



“Marina District at Battery Park Project” FACT SHEET

May 1, 2007

‘The Marina District at Battery Park’ project in historic downtown Sandusky.

The City of Sandusky and “Sandusky Waterfront Complex, LLC” are working toward a development agreement that will add another exciting revitalization project to the changing face of Sandusky. When completed, this project will create an opportunity for growth and economic development by making available waterfront land resources that are currently under the control of the City.

Each year over 7,000,000 visitors explore Erie County’s local attractions. The City’s goal is to promote Sandusky as a destination of choice, giving visitors traveling to our area increased opportunities for entertainment, recreation and enjoyment of our beautiful waterfront.

“The Marina District at Battery Park is a clear sign that our strategy to make Sandusky a place of choice is working. Getting the Paper District going, it took a great deal of city resources and commitments. That was natural because it was our first major development project and we needed to show the development world that we were serious about our plan. The Marina District at Battery Park has taken shape in a much different way. It is entirely funded through a market-rate transaction. The developer is proposing to use their own funds to finance the project. If we are successful with this project there is no telling how far we will be able to go next.”

Mike Will, Sandusky City Manager

“Sandusky is in a very unique situation in that there is a great deal of potential development opportunity, that under the right circumstances, could occur over the next several years. The area is full of activities that attract people to the area, and as the City works to build upon its own natural resources, the downtown community will benefit by having more residences in the downtown area, and an increase in business to support their needs.

In working with City Administration and City Commission through the process, there has been a great deal of effort put forth by all parties to make sure that the best options are considered, and that the concept of the development meets the economic development criteria. It takes a great deal of time and energy to make a project like this happen.

The City officials can see the benefits and the potential for the future through creating re-development opportunities, and the community should recognize their combined efforts to improve the public amenities and economic conditions of the area."

John Eymann, Meacham & Apel Architects

"Sandusky is at a crossroad. We are in the midst of a public discussion about which path to choose...Our management team at City Hall – lead by Mike Will and Gary Packan – have set forth a vision for a critical piece of Sandusky's development, along with a reputable architect and developer capable of implementing the vision. But the vision is still nascent, subject to growth and refinement as a result of further input and careful thought. Indeed, the draft plan has evolved and improved as a result of discussions with various groups and individuals involved in the process to date...And with the Commission's support, that process of input, refinement and improvement can continue. ... It is essential that we get this right, and with the recognition that this is one of the single most important issues facing Sandusky. I have been astonished by the overwhelming amount of public support for this project. We have all received letters, calls and e-mails regarding the project. People I have never met stop me on the sidewalk, in schools and in other public places to essentially say 'you make sure you get this done Mr. Murray – this is why we voted for representatives – to do their homework and make the best decision they can.'

...And while I await review of the details of a development agreement, I am convinced that this project is essential to Sandusky's future and that of our children."

Dennis E. Murray, Jr., Sandusky City Commission.

Preliminary Development Name

"The Marina District at Battery Park" - This redevelopment district is located in the area currently occupied by the former Surf's Up Aquatic Center, Battery Park Marina, Sadler Sailing Basin and the City Hall Building. The preliminary name is in recognition of the history of the City on this specific site. The existing marinas are a considerable aspect of the development with almost 1000 public boat slips directly adjacent to the proposed development sites.

Development Area

Total lakefront development area is approximately 30 acres (land only). Approximately 15 acres will be maintained for public use in the form of shoreline improvements and greater public access points, increased open park space, land for recreational uses, improved right-of-ways for public access, Sandusky Bay Pathway and piers. The remaining 15 acres will be used for a mixed development consisting of residential condo units, hotel & conference facility, commercial, retail & restaurants, and a multi-use facility.

Battery Park Marina and the Sadler Sailing Basin / Sandusky Sailing Club will remain in full operation, and controlled by the current operating managers. It is the City's intention to see these businesses increase their potential members base from the new

residential units and the additional tourism bringing new visitors to the eastern edge of the downtown area.

Location

Along Water Street and Meigs Street in historic Battery Park. Overlooking Sandusky Bay and Lake Erie with a view of Cedar Point Amusement Park, located on the eastern edge of downtown.

Funding

These private development projects will be funded by the development team Sandusky Waterfront Complex, LLC. All public improvement projects that may coincide with the re-development will come from various dedicated public funding resources.

