City of Fayetteville Staff Review Form

2022-0089

Legistar File ID

2/15/2022

City Council Meeting Date - Agenda Item Only N/A for Non-Agenda Item

Devin Howland		1/26/2022	ECONOMIC DEVEL	OPMENT (050)	
Submitted By		Submitted Date	Division / Department		
Action Recommendation:					
Staff is recommending approval of a 15312-001) of City-owned Commerce acres of Parcel # 765-16578-001 for \$	e District l	and for \$278,280 with an opt	ion to purchase ap	proximately 12.6	
		Budget Impact:			
Account Number			Fund		
Project Number		Project Title			
Budgeted Item?	No	Current Budget Funds Obligated	\$ \$	-	
	•	Current Balance	\$	-	
Does item have a cost?	No	Item Cost	\$	-	
Budget Adjustment Attached?	No	Budget Adjustment	\$	-	
_		Remaining Budget	\$	-	
Purchase Order Number:		Previous Ordinand	ce or Resolution#	V20210527	
Change Order Number:		Approval Date:	_		
Original Contract Number:					

Comments:



CITY COUNCIL MEMO

MEETING OF FEBRUARY 15, 2022

TO: Mayor and City Council

THRU: Susan Norton, Chief of Staff

FROM: Devin Howland, Director of Economic Vitality

DATE: January 26, 2022

SUBJECT: A Resolution expressing the City Council of the City of Fayetteville's intent to sell 30.06 acres of City owned land in the Commerce District

RECOMMENDATION:

Staff is recommending approval of a resolution expressing the City Council's intent to sell 17.46 acres (Parcel # 765-15312-001) of City-owned Commerce District land for \$278,280 with an option to purchase approximately 12.6 acres of Parcel # 765-16578-001 for \$18,000 an acre within twelve months of closing on Parcel # 765-15312-001.

BACKGROUND:

In the Winter of 2021, the Department of Economic Vitality began working with B-Unlimited to explore a range of expansion options to meet the company's need for additional space. Following an assessment of onsite expansion options and a City-wide site search for another location, parcel # 765-15312-001 was identified and an offer letter to purchase the property was received on January 13, 2022 from Cameron Clark, who is representing B-Unlimited.

BACKGROUND OF B-UNLIMITED:

A beloved local business, B-Unlimited was founded in 1994 as a screen-printing company right here in Fayetteville. Acquired by Ben Clark in 2006, the company has experienced significant growth over the past decade- launching a fully water-based print shop in 2013. Since this time the company has grown from one Sorority client here in Fayetteville to serving 250 college campuses across the nation today. In 2020, B-Unlimited merged JCG Apparel and expanded to six retail locations throughout the SEC (South Eastern Conference).

From 2016-2019 B-Unlimited was named to the "Inc. 5000" list of the fastest growing private companies in the United States, and their growth continues to this day. Currently, B-Unlimited employs over 250 team members, with nearly 180 jobs located in the City of Fayetteville (30 of which are full time artists, making them one of the largest private employers of full-time artists in the City).

DISCUSSION:

Economic Vitality Benefits and Metrics:

The project is the relocation, expansion, and retention of B-Unlimited's national headquarters. B-Unlimited has called the City of Fayetteville home since it was formed in 1994. As the company continues to grow, this site provides them with the surety that as their needs continue to expand- they have room to do so within the City.

- Employment: Retention of 180 jobs at an average of \$20 per hour (annual payroll of nearly \$7.5M). Creation of 50 jobs within the next three years that would bring annual payroll to a little more than \$9.5M;
- Capital Investment: Phase 1 investment of the new HQ of \$5.5M;
- Retaining the HQ of a significant employer within the creative economy who has consistently been named one of the fastest growing companies in the United States.

Development Site Offer and Option Site:

The offer letter received by the City includes a purchase price for the 17.46-acre tract (Parcel # 765-15312-001) is \$278,280 (\$15,938 per usable acre/\$18,000 per acre with the exclusion of the pond which will not be developed).

The offer letter also includes an option to purchase up to an additional 12.6 acres of parcel #765-16578-001 for \$18,000 per acre within 12-months of closing on the development site, under a separate agreement. Initial conversations between B-Unlimited and the Department of Economic Vitality include utilization of the option site to recruit mutually beneficial businesses to the property, such as the development of 10,000-15,000 sq. ft. manufacturing spaces that can be utilized by other small businesses and entrepreneurs. These details will be discussed in a separate agreement per the Chief of Staff's response letter.

