competitive bidding process.

To prepare for this outcome, we have developed this business plan. It contains an organizational structure for the project, key project milestones, anticipated sources and uses of funds for the project, operational pro forma for the redevelopment, estimated potential land values and development densities, and proposed Memorandum of Understanding between the UDA and NTM for the project. We have also included the initial redevelopment concepts for the project that were prepared by NewTown Macon.

We look forward to a working with the UDA to create **the** signature development in all of Middle Georgia. We believe it has the potential to be an economic catalyst not just for us today but for the Maconites of the future.

# **Table of Contents**

**Transmittal Letter**

**Executive Summary**

**Section I: Proposed Organization Chart**

**Section II: Key Project Milestones**

**Section III: Sources and Uses of Funds for the Project**

**Section IV: Operational Pro Forma for Riverside Mixed-Use Project**

**Section V: Land Values Determined from Alternate Development Scenarios**

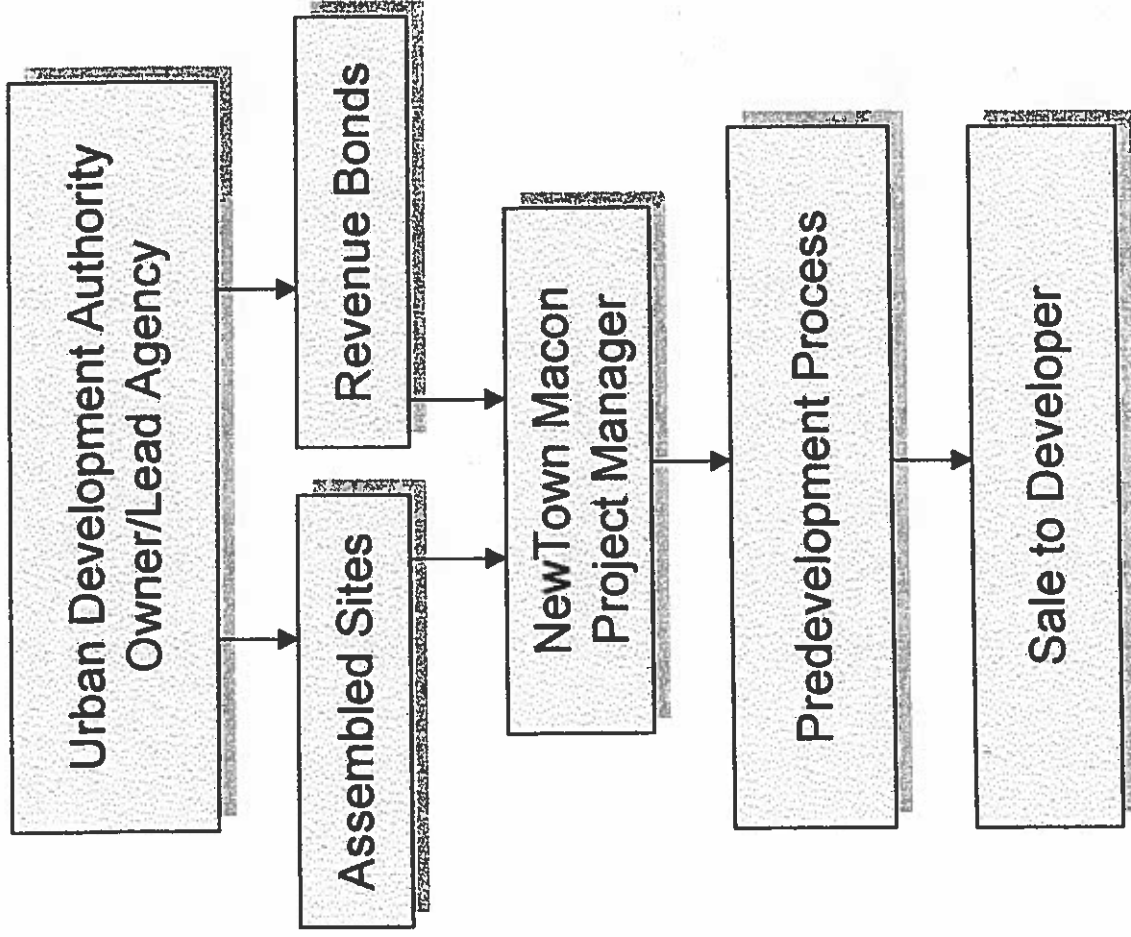
**Section VI: Memorandum of Understanding between the Urban Development Authority  
and NewTown Macon, Inc.**