Project Timeline

City Hall Redevelopment Committee

In April Of 2005, a committee composed of selected community participants, staff, two City Commissioners, and several volunteers was formed to follow a process that would lead to making a group recommendation as to what to do with the City Hall property. It was important to get a cross-section of the community so that we came close to representing the community's thoughts and feelings as a whole. On June 3, 2005, the Committee recommended pursuing the sale of property, accomplishing this through a 'Request for Proposal' (RFP) process, and recommending the formation of the City Hall RFP Committee.

Initial City Hall RFP Committee meeting

On July 22, 2005, the City Hall RFP Committee began the task of identifying issues and strategies in the creation of the City's Request for Proposals for the City Hall Redevelopment. The RFP would seek developer proposals on the use of the site, the sale price, and the potential layout of the new facility.

RFP advertised the weeks of August 29th and September 6th.

Pre-proposal meeting

On September 15, 2005, The City met with thirteen prospective bidders for the project. At this meeting the City gave an overview of the project including a list of items the bidders must address in their proposals including:

- Parking spaces for Washington Street Pier to support Sandusky Bay Pathway
- Relocation of Tennis Courts and Skate Park to another city park.
- Green space whenever possible
- Battery Park parking enhancement / property solution

Additionally, the potential bidders were told that their proposals would be evaluated by how their concepts would encompass the following 'Success Criteria' as proposed by the RFP Committee:

- Preserve/enhance public access, enhance sightlines and landscaping
- Enhance City Hall operations: efficient, customer friendly, quality Police Dept facility
- Stimulates other commercial redevelopment / increase opportunity
- Year-round activity / off-season asset
- Generates additional economic revenue (taxes-wages)
- Project is sustainable and a long-term asset to the community
- Stimulates residential redevelopment / revitalization
- Develop lakefront corridor
- Preserves and positively impacts Battery Park Marina and the Sadler Sailing Basin
- Transportation corridors considered / enhanced as a part of the project
- Create a unique point of destination
- Inclusive, multi-cultural, generational, functional, economical

Request for Proposals Received October 27th

Much to the disappointment of City Administration, only two (2) Proposals were received by the deadline. After their review, it was determined that neither proposal was acceptable to the City of Sandusky.

Later that winter, two additional prospective development groups contacted the City inquiring as to the status of the project and to see if it would be possible for them to make a presentation to City staff as well as members of the Bayfront Corridor Committee. After these presentations, the BCC recommended that City Commission move forward with Meacham & Apel.

Preliminary Development Agreement

On May 8, 2006, City Commission approved entering into a preliminary agreement with CEG Development and Meacham & Apel Architects to explore design concepts for the City Hall and Battery Park sites. Approximate timeline – 6-9 months.

Public Input

In addition to a public meeting on November 6, 2006 and a public presentation on November 27, 2006, City staff has met individually with representatives from Sandusky City Schools, the Erie County Chamber of Commerce, Cedar Point, the Sandusky Mainstreet Association, the Waterfront Watchdogs, the Bayfront Corridor Committee, the Senior Men's Club, the Sandusky Yacht Club, Battery Park Marina, the Sandusky Sailing Club and Sadler Sailing Basin, various local foundations, the City of Sandusky Planning Commission, the Board of Zoning Appeals, Firelands Regional Medical Center, the Sandusky Register, the Lorain Journal, WCPZ and WLEC radio stations, and the Sandusky City Commission. In each meeting Staff went through in detail the proposed plans for the project.

Formal Development Agreement

In December of 2006, City Commission authorized the City Manager to negotiate a Development Agreement with Sandusky Waterfront Complex, LLC, "that satisfactorily addresses the following issues and concerns:

