

Hospital Re-Use Update

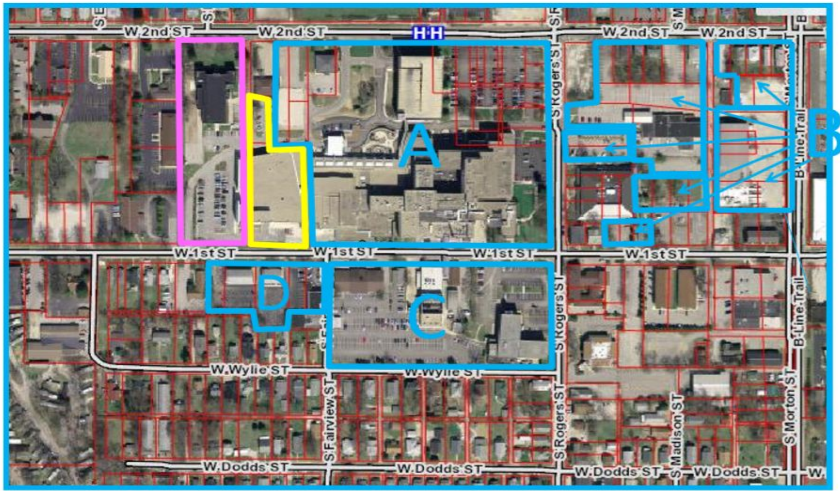
April 2, 2019





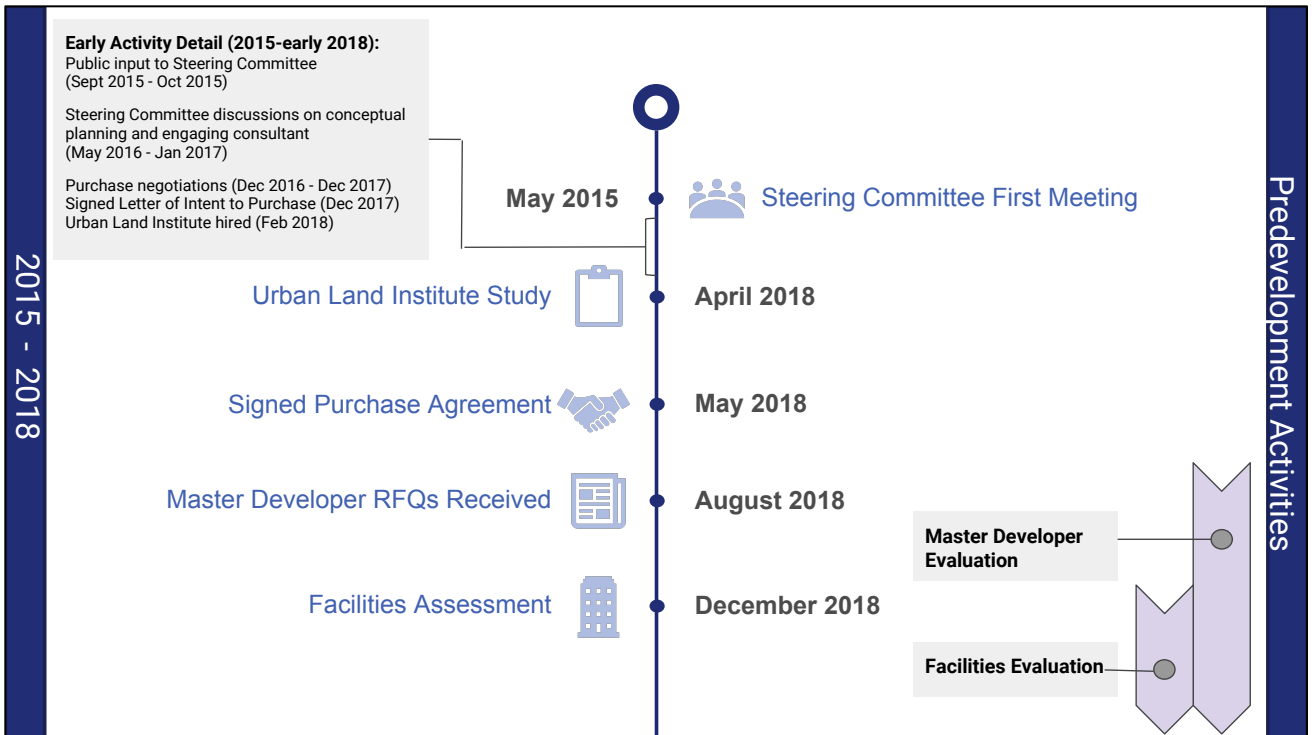
Looking Back

Attachment A - IU Health Bloomington Hospital Parcel Values



- IUH owns land and IUH owns building
- IUH owns building, non-IUH entity owns land
- IUH leases land / building, non-IUH entity owns land / building

We thought it would be helpful to take a look back at how this project started and exactly what area the City is purchasing from IUH. Just a reminder that the parcels in Blue, A, B, C and D, are the parcels the City is acquiring. In total, they are 24 acres.




Rewinding a bit to the beginning discussions about the current hospital site, the Kruzan administration appointed a Hospital reuse committee in 2015. The Hamilton administration has continued to incorporate input from the existing committee. Early in 2016, the Hamilton administration convened the 5 chairpersons of the original committee and hospital leadership, with a representative from ULI, a not for profit group composed of industry experts from around the country, to discuss various options for planning the repurposing of the existing site once IUH relocated to the east side. The ULI process, which included gathering feedback from over 100 stakeholders and a public input session, was completed in April 2018. On a parallel track, the City began negotiations with IUH to purchase the property, signing an LOI in December 2017. Following that step, negotiations continued on a purchase agreement that was executed in May 2018. In that agreement, IUH stipulated that the main hospital structure was to be demolished and the City could determine if the Kohr Building and/or parking structure were to be retained or demolished. In the summer of 2018, the City issued RFQs for additional resources to assist with land acquisition, planning and marketing services for several City projects including the Trades District, Switchyard Park area development (not the park itself) and for the current