**Section VII: Redevelopment Plan for Riverside Mixed Use Project**

# Section I:

## Organizational Chart

## Proposed Structure for Riverside Redevelopment



## Section II:

### Key Project Milestones

## **Key Project Milestones for Riverside Development**

### **Financial**

Agree on interim business plan for project	5/2002
Obtain revenue bond funds for project	6/2002

### **Land Assembly**

Acquire Franklin Motors	5/2002
Complete title, survey work and ownership for combined property	8/2002

### **Organizational**

Enter into Memorandum of Understanding with UDA	6/2002
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### **Construction**

Begin construction of new Macon transit facility	7/2002
Completion of construction of transit facility	10/2003
Demolition of old transit facility	11/2003
Demolition of other structures on site	9/2002
Environmental testing/remediation	9/2002
Preliminary site preparation, grading, etc.	10/2002

### **Management**

Develop preliminary masterplan for site	8/2002
Prepare detailed plan for public improvements on site	9/2002
Secure site and evaluate infrastructure and zoning issues	8/2002
Developer solicitation process:	
Issue Request for Qualifications	8/2002
Determine qualified bidders	11/2002
Issue Request for Proposals	12/2002
Determine preferred developer	2/2003
Contract negotiations with developer	3/2003
Finalize contract	4/2003
Begin redevelopment of site	6/2003



### **Section III:**

## **Sources and Uses of Funds for Riverside**

## Memorandum

To: Conie Mac Darnell, NewTown Macon, Inc.

From: Ken Bleakly, Bleakly Advisory Group

Subject: Sources and Uses of Funds for Riverside Development

Date: 4/17/02

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This memo outlines the sources and uses of funds available for the Riverside Development. It serves as a key source document for the pro forma for the Riverside Project.

### Sources:

NewTown Macon rev. bond—county land acquisition	1,000,000
NewTown Macon rev. bond—relocation Transit Auth.	1,700,000
NewTown Macon rev. bond—acquisition public park	600,000
NewTown Macon rev. bond—public promenade overlook	1,000,000
NewTown Macon—land acquisition	740,000
NewTown Macon other funds—pre-development	460,000
NewTown Macon—loan from Transitional Property Fund	<u>1,450,000*</u>
Total Sources	\$6,950,000

### Uses:

#### *Site Acquisition/Relocation*

County—Douglas/Brown/Edwards land	1,000,000
Anderson - Barnes	740,000
New Transit 6 <sup>th</sup> and Hazel	163,000
UDA-Park site	<u>400,000</u>
Subtotal	2,303,000

#### *Pre-Development Costs*

Construction of New Transit facility	1,640,000
Demolition, remediation, site preparation	350,000
Stabilization of structures	50,000
Construction of Promenade	1,000,000
Construction of Park/connections	300,000
Parking Improvements	<u>900,000</u>
Subtotal	4,240,000

#### *Other Costs*

Architectural & Engineering (5%)	212,000
Operation and Maintenance (2 years)	40,000
Developer Selection process	50,000

Legal	20,000
Marketing and promotion	20,000
Title/survey	10,000
Miscellaneous	15,000
Contingency	<u>40,000</u>
Subtotal	407,000

*Total Project Costs*

**\$6,950,000**

\* Based on its contribution of pre-development funding from its capital campaign, NewTown Macon will receive the sales proceeds, net of the cost of sale, from the property for its Transitional Property Fund.