1. Public access to the waterfront must be preserved, expanded and protected.
2. The Sadler Sailing Basin, the Sandusky Sailing Club and Battery Park Marina must remain, and the Sailing Club will ultimately receive a long-term contract to secure its position in the heart of Sandusky's waterfront.
3. A new City Hall, along with the Police Department and Municipal Court, must be relocated at no additional cost to the City beyond what we must invest in the current building to expand it, maintain it and make it more energy efficient.
4. A larger public Battery Park space supporting many different community activities must be central to the development. The new Battery Park would have more acreage and more water frontage and would be secured by a conservation easement in favor of Erie Metroparks. The public will have significant opportunities for input in the planning of this park.
5. The tennis courts and skate park must be relocated as part of the project at no additional cost to the City.
6. Adequate parking for regular activities and people at the site will be provided. Large event parking will be coordinated and supported by the City.
7. The City will receive appropriate protections from the possibility of a developer walking away from an unfinished phase of the project.
8. All final plans must first be approved by the Sandusky Planning Commission and, where appropriate, the Sandusky Board of Zoning Appeals.
9. The Sandusky School Board must approve the project as something that will enhance its revenues, i.e., long term tax receipts.
10. The Developer will seek out and hire local labor and purchase from local suppliers whenever practical and competitive."

At this time, City staff is drafting the developer agreement that will be presented to the City Commission sometime in mid 2007.

Project Update: On April 23, 2007, Sandusky City Commission voted to put the issue of moving forward with the Marina District @ Battery Park and City Hall Relocation project to a public vote. Commission directed the City Manager to begin drafting language to be used for a November ballot initiative.

City of Sandusky Contact

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Developer Contact

John Eymann, Meacham & Apel Architects, 614.389.0778 or at EymannJ@meachamapel.com

The Marina District at Battery Park **Frequently Asked Questions**

Why is the development team interested in Sandusky?

The Development Team has a unique opportunity to work in partnership with a group of public officials who understand the value of exploring these kinds of re-development projects. City officials are very supportive of initiatives that can spur economic growth. This attitude helps to facilitate developers through efforts to create new places and destinations for the City.

The waterfront is a very attractive asset that the City should market to realize its potential. It is one of the main reasons that people come to the area. The value is in what is there and how it can be developed into a successful mixed-use re-development project. The interest is in being a part of the process and being able to contribute to the community.

The vision of creating such a place just opposite the shoreline of Cedar Point is a very exciting vision. And as developers, architects and planners, the ability to work with a positive and supportive administration greatly increases the opportunity for a successful project.

The fact that we have developers interested in our City, in a situation where they are paying for the right to develop in our town, indicates that our strategy of making Sandusky a place of choice is working.

What other projects have the Development Group been involved with?

The resume of the Architect of Record, Meacham & Apel, includes projects of this scale such as: Easton Town Center Phase 1 & 2 (Columbus, OH), Greene Town Center (Dayton, OH), Pullman Square (Huntington, WV), Jeffersonville Town Center (Jefferson, IN), Watters Creek Town Center (Dallas, TX), The Waterfront (Pittsburgh, PA), Bayshore Town Center (Glendale, WI). Many of these projects can be seen on their web site, www.meachamapel.com

Why has the Development Group not formed an LLC yet?

This is standard practice in these situations. LLC's are most typically created for specific projects. In fact, Mid-States created the LLC for the Chesapeake Lofts project just before closing on the property, long after the formal development agreement was signed. The fact that an LLC has not yet been formed for this project is normal and is not an issue of concern.

UPDATE: As of January 26, 2007, The Sandusky Waterfront Complex, LLC has filed their Articles of Organization documents with the State of Ohio and have been issued an LLC Certificate.

What makes a successful waterfront project?

If you go back to the original RFP issued by the City for the City Hall site, the general premise of that effort was how to best utilize the available land and create an income and economic generator and that will benefit the community. In that scenario, a mixed use type of project can satisfy the variety of goals for the project.

How did this project go from 11 acres to 30 acres?

The initial RFP's that were sent out in October of 2005 only included the City Hall property plus the land where the tennis courts, skate park and portions of Battery Park Marina's leased parking area are currently. This total is approximately eleven (11) acres. The city received only two proposals at this time, neither of which was seen as acceptable for the project. Toward the end of 2005, Meacham & Apel approached the City about the project and proposed a concept of looking at the project on a larger scale, working to develop a Master Plan for the entire area including Battery Park Marina, Sadler Sailing Basin and the former Surf's Up property.

What is the City's vision for these 30 acres?

The vision for the 30 acres is to create a sense of place for the residents to go and enjoy the downtown environment and an open lakefront public park. In harmony with the vision is the goal to develop a mixed use urban development that includes restaurants, retail, entertainment, hotel accommodations and mid-rise residential condominiums, portraying the waterfront as a destination as well as a place of home and recreation.

