

Tucson Highline

1. project description
 2. consistency with district goals
 3. team qualifications
 4. business plan
 5. financial capacity
 6. requested district assistance
 7. project schedule
- Q and A



Rio Nuevo
TUCSON, ARIZONA

PEACH
PROPERTIES
HM INC.

swaim
ASSOCIATES LTD
ARCHITECTS AIA

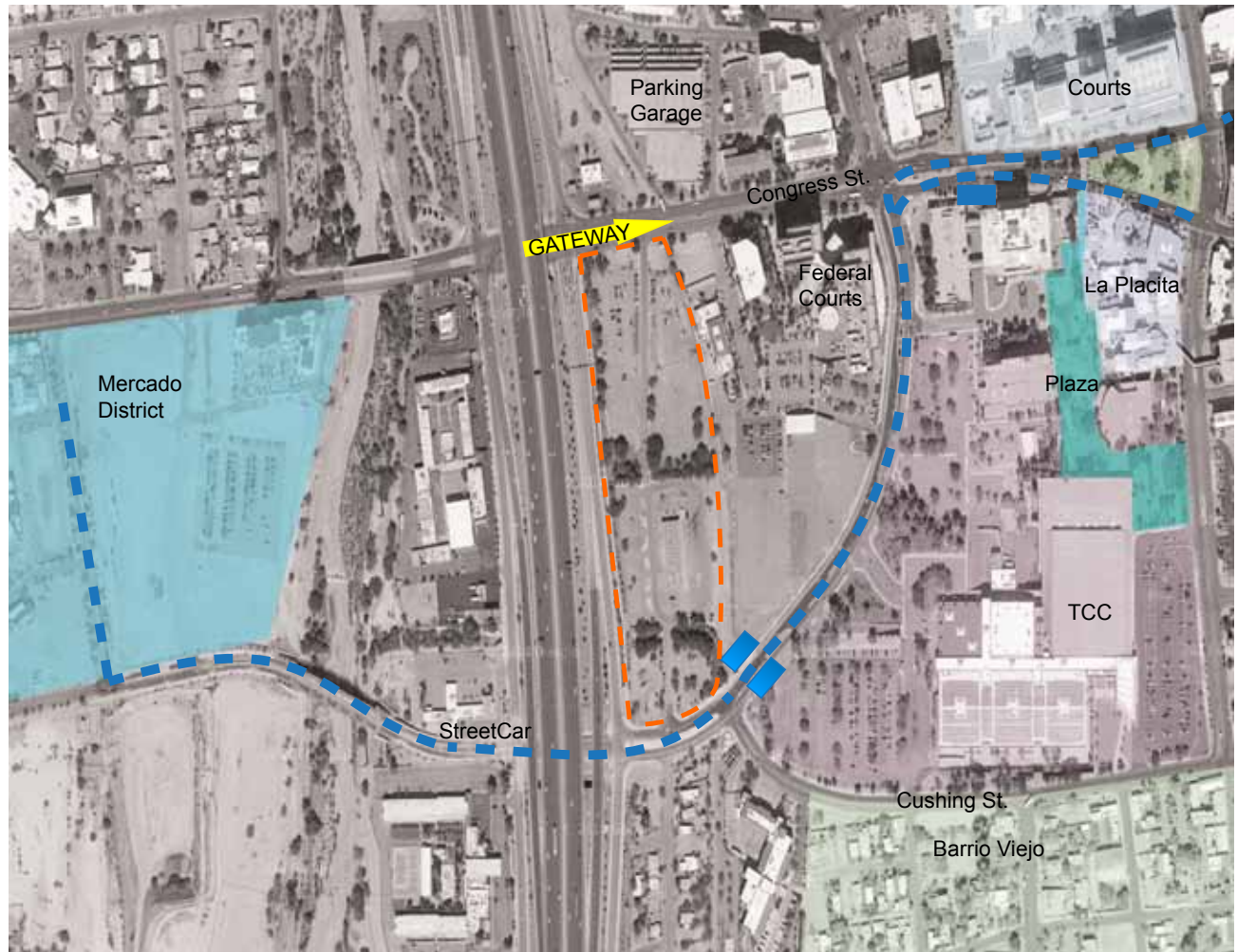
RYAN
BUILDING LASTING RELATIONSHIPS

DRURY HOTELS



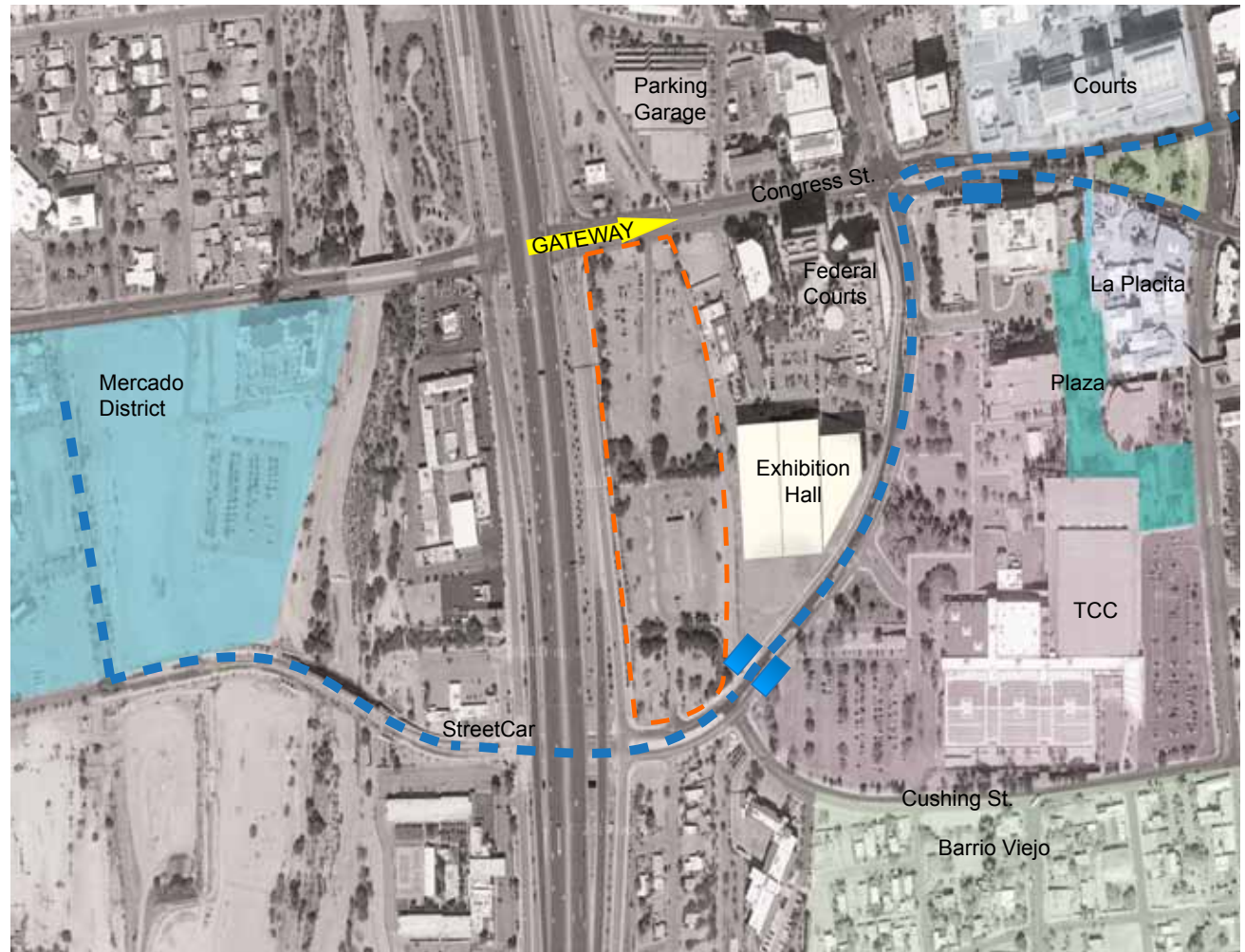