## **Section IV:**

# **Operational Pro Forma for Riverside Mixed-Use Project**

**PREDEVELOPMENT PRO FORMA FOR RIVERSIDE MIXED USE PROJECT**

	Jan-Jun 2002	Jul-Dec 2002	Jan-Jun 2003	Jul-Dec 2003	Jan-Jun 2004	Total
<b>OPENING BALANCE</b>		4,647,000	3,750,000	2,481,000	1,609,000	
<b>REVENUES</b>						
Anderson land acquisition	740,000					740,000
NewTown Macon	1,910,000					1,910,000
Revenue Bonds	4,300,000					4,300,000
subtotal	6,950,000	0	0	0	0	6,950,000
<b>EXPENDITURES</b>						
<b>Project Management</b>						
operation and maintenance	0	10,000	10,000	10,000	10,000	40,000
<b>Site Acquisition</b>						
County Douglas/Brown/Edwards	1,000,000					1,000,000
Anderson-Barnes	740,000					740,000
New Transit 6th & Hazel	163,000					163,000
Franklin Auto	400,000					400,000
subtotal	2,303,000	0	0	0	0	2,303,000
<b>Pre-development Activities</b>						
Construction of new transit facility		640,000	1,000,000			1,640,000
Construct promenade				400,000	600,000	1,000,000
Construct other public improvements				300,000		300,000
Demolition, remediation, site preparation		150,000	150,000	100,000		400,000
Construction of parking improvements					900,000	900,000
subtotal	0	790,000	1,150,000	800,000	1,500,000	4,240,000
<b>Other Costs</b>						
Architectural, engineering services		50,000	50,000	50,000	62,000	212,000
Legal		5,000	15,000			20,000
Developer selection process		15,000	30,000	5,000		50,000
marketing and promotion		10,000	10,000			20,000
title/survey		10,000				10,000
insurance		3,000		3,000		6,000
miscellaneous		4,000	4,000	4,000	3,000	15,000
subtotal	0	97,000	109,000	62,000	65,000	333,000
<b>Total Expenditures</b>	2,303,000	897,000	1,269,000	872,000	1,575,000	6,916,000
<b>NET REVENUES</b>	4,647,000	3,750,000	2,481,000	1,609,000	34,000	34,000

**Section V:**  
**Land Values Determined from Alternative Land Use  
Scenarios**

## Memorandum

To: Conie Mac Darnell

From: Ken Bleakly

Subject: Estimated development capacity and potential land values for Riverside Project

Date: 5/15/02

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The Riverside project represents a unique opportunity to bring a major mixed-use project to Macon's waterfront, the Ocmulgee River, and provide a major catalyst for the continuing revitalization of downtown. The current plan for the project is to assemble the site and seek a master developer who would acquire the site to develop a mixed-use project which would either attract one or more new employers to Macon or create a new residential neighborhood that could help create a 24-hour environment in downtown.

This memo is intended as a starting point on determining what might be an appropriate price for the land given different development scenarios.

### Site Characteristics

Total size:	374,188 s.f.	8.59 acres
Total size of Promenade Park:	<u>61,800 s.f.</u>	<u>1.42 acres</u>
Net Developable acres:	312,388 s.f.	7.17 acres

(The City's Central Services occupies approximately 1.98 acres at the northwest corner of the site at Spring Street and the River. We will explore the potential of having this property remediated and included in the project. This will enhance the appeal of the overall site for redevelopment.)

### Development Scenario A: Office Mixed-Use

Under this scenario, we are assuming that a developer would acquire the site to create an office campus, with some mixed-use elements (convenience retail, limited residential, restaurants, etc.)

Developable acres:	7.17
Circulation/access	1.00
Parking	<u>1.50</u>
Net buildable acres:	4.67

### *Building alternative 1:*

FAR of 2: 407,000 s.f. of buildings or 4 buildings of 6-7 stories with 15,000 s.f. floor plates

Parking requirement @ 2.25 spaces/1,000 s.f. = 915 spaces

**Building alternative 2:**

FAR of 1.5: 305,000 s.f. of buildings or 3 buildings of 6-7 stories with 15,000 floor plates  
Parking requirement @ 2.25 spaces/1,000 s.f. = 686 spaces

**Target Land Price:**

\$250,000-350,000 an acre x 7.17 acres = \$1,792,000 - 2,509,500 for the site.

**Development Scenario B: Residential**

This scenario assumes the land is acquired by a developer seeking to create a major residential project, combining condominiums and rental apartment units with some limited ground floor retail, along the lines of the Post at Parkside project in Atlanta.