How much of the land will be private versus public?

The City's position on this issue has been that there needs to be sufficient land dedicated to the public and all shoreline must be dedicated and readily accessible to the general public.

In general 50 percent of the land will be retained, controlled and owned by the City of Sandusky and will be used as public space. Most of the other 50 percent will be leased, via a submerged land lease, by the development team through the City and will be used to develop commercial and residential projects that will bring long term economic

benefit's to the City. Some of the land, the area that is not covered under submerged lands lease law, will be transferred to the developer.

Additionally, the former Surf's Up site which currently is not available for access by the public, other than for special events, will be re-developed, creating new public waterfront access with beautiful views of Sandusky Bay and the neighboring marinas.

Also made more accessible will be the Springer's Wharf area, adjacent to the Sadler Sailing Basin. At this time access by the general public is very limited. In the proposed developer's design, this pier is totally accessible from the public park area and there are no restrictions on access to this part of the shoreline.

How can the City justify taking so much open space away?

The proposed mixed development will encompass roughly half of the entire project once completed. It has been crucial to the City throughout this entire process, that open space be maintained as much as possible and wherever possible, enhanced. Realistically looking at the property as it exists today there are areas that, except for special events, are generally underutilized. Surf's Up, the parking area south of the main Battery Park parking area and the tennis courts are three locations that fall in this category. The proposed redevelopment would transform these currently underutilized areas into residences, retail, restaurants and a hotel and conference center, bringing more people into the area to live, shop, visit or just enjoy the waterfront. To balance this, the development team is proposing to more than double the space of Battery Park proper, as well as provide additional public, waterfront access along the former Surf's Up property.

Will the development ruin the vistas of the waterfront and Cedar Point?

We do not deny that this development will change the look of the property, but with respect to the vistas of the waterfront and Cedar Point, it is the City's belief that the best views of these magnificent assets are from the water's edge, along the docks, piers and the Sandusky Bay Pathway. These areas **will not** be altered by the new development. In fact, they will be enhanced by the addition of new waterfront access at the former Surf's Up location, an area generally open only during special events. Additionally, we have asked the development team to design their structures with a smaller footprint, to allow for increased sightlines through the property.

What is the plan for Battery Park and Damon's?

The Battery Park Marina is an important amenity to the project and to the downtown Sandusky. This is a public boat dock facility with seasonal dockage that is managed by a private entity. The intent is that it remains a successful marina and expands on the opportunities provided from this proposed re-development project.

City staff has been working closely with the Battery Park Marina owners and have developed a strong working relationship and will continue to work in good faith on the project.

Damon's is a strong restaurant operation with a solid following in the community and has a successful restaurant operator managing the business. The goal is to keep Damon's operational and provide them the opportunity to benefit from the increase in downtown residents and visitors to the area.

The existing Battery Park would be replaced with a park that is about two times its current size and the City would seek public input as to how to design the park. The new park would be located on the water's edge without interference from marinas. The existing tennis courts and skate park would be moved to another location off of the water front.

What role will the Sandusky Sailing Club have in the development?

The City has always seen the Sadler Sailing Basin and the Sandusky Sailing Club as a tremendous asset to the community and a major element of the re-development project.

There is a rich tradition and history with the SSC. There are many cases of second and third generations of families that have had the privilege of being members of this association. Many of the members give a great deal of their time and effort to keep the club as one of the best in the area and have made the club what it is today.

The question now facing the Sandusky Sailing Club is how they can benefit from the re-development and how they can use this to improve their club and local membership. Members have expressed concern that the proposed development could have a detrimental affect on the Club and its operations, but the City believes the SSC has potentially much more to gain through this re-development including:

- A long-term market-rate lease agreement with the City of Sandusky that protects their rights and defines control of the Sadler Sailing Basin.
- More residents in the proximity of the club could provide new members that are also City residents.
- The SSC has the opportunity to increase their marketing efforts and have a much more visible presence within the City as a major source for fun and recreation.
- The current Junior program could be expanded and additional efforts could be made to recruit young community residents to participate in the sport.
- The re-development would provide for an increased awareness of the basin and the club and could add value to the current organization.