SITE CONTEXT/ CIRCULATION

- Support TCC, Gem Show, Nor-Gen
- Anchor West Downtown
- Mixed-Use Development
- Activate with Residential
- Link to Mercado District
- Gateway to Downtown
- Create Destination



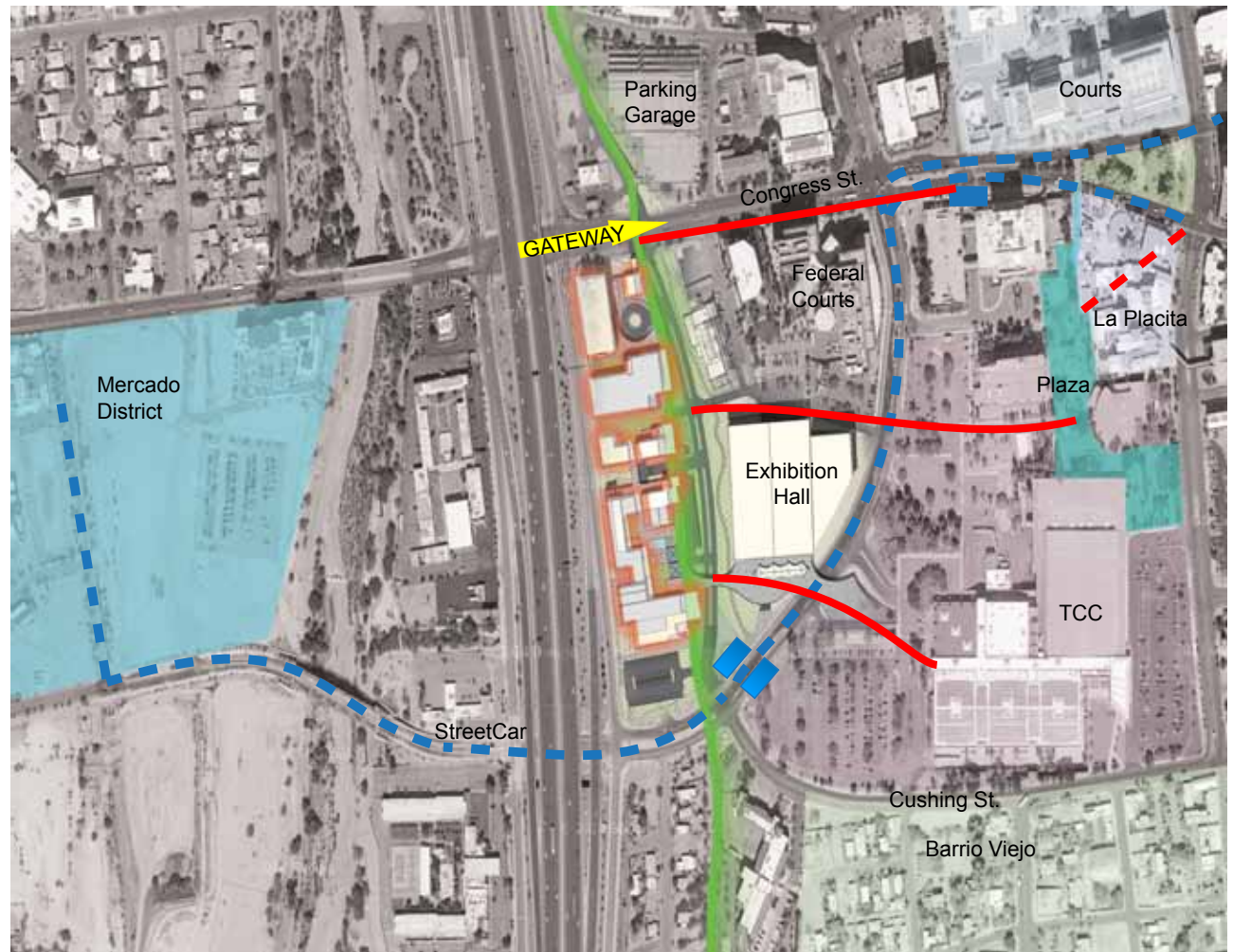
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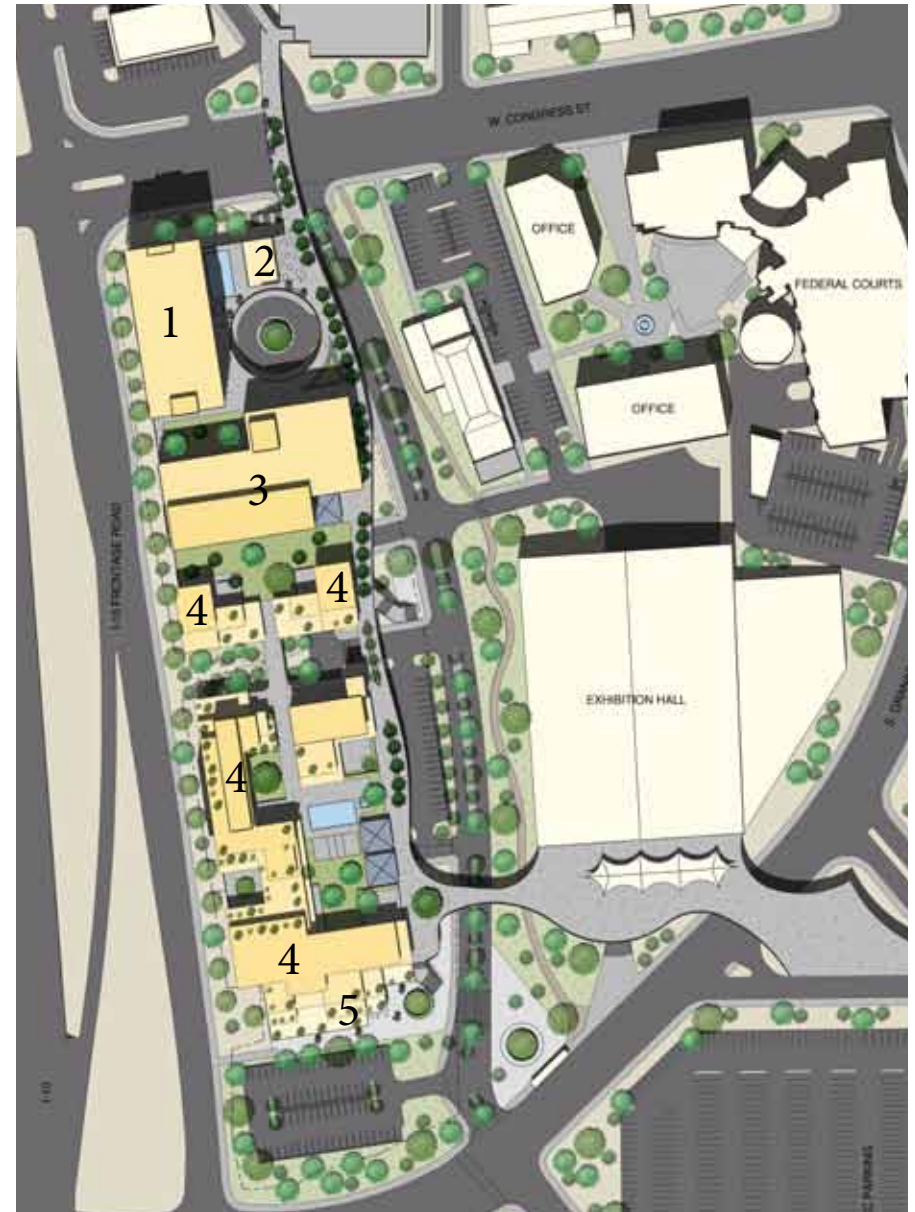
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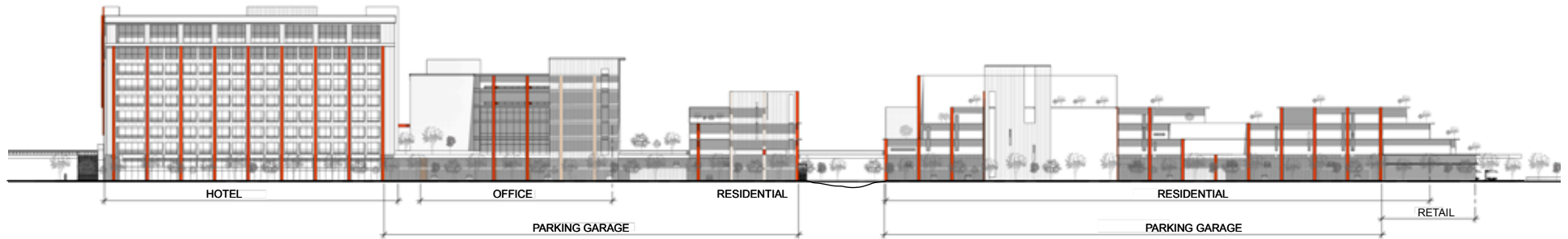