hospital site. Out of the 10 total responses, 4 responses were received indicating interest in the hospital site in August 2018. Since that time, City staff, along with the Hospital reuse Steering Committee, a smaller subset of this group, have met with the RFQ respondents to evaluate them for this project. Finally, facility assessments were initiated for the Kohr Admin building and parking structure in December 2018.

Urban Land Institute Study

Redevelopment of the site can achieve the following goals:

- Assist in meeting housing needs for a variety of housing types/different income levels
- Provide office space for new and existing businesses
- Maintain neighborhood scale
- Contribute to the network of public space
- Re-stitch the street grid, breaking up the megablock
- Link key city assets to strengthen connections between people and places
- Include community assets, such as an arts and activity center, and an urgent care facility and education and skilled trades training facilities



Here is a slide, directly from the ULI report, indicating the redevelopment opportunities for the current hospital site. Just as a way to frame the ULI report, consider it a top level, conceptual view of what MIGHT happen on the site. It is not intended to serve as a Master Plan. That step will come later and could be part of the Master Developer's role.

Urban Land Institute Site: Proposed Site Plan



And here is a depiction of how parts of the 24 acre site might be developed from the view of the ULI panelists.

Residential Types (examples)



Cali Slepiv/UJI

Single Family Houses



La Citta Vita/Flickr

Townhouses in Rows



Google Maps

Townhouses with Common
Green Space



Eric Fischer/Flickr

Multi-Family Apartments

These are examples of types of housing product that might be constructed where the yellow and purple boxes are shown on the Site Plan. It's important to note that these are simply ideas at this point. No decisions about housing styles/types/ratios has been determined at this time.