Units per acre: 40

Total units: 290

**Condominiums:**

75 one bedroom units

50 two bedroom units

25 three bedroom units

150 units, average construction price @, \$150,000 = 22,500,000

**Apartments:**

70 one bedroom units

70 two bedroom units

140 units average cost \$80,000 per unit = 11,200,000

**Parking Deck:**

460 spaces @ \$6,000 per space = 2,760,000

**Total Project Cost:** \$36,460,000

**Target Land price:**

\$6,000 to 9,000 per unit

Total land cost for 7.17 acres = \$1,740,000-\$2,610,000

**Conclusion**

Based on a preliminary analysis the Riverside project site will offer slightly more than 7 acres for development, net of park land. Given the prominence of the site and the desire for this to be a signature project on the Ocmulgee River, seeking a project that will be developed at a fairly high density level is desirable. This will result in the critical mass we are seeking and will likely increase the purchase price on a per acre basis. However, given the modest pace of absorption that is occurring in the office and residential sectors we should anticipate that this project will take several years to absorb and will likely require a phased build-out. We should anticipate this approach from the potential developers.

Based on our analysis, a sales price, in the \$1.7-2.6 million range seems reasonable for planning purposes. This is roughly comparable to what the site cost to assemble. In a conventional market setting we would anticipate there would be a price premium for an assembled, cleared and remediate site. However, this will be a pioneering location for



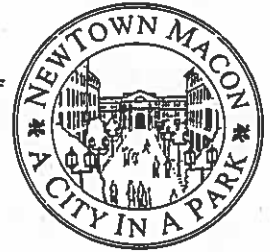
the developer to create the dense project we are seeking. This may require an aggressive pricing posture for the site. Our objective on this site is to attract the kind of development that can be a catalyst for downtown, rather than maximization of the sales price. With the additional incentive of \$900,000 to support parking and the block assembled and ready for development, and continued improvement in the general economy, I would anticipate a strong level of interest in the project once the general economic climate improves.

**Section VI:**

**Memorandum of Understanding  
Between  
The Urban Development Authority  
and  
NewTown Macon, Inc.**

May 15, 2002

Mr. Chuck Howard, Chairman  
Macon-Bibb County Urban Development Authority  
P.O. Box 169  
Macon, GA 31202



Re: Proposed Memorandum of Understanding between NewTown Macon and the Urban Development Authority for the Riverside Project

Dear Chuck:

We appreciate the opportunity to meet with you and the members of the Urban Development Authority recently to discuss our combined efforts to revitalize downtown Macon. As we discussed, the creation of the Riverside Project is one of the eight Initiatives that we are pursuing in downtown. In the accompanying business plan we have outlined a proposal for the Urban Development ("UDA") and NewTown Macon ("NTM") to work together to implement this project. As a next step, we are proposing that UDA and NTM enter into and Memorandum of Understanding detailing our roles and responsibilities for the project. We would propose the following sharing of responsibilities as the basis for the MOU:

In developing the Riverside Project as Macon's premier river-oriented mixed-use development, UDA will be responsible for the project and will work closely with NewTown Macon in its role as the designated project manager. Our mutual objectives in undertaking this project are:

- To create a unique site for development along Macon's underutilized waterfront, the Ocmulgee River, for a signature project, which will help support downtown, create demand for existing businesses and add to our tax base.
- To attract a high quality project that can serve as a catalyst and focal point in the growth of downtown.
- To seek one of two project concepts: 1.) a major office center which can attract one or more major new employers to Macon; 2.) to create a Riverfront residential neighborhood of new condominiums and apartments that will compliment the expanding residential base downtown and generate demand for existing downtown retail.

To achieve our mutual vision for the Riverside project, the specific roles and responsibilities of UDA and NTM will be as follows:

**The Urban Development Authority's Role as Owner**

The UDA will be responsible for the ownership of the project until the time it is ready to be sold to a private sector developer for vertical development. The role of the UDA as owner will be to assist in the preparation of the redevelopment plan, assemble the site, manage the distribution of the revenue bond proceeds for the project, and help select and negotiate with the winning development team to acquire the property. Specifically, for this project UDA will be responsible for:

- 1. Preparing, in conjunction with NewTown Macon, the Redevelopment Plan for the project.

Mr. Chuck Howard

Page 2

2. Acquire all of the properties needed for the project and be prepared to sell the properties with free and clear title to the selected development team.
3. Manage the distribution of revenue bond proceeds allocated to the Riverside Project, as part of its financial fiduciary responsibilities under the bond agreements.
4. Assist NTM in the marketing of the project to prospective developers.
5. Participate in the developer solicitation, selection and negotiation process.
6. Approve the selection of the proposed development team for the project.
7. At the time of sale of the property, provide NTM with the proceeds from the sale, net of UDA's project-related expenses. (This re-pays NTM for its substantial investment in the project in the form of land acquisition costs and a loan from the Transitional Property Fund.)