Zoning and Location:

The City-owned property is currently zoned I-2 Industrial. The site is bordered by Black Hills Energy Arkansas Inc. to the east, Hog Box to the south, a privately held parcel to the west, and City-owned Commerce District land to the north. The site includes a roughly 2-acre pond area, which the company will retain as an amenity on the proposed campus should Mayor Jordan be authorized by the Fayetteville City Council to sign a Land Sale Agreement with the company.

Access and Future Industrial Drive Construction:

Discussed further in the Chief of Staff's response to letter of intent (Attachment 3 of this packet) the site does not have access and will not until the Industrial Drive Extension is complete.

Initial Land Sale Agreement Conditions:

- 1. Buyer will obtain a survey of the property at their sole expense;
- 2. Development Site shall be located immediately to the south of the proposed fifty-foot Right-of-Way as outlined in Exhibit B of the Chief of Staff's response;

- **3.** Buyer must agree to dedicate right-of-way per City of Fayetteville Unified Development Code and Master Street Plan standards at the time of large-scale development;
- **4.** Buyer shall pay compensation to the City of Fayetteville if the Development Site is sold within ten years, given the discount of \$2,000 per usable acre;
- 5. Other conditions will be included in the Land Sale Agreement;
- 6. All Land Sale Agreements are subject to final approval by the Fayetteville City Council.

Should this resolution be adopted by the Fayetteville City Council, City staff would begin the land sale notification process per section 34.27 "Sale of Municipally Owned Real Property" of the City's code. A separate Resolution authorizing Mayor Jordan to sign a Land Sale Agreement will be brought forward at a later date for review and consideration by the Fayetteville City Council.

BUDGET/STAFF IMPACT:

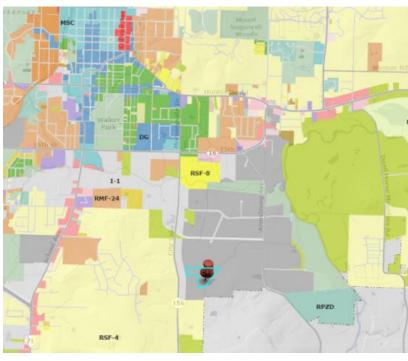
\$278,280 in revenue to the City fund that owns parcel 765-15312-001 and \$226,800 in revenue to the City fund that owns parcel 765-16578-001.

Attachments:

Site Location Map
Offer Letter from Cameron Clark on Behalf of B-Unlimited
City Response Letter from Susan Norton, Chief of Staff with Exhibits
Letter of Support from the Fayetteville Chamber of Commerce
Urban Forestry Report on Option Site

Attachment A: Site Location Map for Parcel # 765-15312-001









January 13, 2022

Mayor Lioneld Jordan 113 West Mountain St. Fayetteville, AR 72701

Dear Mayor Jordan,

As the B-Unlimited representative, I am pleased to submit this Letter of Intent to purchase a piece of City owned property in the Fayetteville Commerce District for the expansion and retention of the B-Unlimited, Inc. headquarters for office, manufacturing, and distribution.

The property under consideration is 30.06 acres of land in the Commerce District. Buyer to close on the southern parcel (APN# 765-15312-001) totaling 17.46 acres by March 2022, at a purchase price of \$278,280. Upon closing, Buyer will have a 12-month option period to purchase the northern 12.6 acres (part of APN# 765-16578-001) at a purchase price of \$18,000 per acre. The buyer entity will be an Arkansas Limited Liability Company to be named. A survey will be required at the Buyer's expense. The average price is \$18,000 per usable acre (\$278,280 total).

Supporting data on the company, preliminary job creation estimates, and planned development has been shared with the staff at the City of Fayetteville.

We look forward to executing a formal purchase agreement under the supervision of the City Attorney, a 15-day cash close upon contract execution.

Special thanks to Ms. Chung Tan and Mr. Devin Howland from the City of Fayetteville.

Respectfully submitted this 13 day of January 2022.