TUCSON HIGHLINE

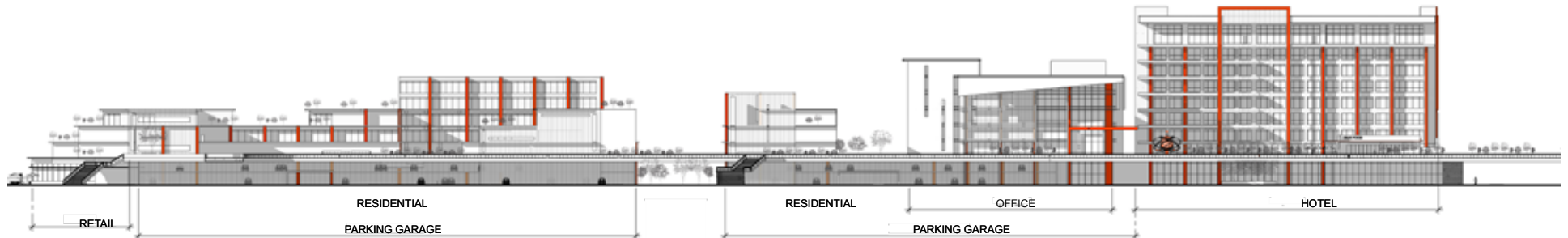
- Circulation
- El Paso Greenway
- Parking
- Highline
- (1) Hotel
- (2) Restaurant
- (3) Class A Office
- (4) Residential
- (5) Fitness Center
- Retail



PARKING CREATING PEDESTRIAN HIGHLINE



West Elevation



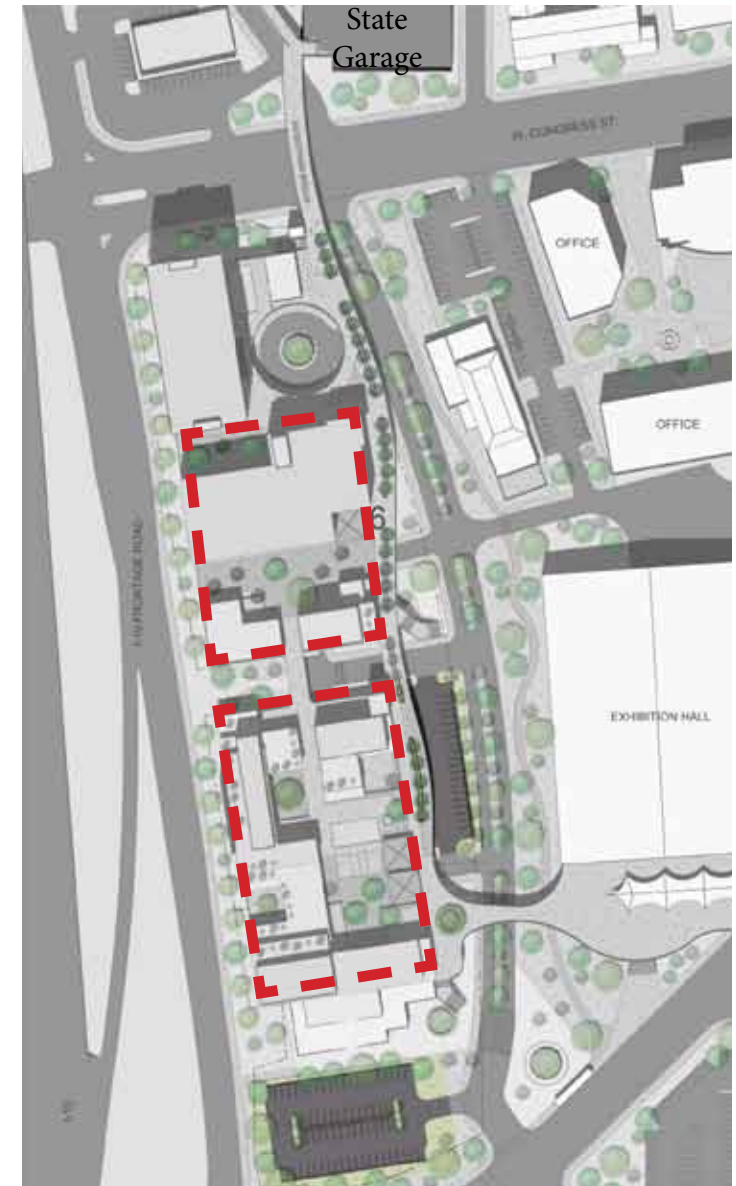
East Elevation

project description

PARKING

- Two level parking garage 1200 Spaces
 - Efficient, Cost affective
 - Podium
 - Surface parking 150 Spaces
 - State parking garage bridge 1300 Spaces
-
- 2650 Spaces Total
- Possible Gem Show space