#### **NewTown Macon's Role as Project Manager**

We are proposing that UDA designates NTM as project manager for the Riverside Project. For this project NTM will be responsible for:

1. Preparing and implementing the Redevelopment Plan created by UDA and NTM by working with the respective City of Macon and Bibb County planning agencies.
2. Conducting (either directly or by subcontracting for services) standard predevelopment activities, including but not limited to site analysis, environmental analysis, development planning, market analysis, financial feasibility studies, preliminary design, zoning compliance, facilities inspections, and overall analysis of compatibility of proposed development projects with the Comprehensive Development Plan and the Redevelopment Plan.
3. Soliciting appropriate projects, project financing, and securing other forms of private investment to implement the Redevelopment Plan.
4. Recommend the entering into intergovernmental agreements as needed.
5. Market the project to developers, capital sources and the general public with the goal of the project acting as an economic catalyst for new employment in the City.
6. Coordinate public improvement planning and construction with the City and County.
7. Enter into contracts with qualified vendors for the provision of professional and other services required in design, feasibility, project management, legal, engineering and other services required for the project.
8. Perform other duties as necessary to implement the Redevelopment Plan.
9. Reinvest the proceeds from the sale of the Riverside Project into the Transitional Property Fund for use on other downtown projects.

We are excited by the opportunity to partner with UDA on this project which is so vital to the revitalization of downtown. We believe our mutual involvement creates a special public/private partnership which will result in many benefits to our city. We look forward to discussing the proposed MOU with you and establishing the framework for our close collaboration on the Riverside project.