2-3 Story Office Buildings (examples)



And here are some examples of office structures in the 2-3 story footprint for areas of the conceptual site plan where offices might locate. Again, no decisions about office building styles/types/ratios has been determined at this time.

Living Street (example)

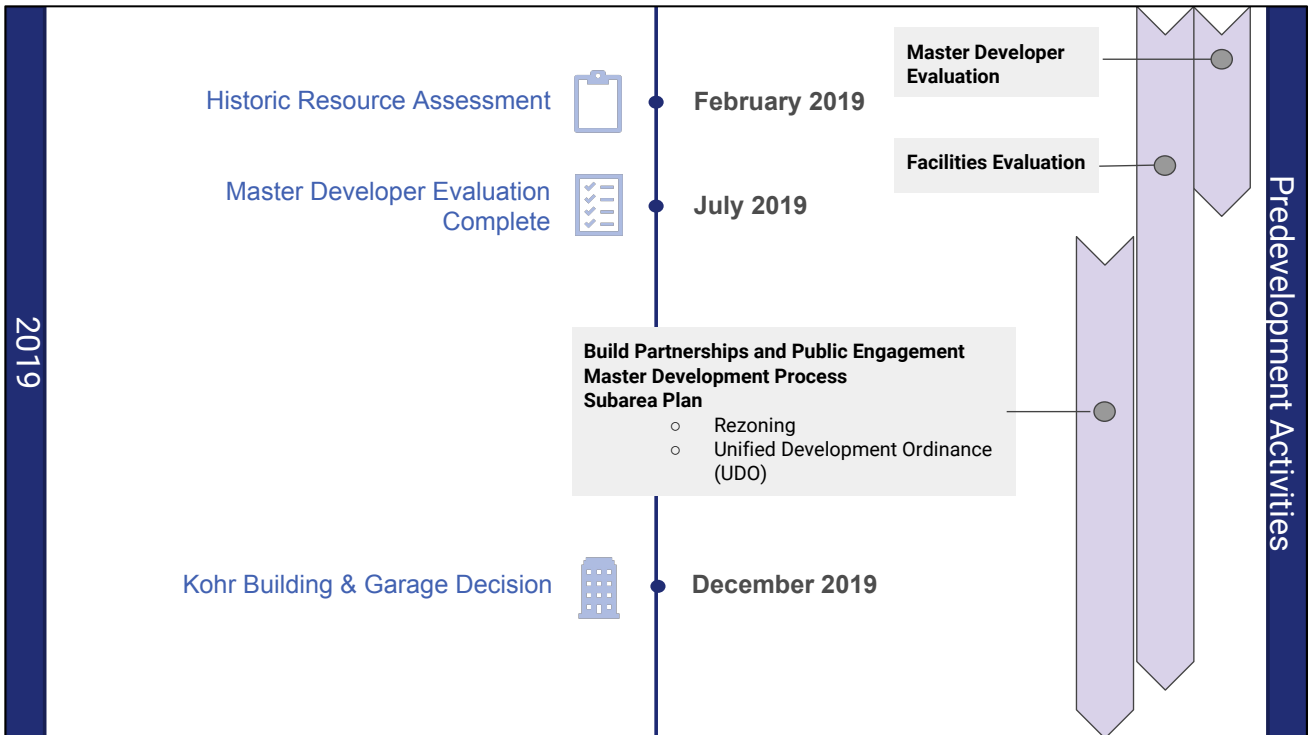
View from South Rogers Street looking west through the proposed living street



Finally, ULI put this sketch together to provide a vision of returning the main hospital site to a traditional street grid layout. Imagine this perspective from Kroger/B-Line Trail looking west to the hill where the hospital helipad is located and the parking garage to the right.