Cameron Clark Agent Bennett Commercial Real Estate cameron@bennettcre.com 479-387-4014













FAYETTEVILLE, AR 72701

Exhibit A















OFFICE OF THE MAYOR

January 24, 2022

Cameron Clark Bennett Commercial Real Estate 3608 Southern Hills Blvd (Suite 4) Rogers, AR 72758

Dear Mr. Clark,

Thank you for your letter of intent on behalf of B-Unlimited expressing its interest in purchasing approximately 17.46 acres of City-owned land in the Fayetteville Commerce District (Parcel # 765-15312-001) (the "Development Site") with the option to purchase an additional approximately 12.6acres of City-owned land (Parcel # 765-16578-001) (the "Option Site") within 12 months of closing on the Development Site. The general location and size of the Development Site and Option Site are shown on the map attached as Exhibit A.

Land Sale

This City-owned land is reserved for economic development opportunities and the purchase price of \$15,938 per acre (\$18,000 per usable acre) represents a reduction for that purpose. As such, the City will require the buyer complete a survey at its expense. We are interested in proceeding by presenting a Resolution of Intent to the Fayetteville City Council on February 15, 2022. Section 34.27 of the Fayetteville City Code, Sale of Municipally Owned Real Property, requires the City Council to first pass a Resolution of Intent before a land sale agreement can be considered in order to satisfy the City's land sale notification requirement.

Access and Future Industrial Drive Construction

The site currently does not have access and will not until the Industrial Drive road extension project is complete (Exhibit B). The City intends to obtain and dedicate 50 feet of public right-of-way as shown in Exhibit A (Tract 03 to CITY OF FAYETTEVILLE, ARKANSAS). As such, the Development Site's northern boundary will abut this new section of right-of-way. The City anticipates that the Industrial Drive extension will be completed by Q2 2023; however, this is not guaranteed. Until the Industrial Drive extension is completed, the City understands that you will continue to access the Development Site through adjacent privately owned land.

Development Site, City Council Process, and Land Sale Agreement ConditionsShould the City Council pass a Resolution of Intent expressing their interest in selling the parcel, a 15-day public notice period must be completed before a Resolution to authorize Mayor Jordan



OFFICE OF THE MAYOR

to sign a Land Sale Agreement can be considered by the Fayetteville City Council. The Land Sale Agreement will reflect the following conditions:

- The Development Site shall be located immediately to the south of the proposed fiftyfoot Right-of-Way as outlined in Exhibit B and B-Unlimited must agree to dedicate right of way per City of Fayetteville Unified Development Code and Master Street Plan standards at the time of large scale development;
- 2. B-Unlimited shall be required to obtain a survey of the Development Site within thirty days of the execution of the Land Sale Agreement;
- 3. B-Unlimited shall pay compensation to the City of Fayetteville if the Development Site is sold within ten years, given the discount of \$2,000 per usable acre:
- 4. Other conditions will be included in the Land Sale Agreement.

All Land Sale Agreements are subject to final approval by the Fayetteville City Council.

Lastly, since this land is reserved for economic development purposes, the Department of Economic Vitality would like to present the following information to the Fayetteville City Council during the February 15, 2022 City Council meeting, which were derived from Cameron Clark's email on January 13, 2022.

- 1. Capital investment for phase one;
- 2. Jobs retained, average salary, and total payroll;
- 3. B-Unlimited's intent to recruit mutually beneficial businesses to the Development Site and Option Site.

Will you consent to City Staff using these figures in their legislative memo and presentation during the City Council meetings in which these items will be considered?

Should the Fayetteville City Council approve the Resolution of Intent on February 15, 2022, the earliest the Land Sale Agreement could be considered is the March 15, 2022 City Council meeting.

Option Site

You have also expressed an interest in a 12-month option to purchase approximately 12.6 acres of City-owned land (Parcel #765-16578-001) as outlined in Exhibit A, for \$18,000 per acre. The option to purchase will be discussed further in the Land Sale Agreement; however, while the Administration will support the firm price of \$18,000 per acre, the sale of the Option Site will



OFFICE OF THE MAYOR

require a separate agreement negotiated between the City and B-Unlimited and the City will reserve the right to place additional terms and conditions on the sale of the Option Site.