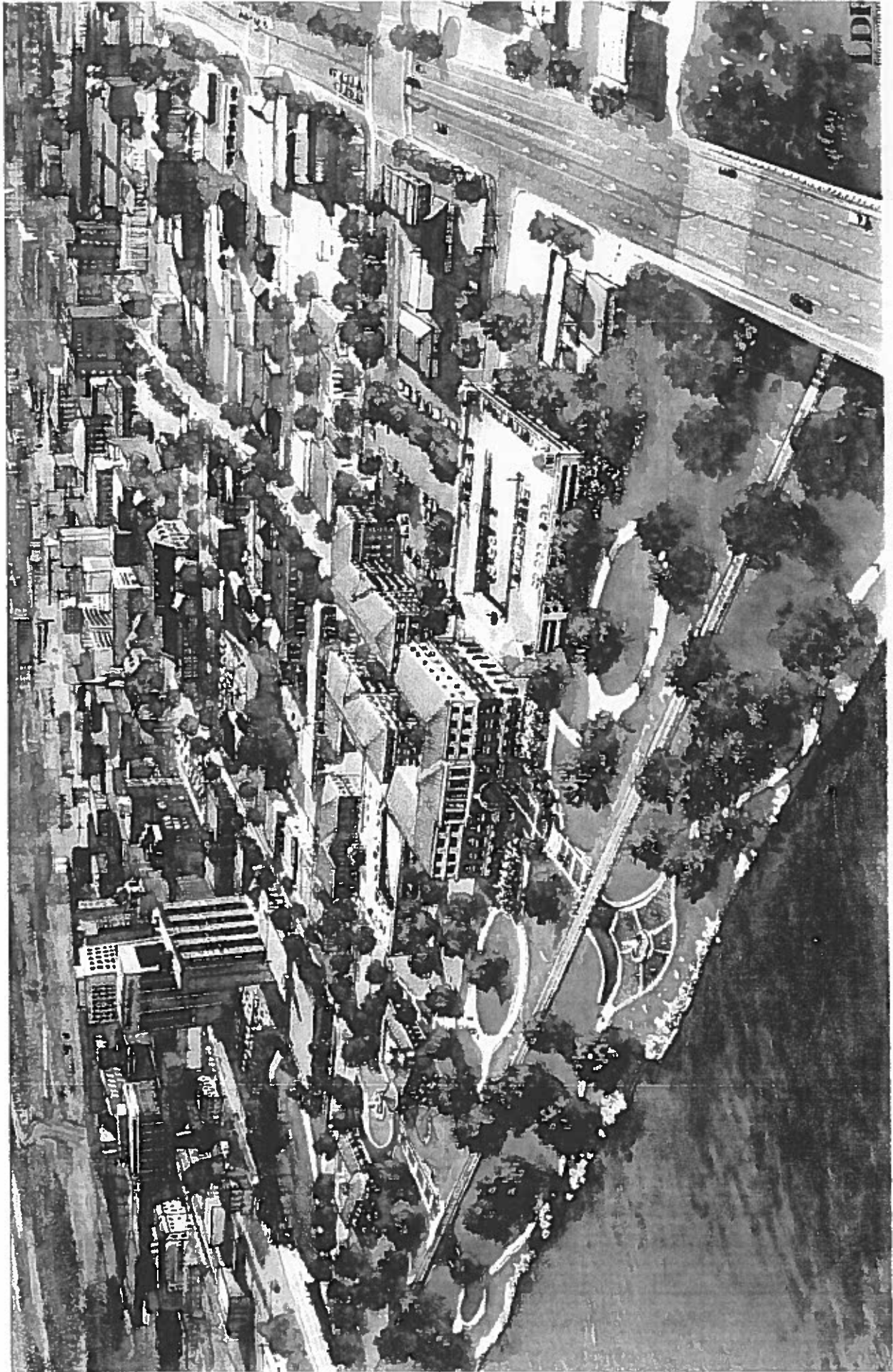
Very truly yours,

Conie Mac Darnell  
President

**Section VII:**  
**Redevelopment Plan**  
**for the**  
**Riverside Mixed-Use Project**

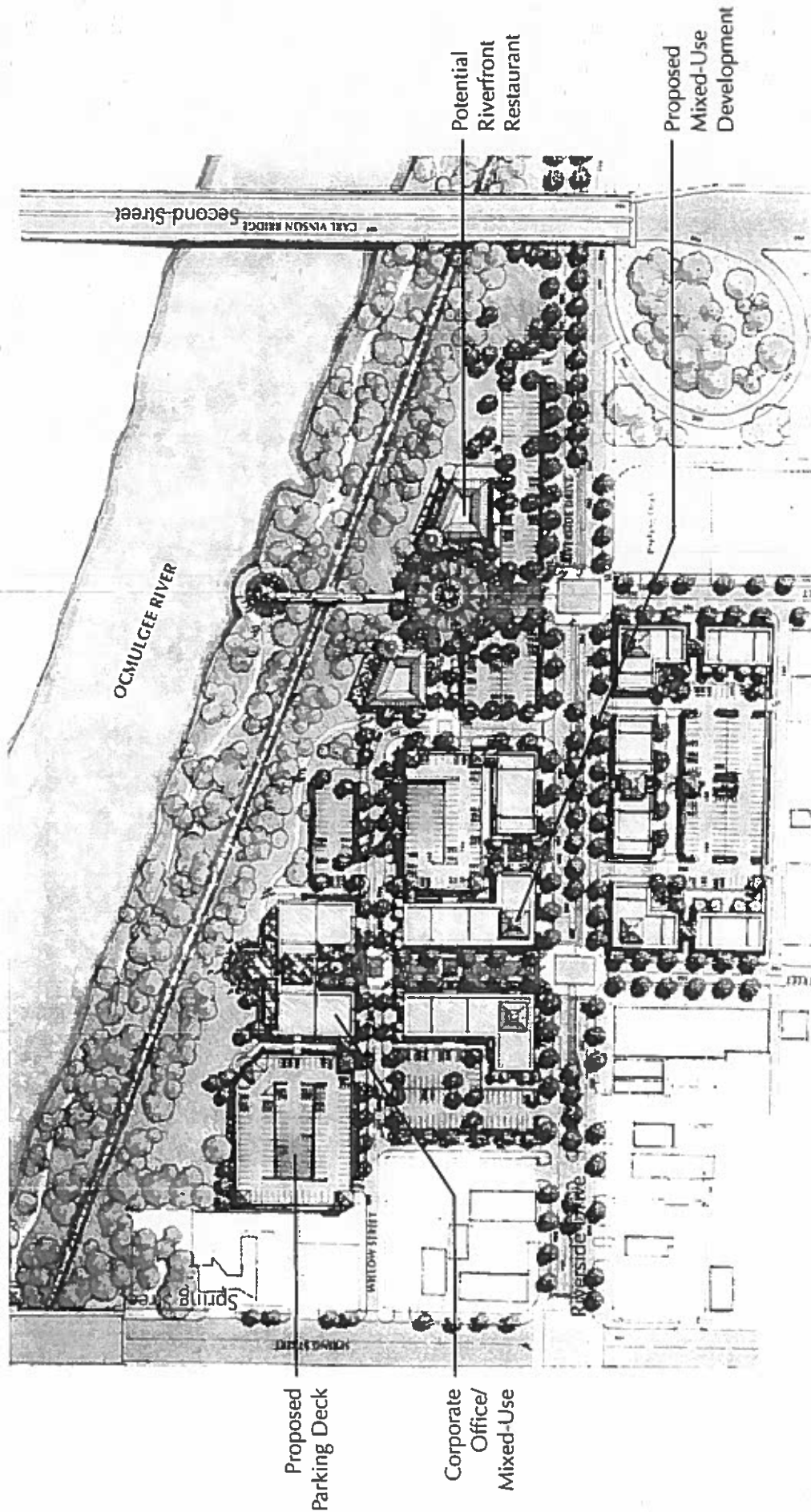
## Prototype Project: Riverside by Post





Sketch of the Riverfront Assemblage





Riverfront Assemblage Concept Plan



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## 4.3 Riverfront Assemblage

This section of the report recommends a development plan, marketing strategy, and fiscal & economic impact analysis for the Riverfront Assemblage.

### 4.3.1 Development Plan

The Riverfront Assemblage is approximately 14 acres along the Ocmulgee River, and is bounded by Spring Street, Martin Luther King, Jr. Boulevard, and Riverside Drive. In LDR International's 1997 study of the Riverfront Assemblage, it was estimated that 5.8 acres of the site should be developed for commercial uses (approximately 250,000 s.f.). The BBP-LDR International project team recommends that the commercial space be allocated as follows:

1. 215,000 s.f. of office space
2. 35,000 of retail/restaurant space

The opportunities for development at the Riverfront would be greatly enhanced by the relocation of the existing rail line to the opposite (north) side of the river. This action would free up more of the Riverfront for development, allow unobstructed views of the river, and allow people to get closer to the river itself. The proposed Ocmulgee Heritage Greenway that would run alongside the Ocmulgee River through this property would enhance the attractiveness of the site for development and would be made possible by the rail relocation. The move of the rail to the other side of the river would also reduce noise impacts, and enhance freight rail capacity in the area. Although this would incur expenses, savings would be realized by reducing the need for grade crossings when passenger rail is built. The rail line could then be incorporated into the Interstate-16 corridor, which makes it eligible for additional Federal funds.