Parking	Gem Show	Remainder
Office	100	400
Hotel	0	100
Residence	50	250
Exhibition Hall / Public	600	600
Gem Show	600	0
Total Parking Spaces	1350	1350



project description

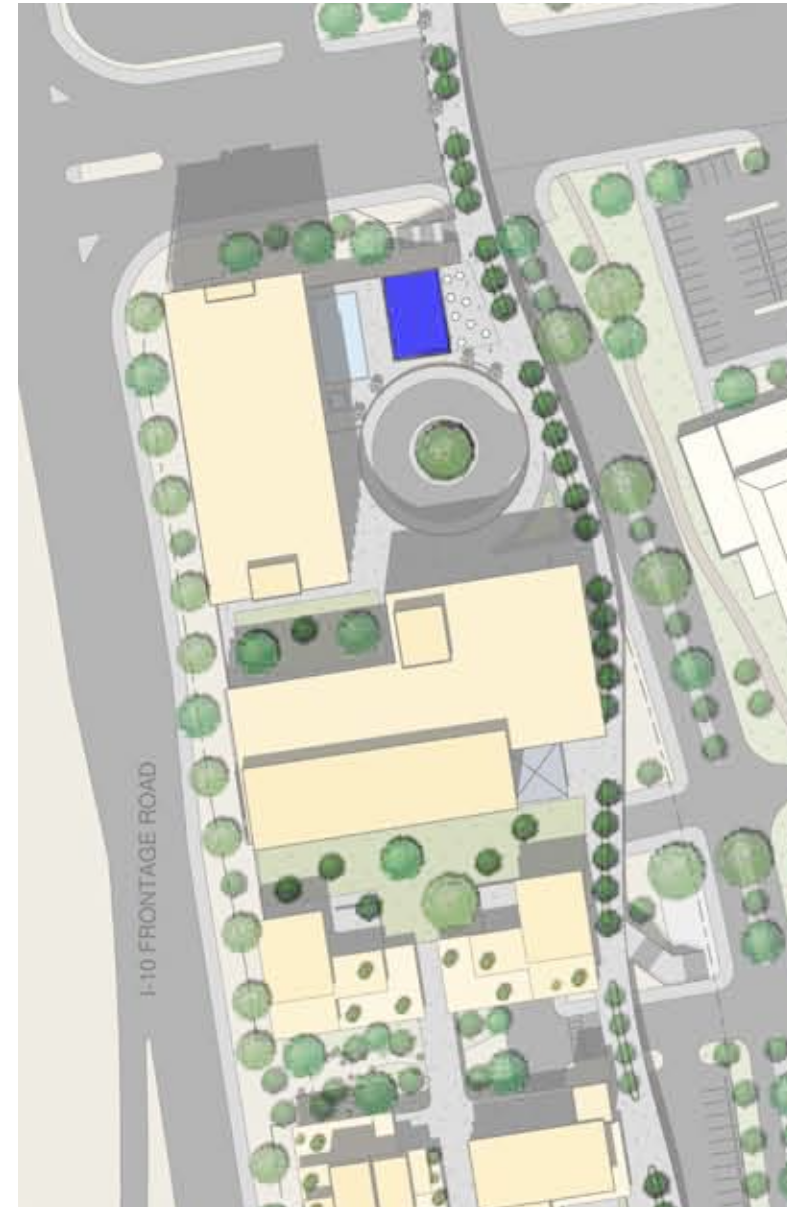
HOTEL

- Drury Hotel
 - Family owned
 - 135 Hotels
 - Ready to begin construction
- 180 rooms, nine floors
- Ground lounge and lobby, Highline pool and plaza



RESTAURANT

- Solid local restaurants
- Ground level restaurant
- Highline restaurant
- Supported by hotel and office



OFFICE

- Ryan Companies- National and Local
- 125,000 Square feet
- Class A Office Building
- LEED Certified
- 25,000 Square foot floor plate



RESIDENTIAL

- Peach Properties
- 320 unit community
- Pool, courts, commons, terraces
- Market rate, work force, and class A
- Create neighborhood



FITNESS CENTER/ RETAIL

Ryan Companies

- 15,000 Square Foot fitness center

Peach Properties

- 18,000 Square feet of retail
- Ground and Highline level
- Dry cleaners, bike shop, drug store
- Live/ work



project description

AREA AND POPULATION SUMMARY COMPARISON

Peach proposal

	Total Square feet	Employees	Total Population
Class A Office	125,000	396	396
Hotel	142,000 180 Rooms	90	270
Residential	320,000 320 Units	12	576
Fitness Center	15,000	28	35
Retail	18,000	49	60
Restaurant	7,000	70	75
Total	627,000 Square feet	645	1412

Nor-Gen proposal

	Total Square feet	Employees	Total Population
Office	0	0	0
Hotel	134,000 140 Rooms	105	245
Residential	83,765 96 Units	12	183
Fitness Center	0	0	0
Retail	0	0	0
Restaurant	0	0	0
Visual Arts Center	0	0	0
Total	217,765 Square feet	117	428

consistency with district goals

HIGH DENSITY/ MIX-USE URBAN COMMUNITY

- Innovative, destination, iconic
- ULI, bringing additional business and people downtown



consistency with district goals

SUPPORT GEM SHOW, TCC, NOR-GEN EXHIBITION HALL

- Parking, hotel, restaurants
- Access for Exhibition Hall service
- East/ west pedestrian connection - Highline
- Potential for additional Gem Show space
 - Podium
 - Tent in parking