Regards,

Susan Norton Chief of Staff

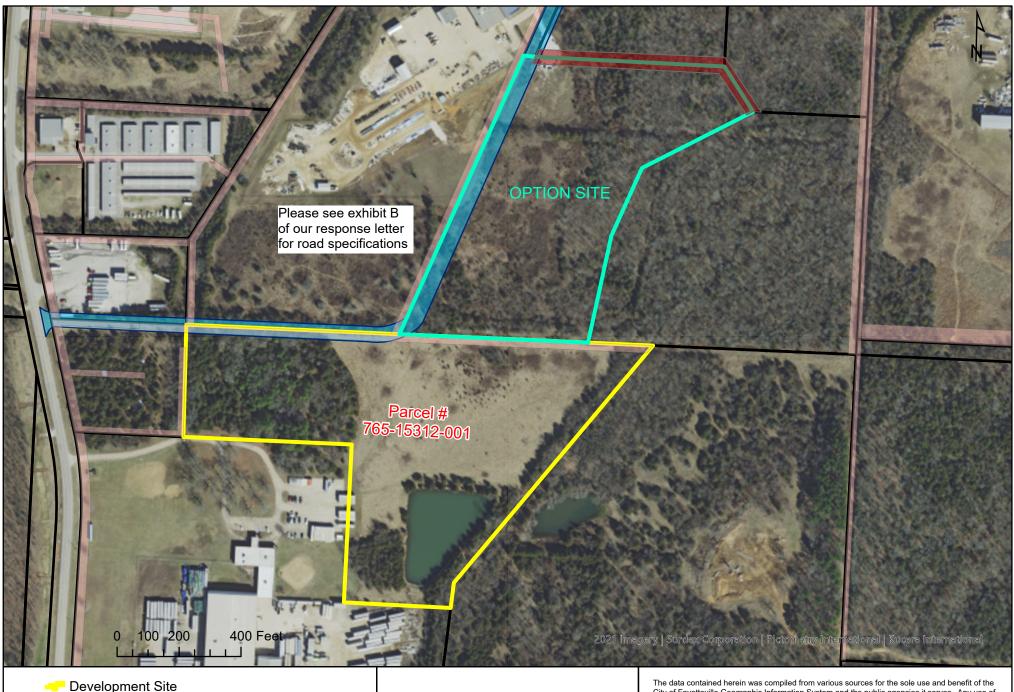
City of Fayetteville, Arkansas

Susan Norton

CC: Devin Howland, Director of Economic Vitality

Chung Tan, Deputy Director of Economic Vitality

Blake Pennington, Assistant City Attorney



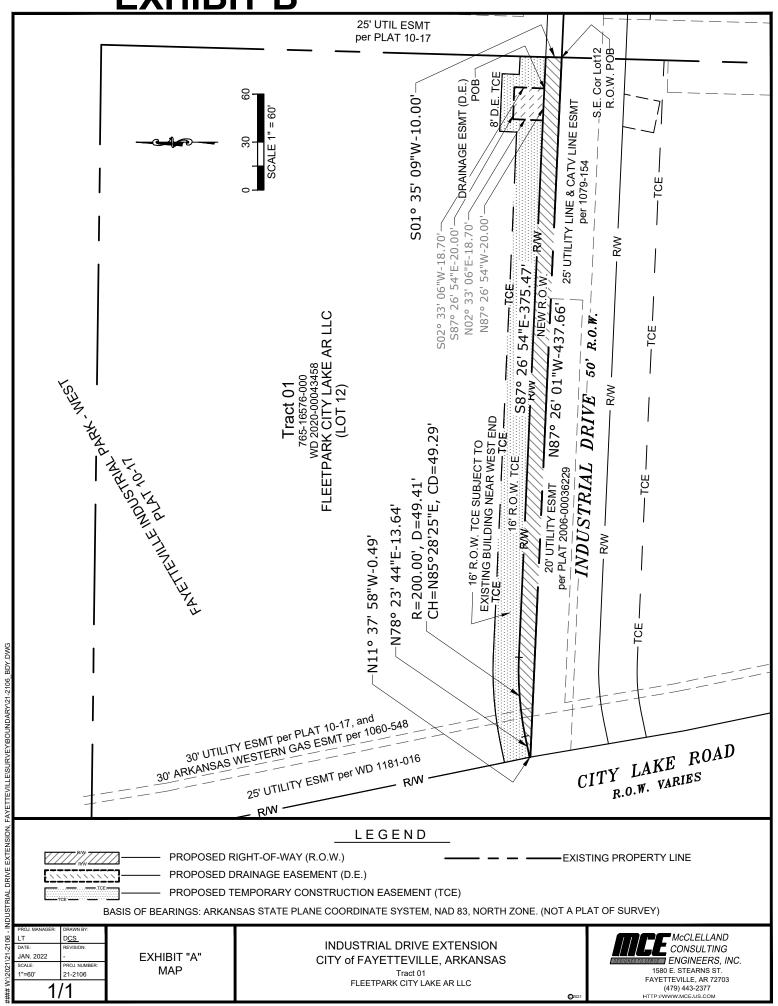
- -- Development Site
- Option Site
- General Utility Easement
- Proposed Industrial Access Easement
- Future Industrial Drive Extension