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Although BBP assumes there will be no direct subsidy to a developer, it is recommended that NewTown Macon utilize a variety of mechanisms to make the site attractive for development. BBP recommends that NewTown Macon assist the developer with:

- Land acquisition
- Environmental remediation. This may include addressing any U.S. Army Corps of Engineers' floodplain issues that may exist
- Environmental indemnification
- Site preparation and improvement. This includes relocation of the railroad to the opposite bank of the Ocmulgee River. This will open more space on the site for development and provide better access to the riverfront and the Ocmulgee Heritage Greenway.

In addition, Tax Allocation District funds will be used to help pay for site work and parking.

#### ***4.3.3 Fiscal & Economic Impacts***

BBP's fiscal & economic impact analysis of the Riverfront Assemblage's development plan projected the following (to calculate capitalized revenues, a 5.6% interest rate on 20-year bonds was assumed):

- The total 250,000 s.f. development project at the Riverfront Assemblage would create \$24.5 million of economic value, 930 new jobs, \$5 million of capitalized revenues for the TAD, and \$1.2 million of capitalized occupation and sales tax revenues.
- The office portion of the project, comprising 215,000 s.f. of development, would create \$22.2 million of economic value, 860 new jobs, \$4.5 million of capitalized revenues for the TAD, and \$62,000 of capitalized occupation tax revenues.
- The 35,000 s.f. retail portion of the project was found to generate an economic value of \$2.3 million, 70 new jobs, \$470,000 of capitalized revenues for the TAD, and \$1.1 million of capitalized sales and occupation tax revenues.