TRANSITIONS/ MITIGATE ADVERSE IMPACTS

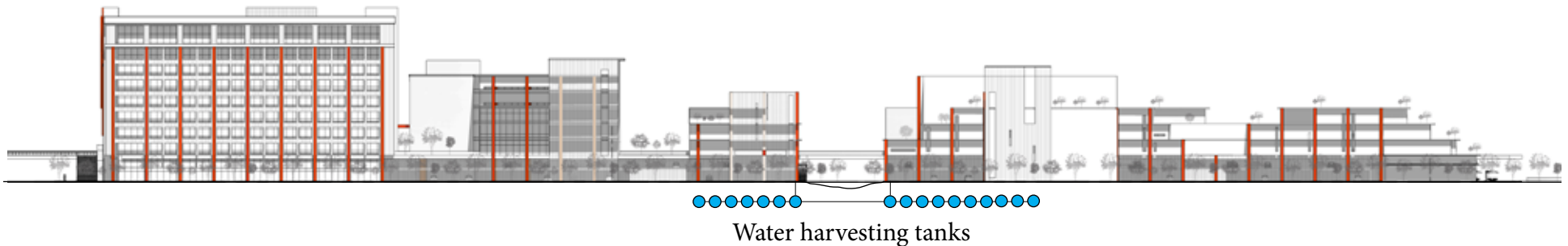
- Gateway to downtown
- Lower scale for residential to south
- Pedestrian environment
- Transit, bicycles
- Highline at pedestal/ activity level
- Transition to Manning House



consistency with district goals

SUSTAINABLE

- Environmental - LEED, water harvesting
- Social - community, place, neighborhood
- Economic - full time use, income, scale



consistency with district goals

RIO NUEVO AND PUBLIC BENEFITS

- Maximize sales tax
- Maximize property tax
- Maximize jobs
- Incubate retail
- Additional Gem Show space
- Maximize parking
- Iconic place
- Activate El Paso Greenway



consistency with district goals

TAXES

Economic Benefits On Site	Total Square Feet	% Retail Sales Generated	Retail Sales Generated S/F	Est. PSF Sales	Est. % Taxable	Annual Taxable Retail Sales
Hotel	142,000	3.0%	4,260	\$250	90%	\$958,500
Restaurant	7,000	3.0%	210	\$525	90%	\$99,225
Retail	18,000	3.0%	540	\$400	90%	\$194,225
Fitness Center	15,000	2.0%	300	\$0	0%	\$0
Class A Office	125,000	1.5%	1,875	\$0	0%	\$0
Residential	230,000	1.5%	3,439	\$0	0%	\$0
Total						\$1,252,125
Annual Sales Tax to City (On-Site Direct)					2%	\$25,043

Economical Benefits Number Off Site	Number of Occupants	Est. Capture Rate within City	Est. Taxable Sales Captured Per Occupant	Total Taxable Sales Captured
Hotel Guests	180	70%	\$30,800	\$5,544,00
Residential	425	60%	\$9,600	\$4,080,000
Hotel Employees	120	60%	\$7,800	\$936,000
Retail Employees	35	60%	\$8,400	\$294,000
Fitness Center Employees	10	60%	\$8,400	\$84,000
Restaurant Employees	425	60%	\$9,000	\$3,825,000
Office	900	60%	\$10,200	\$9,180,000
Total				\$23,943,000
Annual Sales Tax to City (Off-Site) 2%				\$478,860

consistency with district goals

JOBS

Construction Jobs	Direct	Indirect & Induced	Indirect & Induced Activities
Hotel	124	143	\$21,088,458
Office	89	64	\$10,110,201
Residential	118	136	\$20,057,076
Garage	202	151	\$23,536,953
Retail/ Restaurant	14	10	\$1,567,563
Fitness Center	10	7	\$1,155,452
Total	558	512	\$77,515,702

consistency with district goals

SUPPORT OF COMMUNITY

- History of support from neighbors
- Downtown Tucson Partnership, Visit Tucson
- Support from Mayor
- Coordinate with Nor-Gen, City, neighborhood

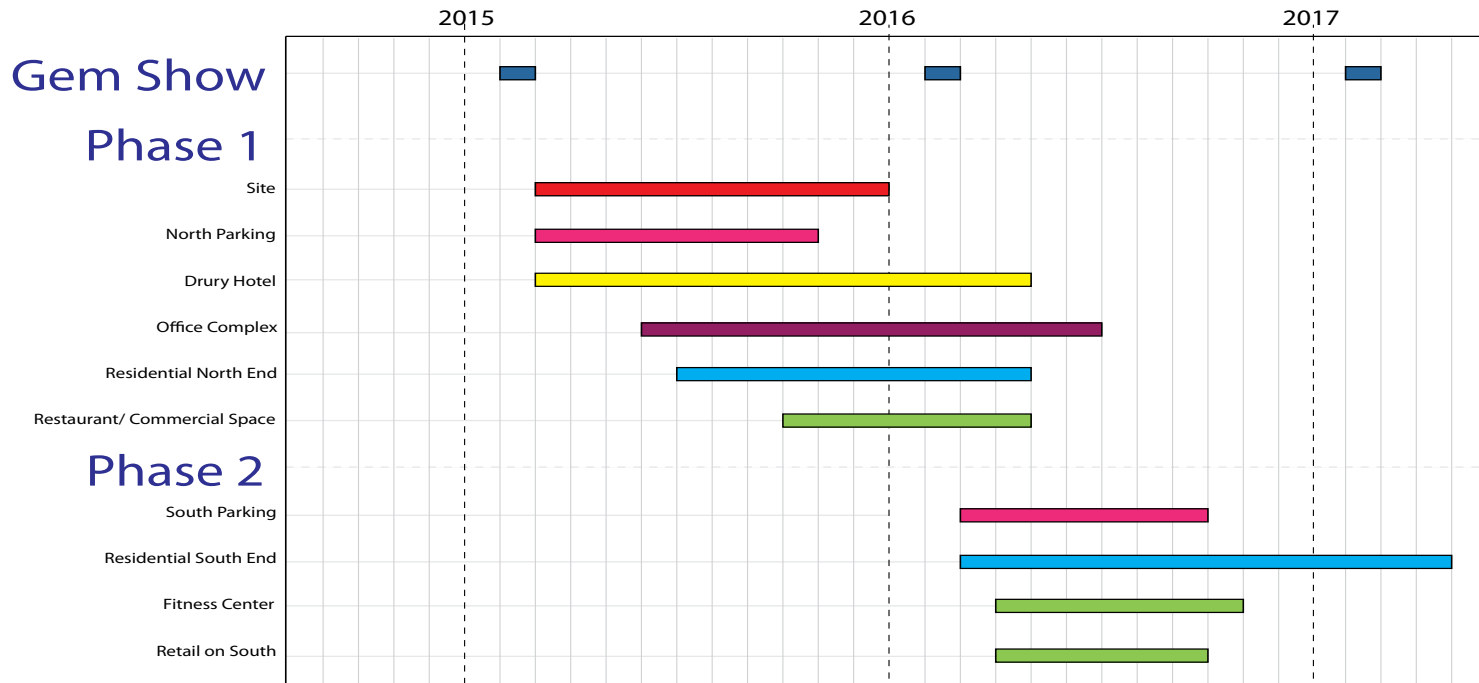
Jerry Dixon - *“...it’s just so important to the Mercado district for this site to be developed and activated...”*

Mayor Rothchild - *“...It is time for the Arena site to be “action” not just talk...”*