Where We Are Now



So, where are we now? We recently received an Historic Resource Assessment for the KOHR building. We are reviewing that now. With the assistance of the Steering Committee, we have narrowed the Master Developer respondents down to 2 firms. We are currently continuing to discuss approaches to our project with each of them. The mayor announced in March that he would like to have a decision made about the Master Developer in 60-90 days which would mean by July. Some have asked why we are pursuing a Master Developer at this time when the ULI report suggested that this phase could come later. What the ULI team did not know at the time of their visit was that there are parts of the 24 acre site that the City might have access to prior to the main hospital move, which now has been moved to late 2021. Because some of the parcels may be available sooner, the Administration wants to begin the planning/marketing discussion as soon as possible to activate site redevelopment and investment as soon as practical. Remember, this is a site that will take years to develop and will likely happen in numerous phases. More about that later. So the long vertical arrows on the right of this slide show predevelopment activities including an extensive public engagement process, subarea planning, consideration of rezoning and UDO updates along the way. Finally, per the City's agreement with IUH, a decision on whether to keep the Kohr Building and/or the parking structure must be made by December of 2019.

Facilities Assessment and Decision

Facilities Assessment Report

- Evaluated feasibility of keeping the Kohr Building and/or Parking Garage
- Main hospital building **must be demolished per the terms of the purchase agreement** and was not part of the assessment

Historic Resource Assessment Report

- Performed by Ratio Architects, completed in February 2019

These reports are currently under review with a target for decision in December 2019.




As indicated on the previous slide, the recently received Assessment reports are being evaluated and will inform decisions that must be made by December 2019.



Why Use a Master Developer?


Why use a Master Developer for this project?

- This is a significant and expansive redevelopment project
 - This project will reshape an area of the community that has been used for medical use for 114 years.
 - City staff do not have the expertise, on an appropriate scale, to manage this project
 - City staff do not have the capacity (other competing priorities/work product) to manage this project
 - The project has a long horizon that will require consistent attention
- 

We have come to understand that some people's perception of a Master Developer suggest that the developer buys the land and controls the entire project. We have also heard a perception that the M.D. builds the entire project on their own. In our case, the City will own the property and the chosen Master Developer will work for the City. Listed above are some of the key distinctions for how we view the role of a Master Developer and the City's current position on the project.

Master Developer Role

Important Distinctions:

- This is a public/private process, differing from the traditional process where the master developer privately owns and develops the entire site.
 - *Master developer may be given the authority to do some of the site buildout, but not all of it.
 - The land is publicly-owned and not sold in bulk to the developer.
 - *Options include retaining ownership, leasing, using land as incentive for desirable outcomes and any combination of the above.
 - This is a detailed Master Planning process that builds off the Urban Land Institute (ULI) conceptual design.
 - The process will be led by City of Bloomington and the public.
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Master Developer Role

The master developer will:

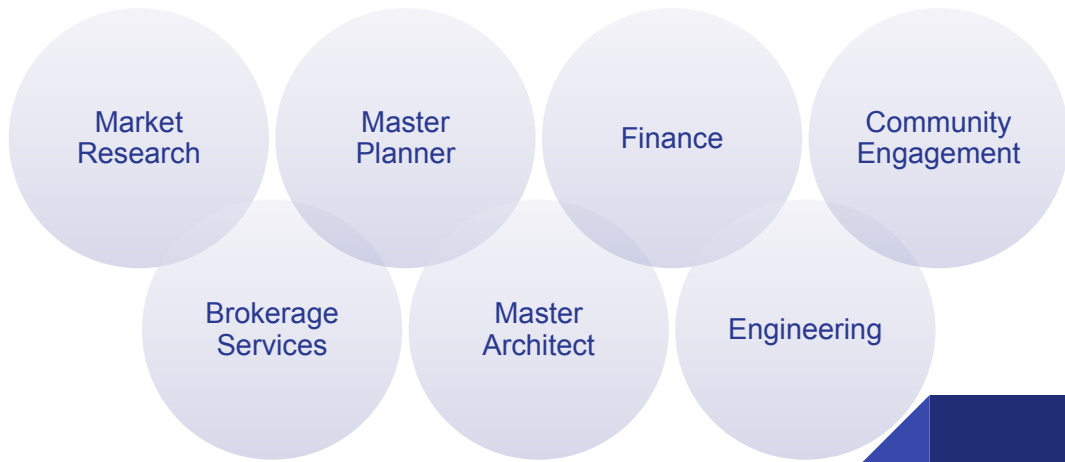
- Manage the development of the site
- Follow the City's lead on affordable housing and other City priorities on the site
- Coordinate and guide the public engagement process
- Market the site
- Seek partners to develop pieces of the site based on partners' expertise
- Coordinate the efforts of such partners