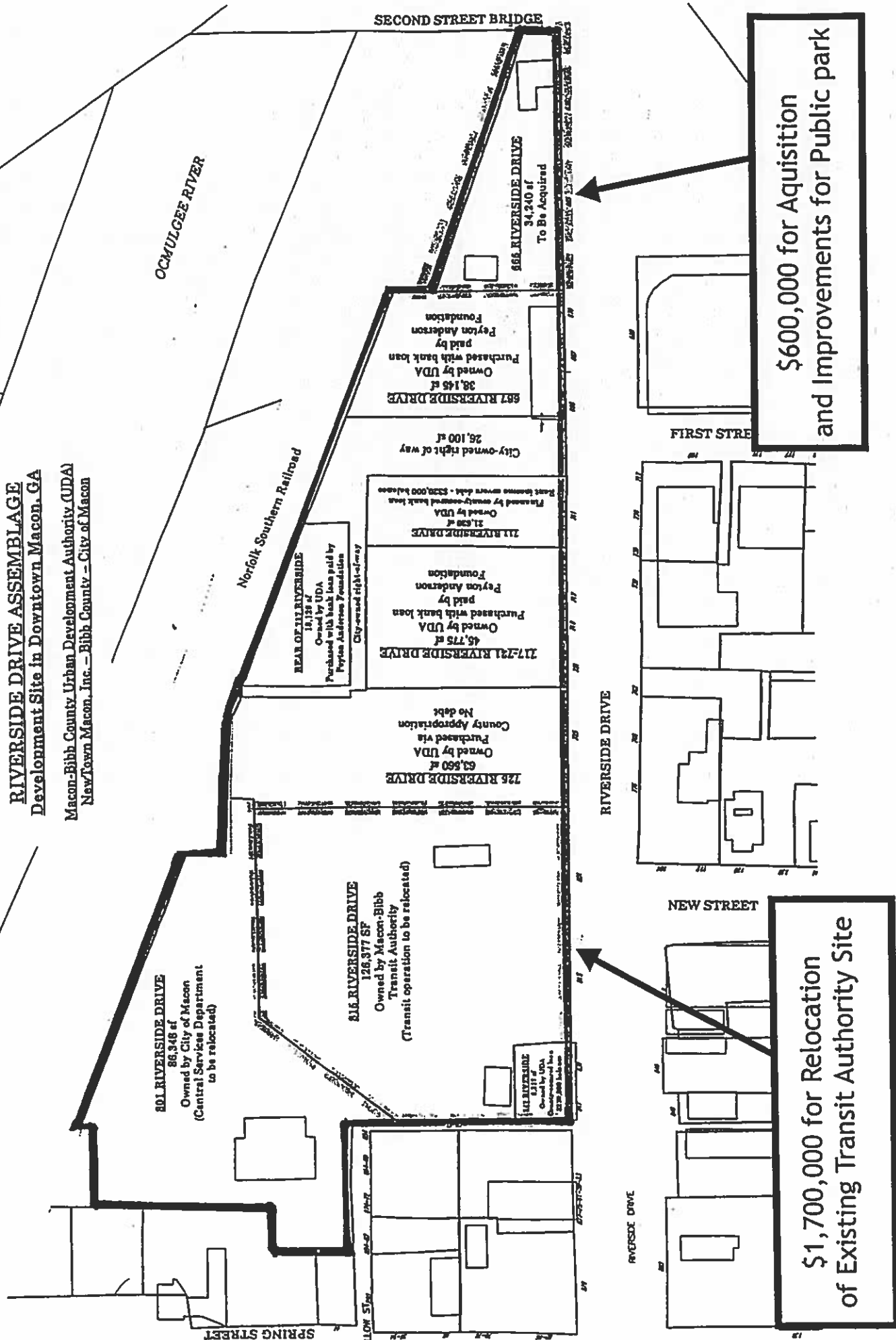
A sketch of the Riverfront Assemblage appears in Exhibit 15.



# Map B: Riverside Land Aquisition

## RIVERSIDE DRIVE ASSEMBLAGE Development Site in Downtown Macon, GA

Macon-Bibb County Urban Development Authority (UDA)  
NewTown Macon, Inc. - Bibb County - City of Macon



\$600,000 for Acquisition and Improvements for Public park

\$1,700,000 for Relocation of Existing Transit Authority Site