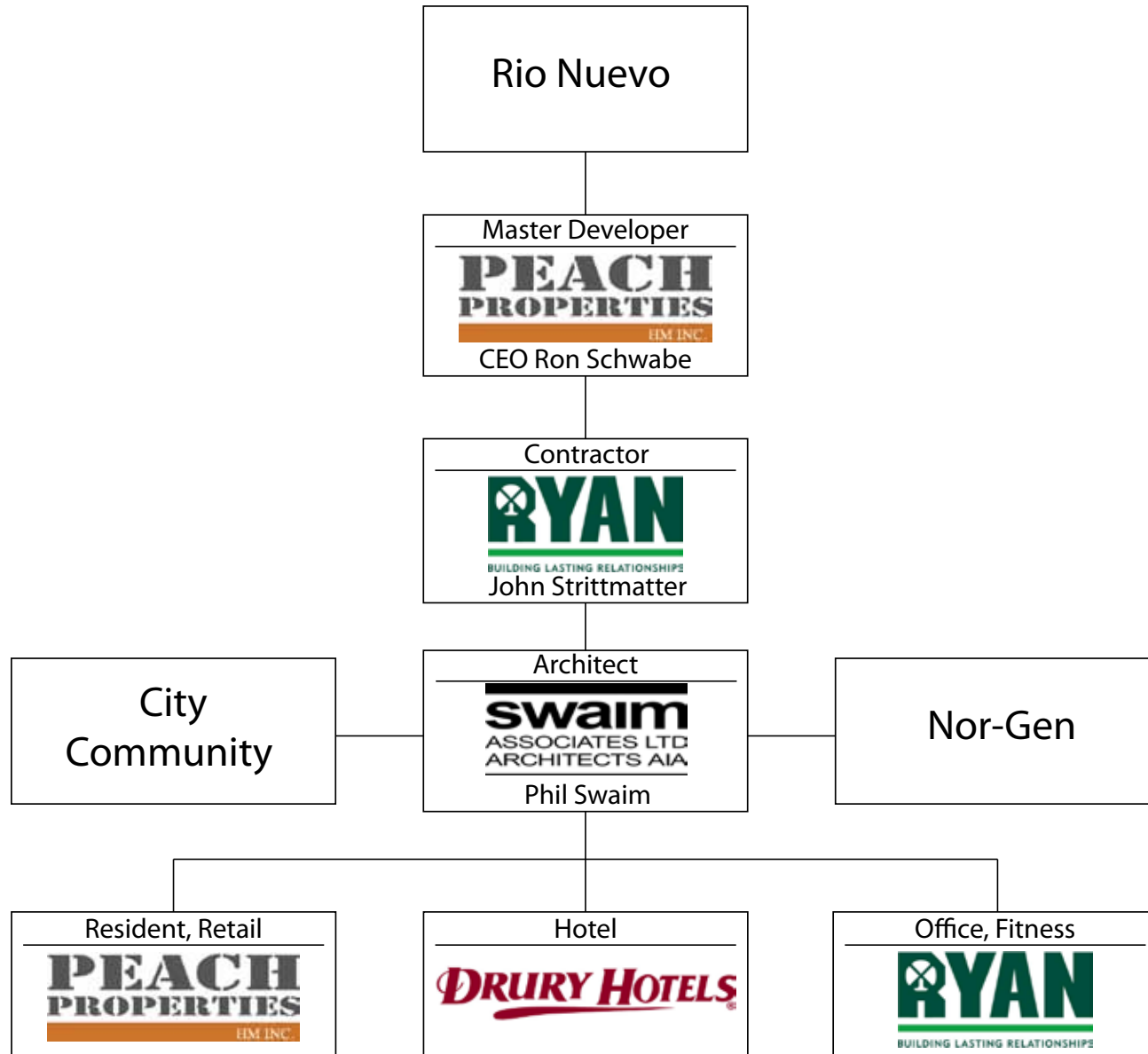
consistency with district goals

COMPLETE IN SHORTEST TIME POSSIBLE

- Parking and Hotel in Phase 1 after 2015 Gem Show
- Commitment from Drury Hotel, apartments, restaurants, fitness
- User driven
- Proven success with fast track projects downtown







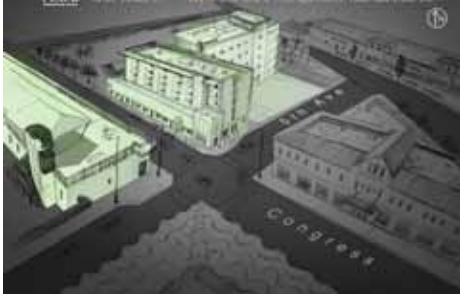



team qualifications



team qualifications

Contribution to Downtown Tucson This Past 7 Years

<p>Nor-Gen</p>	 <p>Gem Show Tent</p>	<p>Allan Norville and JW Marriott propose hotel, offices, restaurants, shopping, and gem museum.... - June 15, 2007 Norville, Rio Nuevo open talks on building downtown hotel.... - June 26, 2013</p> <p>Hotel Announcement...</p>
<p>Peach Team</p>   	 <p>Depot Plaza Development</p>  <p>Inisource Energy Headquarters</p>	 <p>Broadway/ Scott Development</p> <p>Ongoing Projects</p> <ul style="list-style-type: none"> • AC Marriott • TCC Renovation  <p>East End Development</p> <p>Downtown Organizations</p> <ul style="list-style-type: none"> • Downtown Tucson Partnership • Downtown Links Road Project • ULI • Urban Planning • Downtown Infill Incentive • Downtown Merchants Association



RON SCHWABE

- More than 30 years of development experience
- Established in the 1980's
- Has developed more than 4,100 residential units/ 600,000 square feet of commercial space for a grand total of \$200,000,000 in projects





Herbert Residential

- 144- unit
- Market rate project
- Former senior housing converted into residential apartments
- Peach Properties directed site acquisition, project design, construction, initial lease up and operations
- <http://herbertliving.com/>





One North Fifth

- 96- unit market rate project
- Former public housing converted into residential apartments
- Downtown Tucson's most exciting residential project
- Visit <http://www.onenorthfifth.com/>





- **Fountains at Le Cholla**- 2001 W Rudasill Road Tucson, AZ
 - 390 residential units
 - Development cost of \$20,000,000
 - Acquired and rezoned land, directed design, construction, lease up, and operation.
- **Sunflower Apartments** - 6502 E Goflinks Road Tucson, AZ
 - 152 unit apartment complex, military and market rate
 - \$4,5000,000 development cost
 - Acquired the land, directed project design, construction, initial lease up, and operation
- **Sandstone Ridge** - 19190 S Alpha Ave Sahuarita, AZ
 - 144 unit complex
 - Development cost of \$8,000,000
 - Supervised design, construction, lease up, and operations





- **Highland Apartments**

- Gresham, OR
- 224 residential units
- Development cost over \$8,000,000
- Oversaw design, construction, lease up, and operation



- **Clackamas Village Apartments**

- Portland, OR
- 372 unit market rate project
- \$12,800,000 development
- Acquired the land, directed project design, construction, initial lease up, and operation









team qualifications

swaim
ASSOCIATES LTD
ARCHITECTS AIA

PHIL SWAIM

- 45 years providing planning and design
- Staff of 17, 8 architects
- Local firm, national experience
- 4 architect of the year awards including AZ firm of the year
- 7 Metropolitan Pima Alliance Common Ground Awards