The master developer will not:

- Own the land
- Govern the approval process for building on site

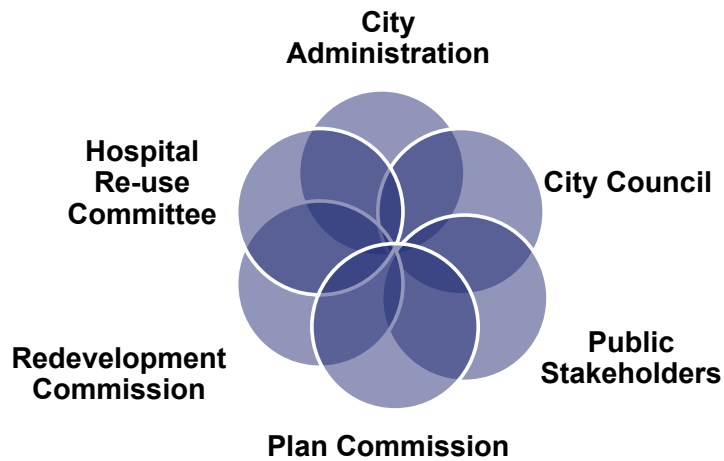
Even more directly, we thought it would be important to clearly delineate what a master developer WILL and WILL NOT do in this situation.

Master Development Team



And for those of you more graphically inclined, here is a depiction of the various roles typically played by a Master Developer.

Process Governance & Approvals



Larger group will meet twice a year; smaller steering committee will meet once per quarter (4 times a year).

Master Developer Evaluation



Criteria

- Public Engagement
- Relevant Experience
- Team Cohesion
- Responsiveness
- Capacity for Project
- Project Schedule
- Proposed Deal and Requirements

These are the two Master Developer finalists still under consideration. The criteria used to narrow down the original list are listed on the right side of this slide. It is important to note that one or none of these two finalists may be chosen.

Master Developer (Trinitas)

The District at Clifton Heights

Cincinnati, OH

Program: 8.2 acre site
Hotel
Office
Residential
Retail

Services: Community Engagement
Master Development
Public Charrette
Entitlements
Land Assemblage
Public Finance

Former Hospital Site
Parking Structure
Vacant Land
Significant Residential
Mixed-Use
Anchor Leasing

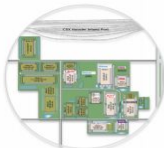
During our evaluation of the respondents, Trinitas described a project, similar to ours, involving the planned reuse of a hospital site in Cincinnati.