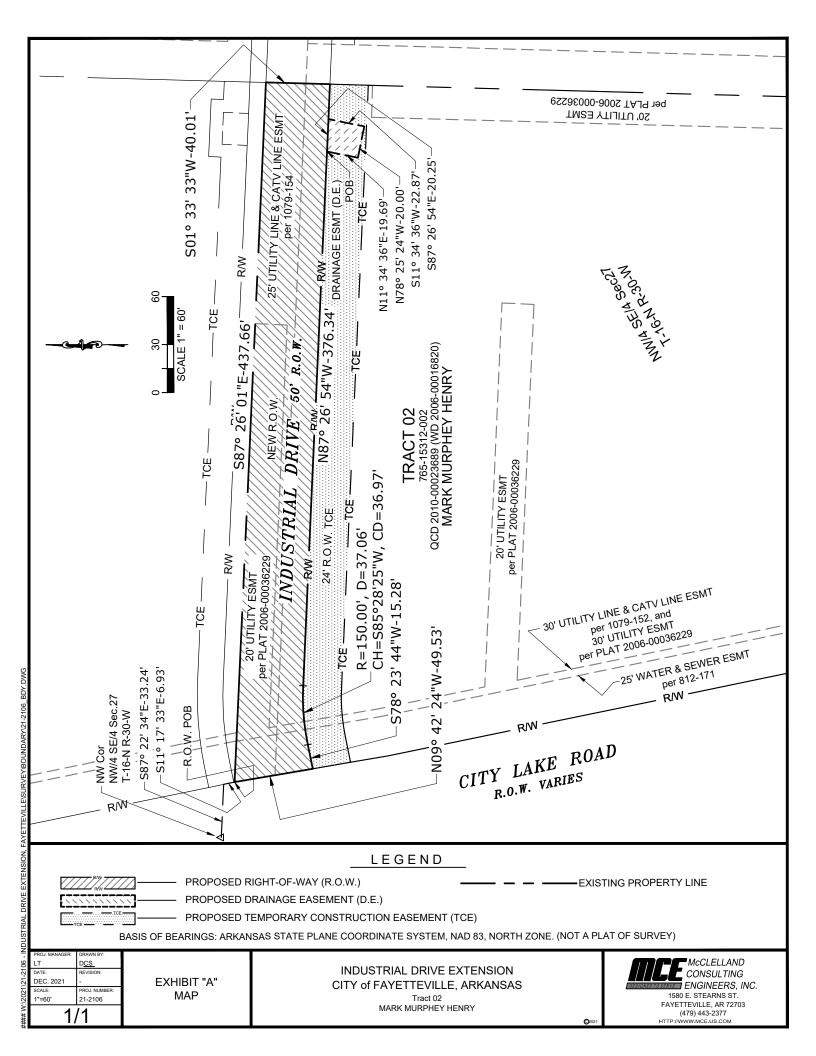
Exhibit A

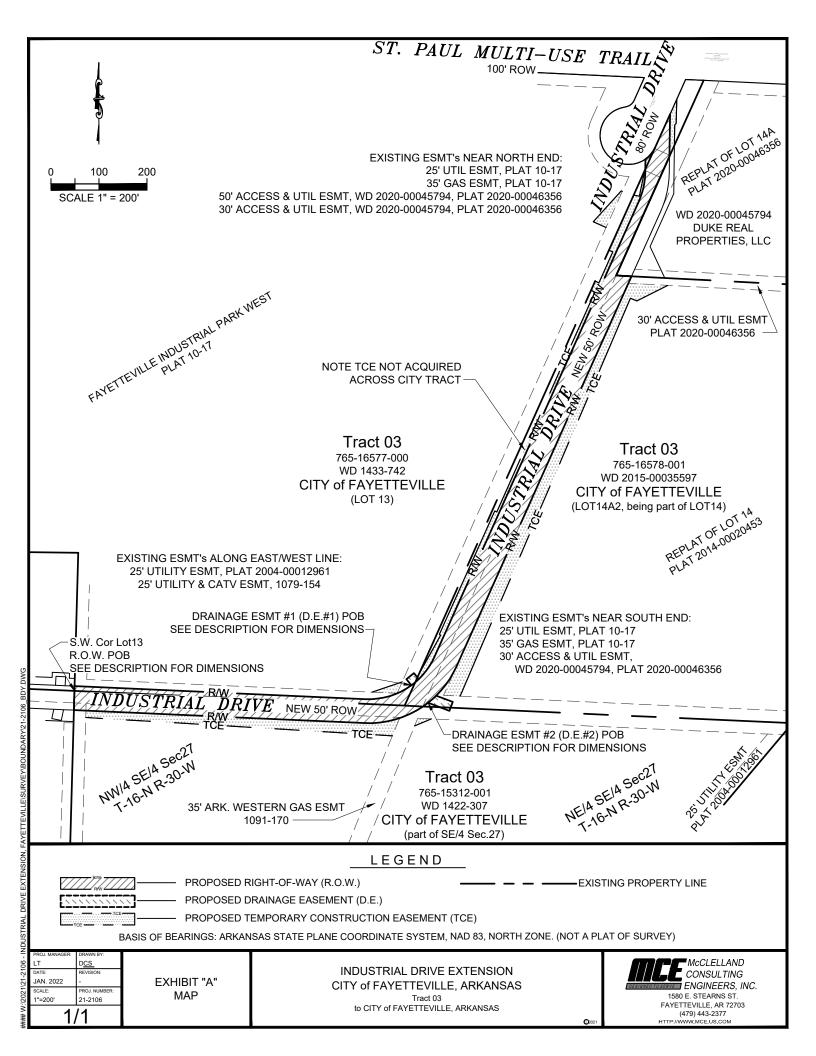
City of Fayetteville Geographic Information System and the public agencies it serves. Any use of the data by anyone other than the City of Fayetteville is at the sole risk of the user; and by acceptance of this data, the user does hereby agree to indemnify the City of Fayetteville and hold the City of Fayetteville harmless from and without liability for any claims, actions, cost