Tucson Arena

- Designed to achieve LEED
- 12,000 seat arena
- Passive heating and cooling
- Water harvesting
- Exhibit and gallery space



Unisource Energy Headquarters

- Mixed-use
- 270,000 square feet of office and retail
- LEED Gold
- 150,000 gallon cistern to store and distribute rain water
- Fast track schedule



University of Arizona Highland Commons

- 4 block master plan
- 750,000 square foot mixed use
- New urbanism
- 84,000 square foot campus health center



AC Marriott - 5 North 5th Avenue

- 140 hotel rooms
- 200 parking spaces
- 10,000 square feet of retail
- LEED Gold
- Construction begins in December 2014





team qualifications

TUCSON HIGHLINE



JOHN
STRITTMATTER

- Third generation family owned, 76 year old company
- Ranking Arizona's number 1 developer for last 11 years
- Will complete \$1.1 billion of construction in 2014
- Will complete \$300,000,00 of construction in Arizona in 2014
- Manage over 2,000,000 SF of real estate in Arizona currently
- 125 staff in Arizona
- National Scale/ Local presence
- NAIOP Developer of the Year, Contractor of the Year, Firm of the Year, and Project of the year (Marina Heights Campus)



Marina Heights Campus

- LEED silver
- 20 acre campus
- 5 office towers
- 3-4 stand alone retail buildings
- Below grade parking, 8,600 spaces
- Largest office development in Arizona
- 2,040,000 gross square feet of office and retail



Desert Ridge Corporate Center

- 2- 60,000 square feet
3 story medical office
building
- 2 - 146,000 square feet 4
story office buildings
- 2- hotels
- 1 - 40,000 square feet
Mountainside Fitness
Center



One North Central

- 21 story 460,000 square foot downtown office tower
- 50% pre leased to Phelps Dodge (Now Freeport McMoRan)



Unisource Energy Headquarters

- Mixed-use
- 270,000 square feet of office and retail
- LEED Gold
- 150,000 gallon cistern to store and distribute rain water
- Fast track schedule



- Family owned and operated
- 135 Hotels nationwide
- 19,500 rental units
- In over 20 states
- Over 40 years of experience



- JD Power and Associates
“Highest in Guest Satisfaction Among Mid-Scale Hotel Chains with Limited Service” **9** years in a row
- Ranked **#1** in the Market Metrix Hospitality Index
- Ranked **#1** in cost segment in Consumer Reports last 2 publications



**“Highest in Guest Satisfaction
Among Mid-Scale Hotel Chains,
Eight Years in a Row.”**

J.D. Power

- Develops 4-6 hotels per year
- Annual development budget in excess of \$100,000,000
- Excess of \$150,000,000 in lines of credit arranged with over \$100,000,000 available today.
- Long-term holder and operator of hotels



Hotel - Drury Hotels

Drury Hotels: “we’ve done our Tucson homework, we’re ready to build... we’re different than the big franchise chains. We build, own and operate...”

Construction Jobs	Direct	Direct	Indirect & Induced	Indirect & Induced Activities					
Hotel	124		143	\$21,088,458					
Economic Benefits On Site	Total Square Feet		% Retail Sales Gene	Retail Sales General	Est. PSF Sales	Est. % Tax	Annual Taxable Retail Sales		
Hotel	142000		0.03	4260	250	0.9	958500		

- Family owned and operated
- 135 + hotels
- 19,000 + rooms
- \$150 million credit line
- has the experience, commitment, and capacity



Office - Ryan Companies

Ryan Companies: Currently downtown Tucson has very little vacancy in class A office. 95% of the inventory is out dated, old, and dysfunctional space. New large floor plates, green office space is in extreme demand in the downtown.

Construction Jobs	Direct	Direct	Indirect & Induced	Indirect & Induced Activities
Office	89.25		64.3125	10110200.63

Permanent Employees

Source: Strategic Economic Research, Peach Properties HM Inc., City of Tucson

	Total Square Feet	Sq Ft per Emp	Occupancy	Total Emps
Class A office	125000	300	0.95	395.8333333

- Developed Unisource tower (the most recent modern, LEED office space in Tucson's downtown
- Several large tenants in the wings for the subject office site
- Experienced, committed and capacity to move forward quickly



Residential

Peach Properties: Key to any downtown urban success is captive residential. Tucson's downtown has an inventory of less than 1500 residential units. Peach has developed and manages more residential units in the downtown than any other company.

Economic Benefits Off Site	Number of Occupants	Est Annual Taxable Spending	Est Capture Rate within City	Est Taxable Sales Captured Per Occupant	Total Taxable Sales Captured
Residents	425	16000	0.6	9600	4080000

- One North Fifth - full with waiting list
- Herbert Residential - full with waiting list
- Has experience, commitment, and capacity to move quickly