Master Developer: Browning



Browning's Core Strengths

- Entrepreneurial spirit
- Diversity of projects
- A central Indiana focus



AllPoints Midwest



Lawrence Village



16 Tech



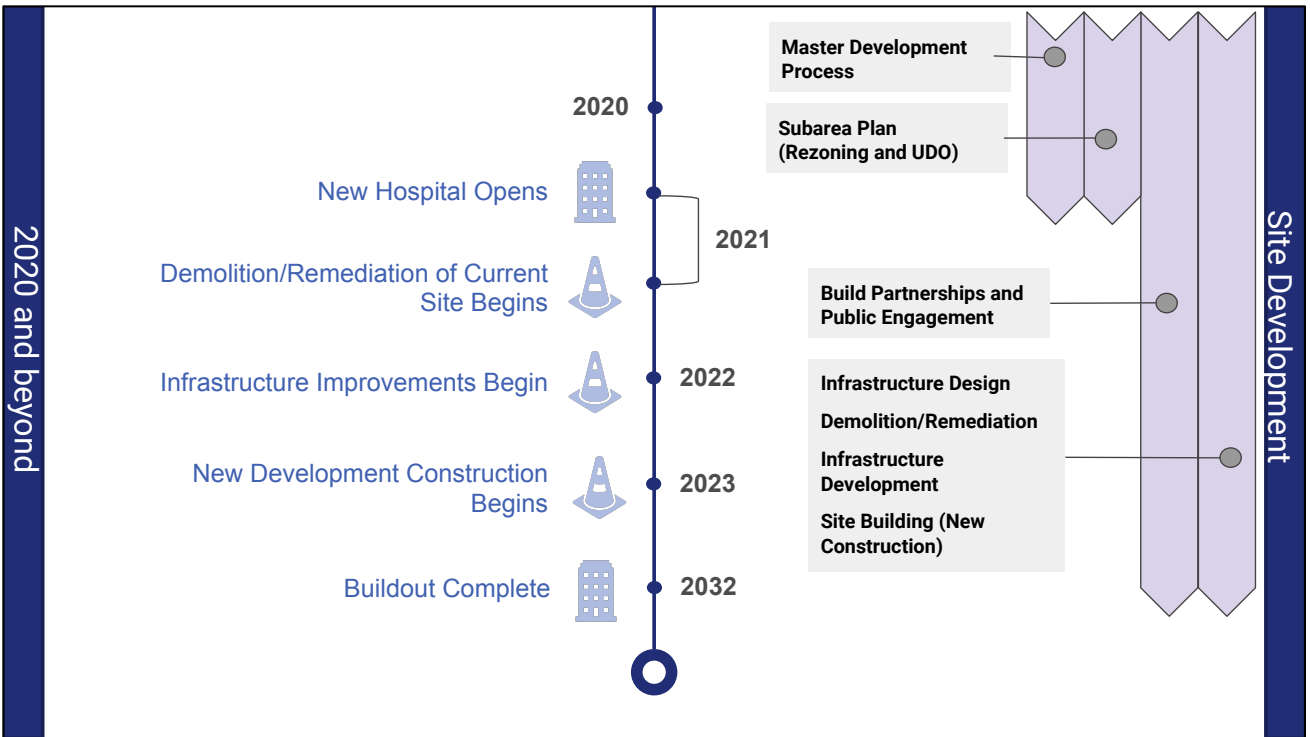
Discovery Park District

Applicable experience with extensive planning processes and multiple stakeholders

Browning described a variety of projects involving housing, office and other mixed use developments.



Looking Ahead



Continuing from the previous timeline slide, once a Master Developer is selected, the Master Plan phase, with extensive public engagement, would begin. That process would be expected to go through mid-2020. Other elements that might impact the Master Planning phase would include the possibility of completing a sub-area plan and consideration of rezoning the area as part of the current UDO updating process. Moving ahead to 2021, the new hospital is expected to open late that year. That means that demolition and remediation of the current site would start in late 2021 and extend through mid to late 2022. Infrastructure (new roads, sidewalks/paths, greenspace, sewer, water, gas, electric) could begin to be installed later in 2022 through 2023. After infrastructure is installed, new development could begin likely in 2023. It is likely that different sections of the site would develop as partners are identified. It is unlikely the entire site would develop all at once. It is anticipated that a project of this scale would take approximately 10 years to be completely built out. Rather, developers with various areas of expertise (think office or retail; multi-family housing; single family housing) would be identified by the Master Developer for approval by the City as those potential partners are identified.



Questions / Discussion

That's a summary of the project as it stands today. We anticipate updating this group every 6 months and updating this presentation, and posting it on the city's website, as new information becomes available. I would be happy to answer any questions.