for damages of any nature, including the city's cost of defense, asserted by user or by another arising from the use of this data. The City of Fayetteville makes no express or implied warrantees with reference to the data. No word, phrase, or clause found herein shall be construed to waive that tort immunity set forth under Arkansas law.

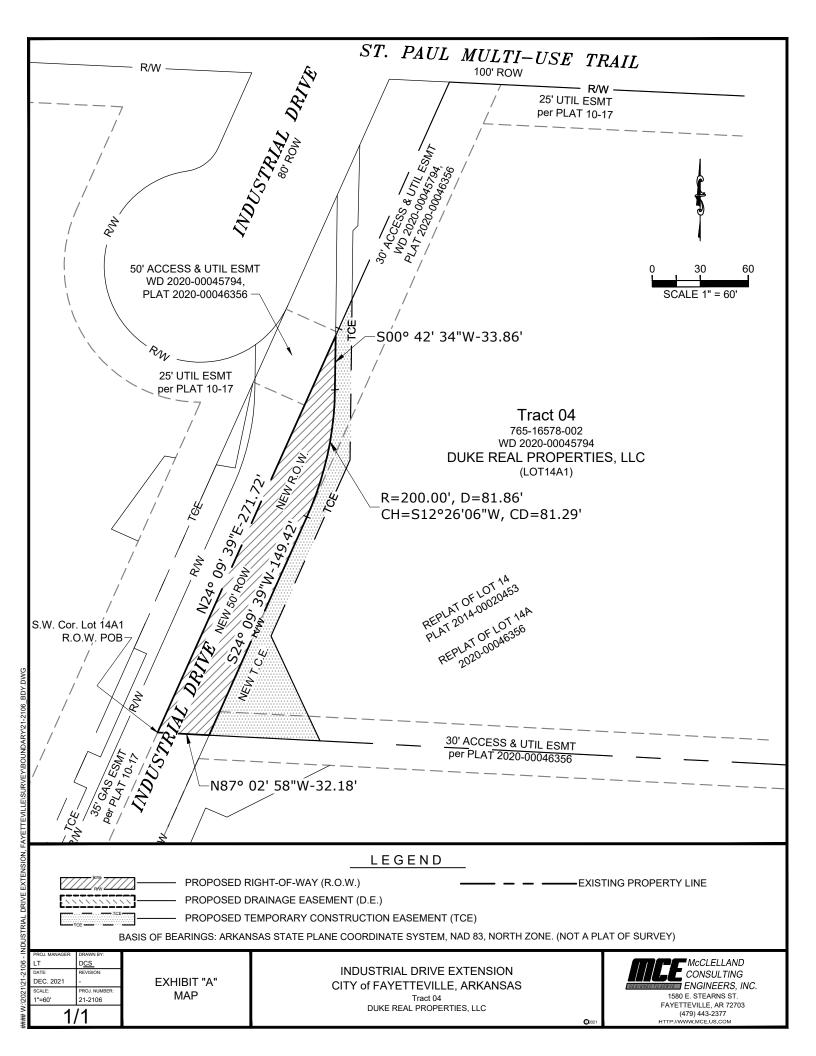
Folder: G:\GIS2\Projects\2022\Commerce District Land Sale Negotiation\