financial capacity

Land - \$5,350,000

Peach/ Holualoa Arizona Inc. Cash Equity

Holualoa has handeled over \$4 billion in RE Investments

Hotel - \$27,000,000

Drury Inn & Suites Conventional Financing

Drury has over \$2.6 billion in Hotels

Office - \$13,125,000

Ryan Companies Conventional Financing

Ryan developed over 18 million

Residential / Retail - \$29,214,500

Peach/ Conventional/ Public/ Private Financing

Peach developed over 4,000 multifamily residential units

\$200 Million residential/ retail development

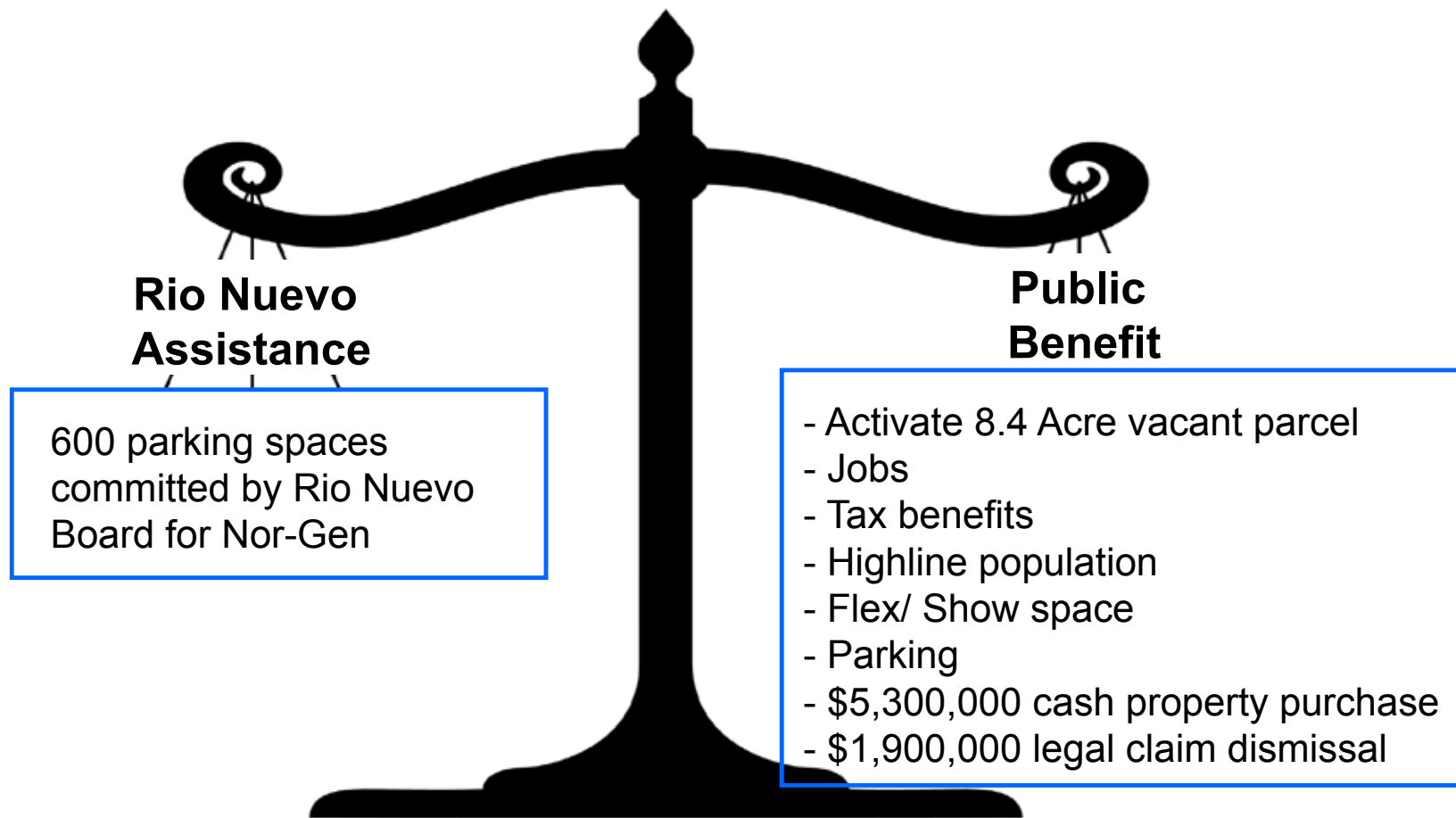
Parking/ Flex Space - \$28,500,000

Peach/ Conventional/ Public/ Private Financing

Peach vast experience with public financing structures

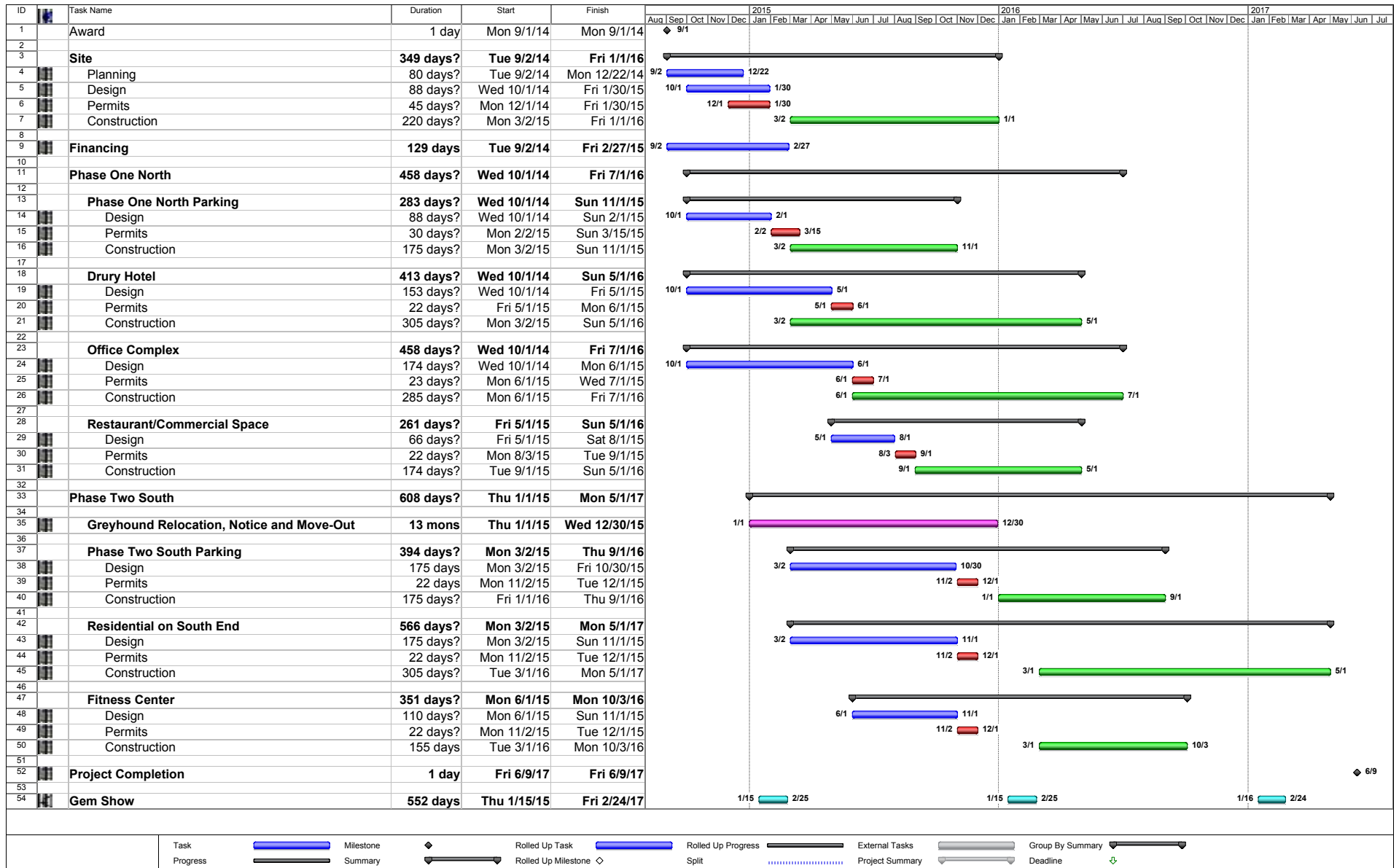
requested district assistance

Rio Nuevo to build and own parking structure, lease back of parking spaces by Highline/ Nor-Gen to be negotiated.



project schedule

TUCSON HIGHLINE



1. Experience

Real Estate/ Design/ Construction partners with unparalleled financial strength.

2. Committed

Prepared to move forward with land acquisition, project design, and permitting immediately.

3. Local

All partners are currently developing, designing or building in Tucson and Southern Arizona.



- Are your financing, funding commitments in place, how will the project be financed?
- Can you estimate the sales tax generated by your project(s)?
- Are the strategic partners identified on board, agreements in place?
- How have you contributed to the revitalization of our downtown up to this point?
- There is a big difference between the two proposals in the number of residential units you are planning to build. How did you make that decision?
- What are your development benchmarks and how will you meet them?