EXHIBIT B











January 26, 2022

Mayor Lioneld Jordan Fayetteville City Council 113 W. Mountain St. Fayetteville, AR 72701

Dear Mayor Jordan and City Council,

The Fayetteville Chamber of Commerce is always seeking to help projects that support our mission of advocating for a strong business climate on behalf of our membership. The Fayetteville Chamber is writing to support the expansion B-Unlimited, believing it will foster a larger workforce and positive economic impact. The Chamber supports this initiative believing that given B-Unlimited's track record of excellence and growth, they will continue to support the City of Fayetteville's economic development goals.

B-Unlimited has built a strong reputation of successful management and we believe their experience speaks to their ability to facilitate a seamless and quality transition and provide affordable services that are in high-demand.

The Fayetteville Chamber of Commerce has full faith and confidence in supporting B-Unlimited's proposed expansion into the Commerce District. We are excited at the prospect of supporting a premier expansion and our region looks forward to seeing the amazing impacts it will bring.

Respectfully Yours,

President/CEO

Fayetteville Chamber of Commerce







TO: Mayor Lioneld Jordan

Devlin Howland, Director of Economic Vitality

THRU: Alison Jumper- Director of Parks and Recreation

Ted Jack- Parks Planning Superintendent

FROM: John J. Scott - Urban Forester

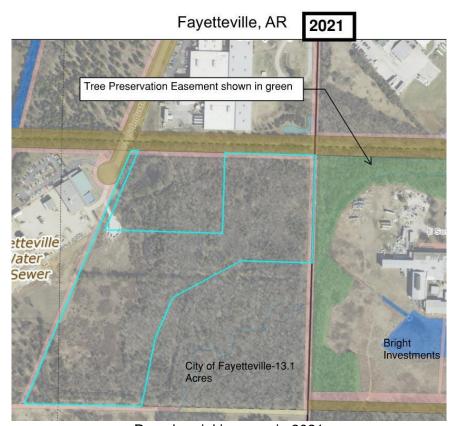
DATE: January 14, 2022

SUBJECT: Forestry Assessment, Parcel -765-16578-001- 19 Acres

Devlin Howland asked for a report on the green area (Forest Assessment) for parcel 765-16578-0001.

BACKGROUND:

Urban Forestry Staff reviewed the parcel's history and found that as recent as 2000, the majority of the 19-acre parcel was a maintained agriculture field.



Parcel aerial imagery in 2021

The adjacent undeveloped property to the north is similar and contains a drainage pond. The Fayetteville Sewer and Water offices lie directly to the west. The City of Fayetteville owns the adjacent 13.1 acre property to the east and south. The forest on the 13.1 acres is a much older forest. The property adjacent to the northeast is owned by Bright Technologies and is placed in a tree preservation easement, shown in green.

SITE VISIT:

Staff utilized the utility clearing that runs along the parcel's east, north, and south sides to access the site. Evidence of typical animals was found and seen during the site visit. Deer, coyote, raccoon, and other mammals are typically found in areas like this, and evidence of all three and many more was seen during the site visit. A few typical bird species such as crows, blue jays, and red tail hawks were observed during the site visit.

FOREST:

The parcels forest is 21 years old, which in terms of forestry is not very old. The oldest trees on the site are along the remnant fence row and scattered on the south border of the parcel. These two areas contained significant trees on this site. The rest of the parcel consisted of smaller 8-inch to 12-inch DBH (Diameter at Breast Height, industry-standard tree measurement) trees about 20-30 feet tall.

The trees that have grown since 2000 are pioneer species of trees. Pioneer species are hardy species that are the first to colonize barren environments. Typical pioneer tree species are black locusts, honey locusts, Bradford pears, sweetgum, black cherry, and eastern red cedars. Invasive species such as bush honeysuckle, privet, and Bradford pears are also dominant pioneer species found on site.

The significant trees along the fence row consisted of hackberry, bois d'arc, black gum, and cedar trees.

This young forest benefits our environment in the forms of carbon sequestration, animal habitat, collecting air pollutants, stormwater mitigation, and other typical forest benefits.

SOILS:

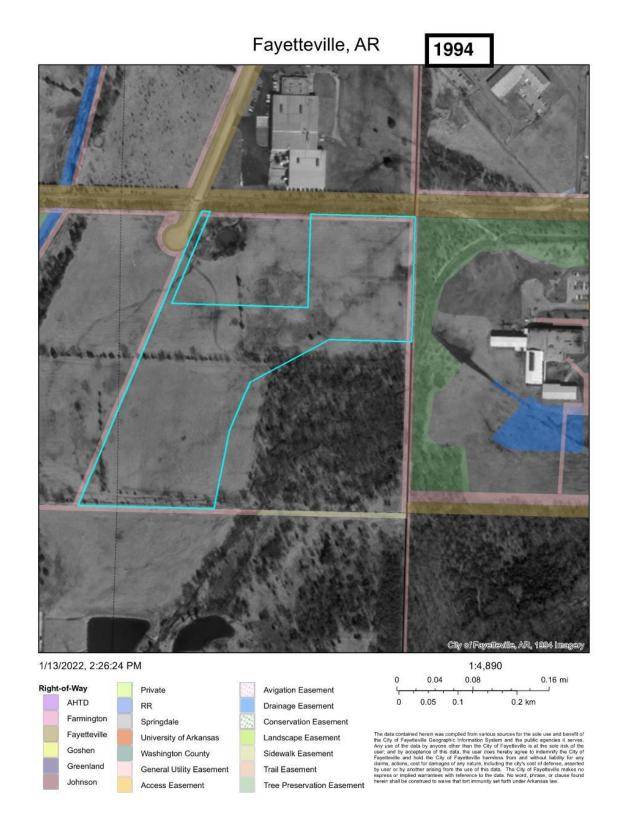
The parcel is also located on hydric soils, which means the soil is saturated, flooded, or ponding occurs. The West Fork of the White River is .78 miles to the east of the parcel. Town Branch is .45 miles north of the parcel. A drainage channel runs along the east side of the parcel and drains into the West Fork of the White River.

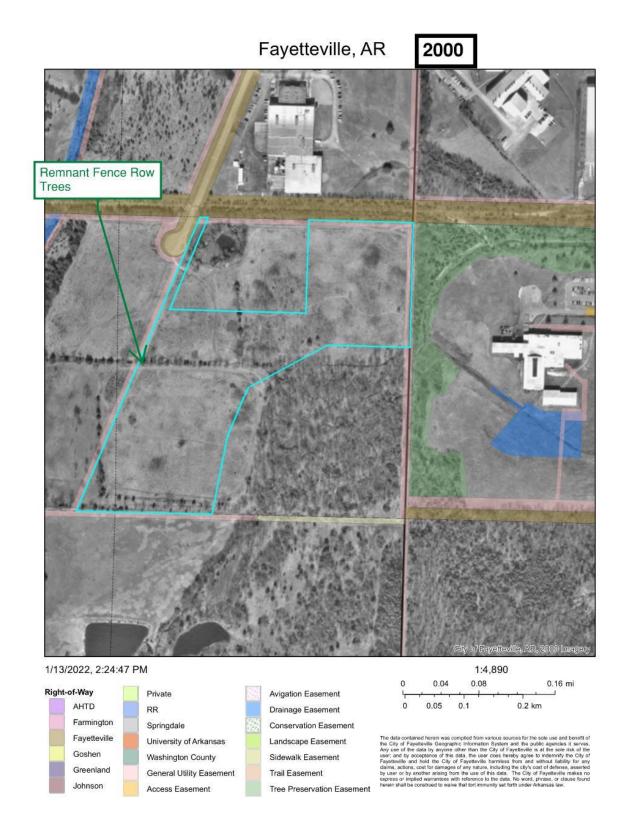
CONCLUSION:

The 19-acre parcel has a few significant trees worth preserving along the remnant fence row that runs through the middle of the property and a few along the southern property line. Overall, the forest is low quality because it is a very young forest dominated by pioneer species and invasive species understory.

ATTACHMENTS:

Maps showing the history of the property.





Fayetteville, AR