To date the discussions with the Sandusky Sailing Club have stated all of these facts. The City believes the club has a great opportunity. It will depend on how their leadership chooses to approach this re-development proposal. It can be rejected, which

can drastically affect economic development opportunities that City leaders see as a valuable resource for future income into the City. Or the SSC leaders can choose to see a significant level of opportunity and partner with the City and the development team to work towards the best solution for all parties.

What types of leases do Battery Park Marina, Sandusky Sailing Club and the Sadler Sailing Basin have?

Battery Park Marina has a long term lease for approximately 32.9 acres of land and water. This lease is set to expire in December of 2044. The lease has a base rent and a percentage rent based upon gross revenues. This lease has an escalating clause which automatically increases the base rent every 5 years. Battery Park Marina also secured \$1,200,000.00 in grants in which the City received. This money was loaned to Battery Park Marina and has since been repaid to the City in its entirety, with interest. There is also a submerged land lease for the same 32.9 acres of land and water which is occupied by Battery Park Marina.

The Sandusky Sailing Club has a lease for an area 100' by 200' (20,000 square feet, .46 of an acre). This is the area which is occupied by the Sandusky Sailing Club building. This lease is set to expire in December of 2028. There is no submerged land lease for this area. The Sadler Sailing Basin does not have a lease for the land or water area. The group that manages the Sadler Sailing Basin serves as an agent for the City of Sandusky. The City of Sandusky is the governing body of the Sadler Sailing Basin. There is no submerged land lease for the Sadler Sailing Basin currently.

How willing are we to adjust the design plans?

Very willing, and to date the developers have made dozens of changes to the overall designs to address the comments and concerns of the major parties most directly affected by the project. The design process is a laborious effort that continues until the best possible solutions are found that solve the majority of the issues.

And since this project will be in phases – there is still plenty of opportunity for the City, The Sandusky Sailing Club, the Sandusky Yacht Club, Battery Park and the public to further review, define and adjust the layouts. The reality is that we are really only about 10 percent of the way into the entire process – there is a great deal of work yet to be done.

What is the time line for the entire project?

Ideally – from a developer's perspective – the first goal would be to start construction in late 2007 – at best – and on the former Surf's Up site. This site itself has several phases based upon sales and leasing conditions. The reason for starting on this site is that

logistically it has the best opportunities to move forward in a reasonable amount of time – which is no less than 8 months and possibly as much as 1 year.

The second step would be to work and secure a hotel group to enter into the market. The next two steps are somewhat undefined but in general would be to add more residential units into the market and to re-locate the City Hall facilities and make that portion of the site available for re-development.

The entire project could be as much as an eight year process – a development project like this with so many issues to manage is one that takes time. Due diligence is a necessity to make sure that all decisions are consistent and in the best interest of the project and the public.

Why don't you develop across the street and leave the waterfront alone?

The main reason the current site was chosen for this project was the fact that it is land resources that are currently under the control of the City. If the development were to take place across the street it would mean the acquisition of large numbers of properties for any development to make sense. The City does not have the money to undertake such a project. The City's goal with the Marina District at Battery Park project is to create an income and economic generator for the community that can act as a catalyst to motivate property owners in adjacent neighborhoods and potentially other developers to invest and improve these properties independently.

What makes the City think a hockey arena is going to work in Sandusky?

The proposal calls for an approximately 1500 to 2000 seat Multi-Purpose Arena and parking structure to be developed at the current City Hall Property. While this facility will have the capacity for one to two sheets of ice, there could be many additional uses for the facility, from other sporting events and tournaments, concerts and even small to medium sized trade shows. In fact, the City has already received letters of support from the Ohio Athletic Committee and the National High School Coaches Association stating that if a facility such as the one proposed were to be built they would be interested in looking at long-term commitments that could bring future events to Sandusky.

Is the City going to borrow money for the relocation of City Hall?

When the City Commission authorized City Manager, Mike Will to negotiate a Development Agreement, one of Commission's stipulations was:

"A new City Hall, along with the Police Department and Municipal Court, must be relocated at no additional cost to the City beyond what we must invest in the current building to expand it, maintain it and make it more energy efficient."

In public discussions, the City has stated that preliminary estimates to rehabilitate the current City Hall building could approach \$1 million. If City Commission decided to stay

at the current site, funding options would have to be addressed at that time. However, it has been City Administration's objective throughout this process to fund the relocation of City Hall with a combination of proceeds from the sale of the property, funds from the Municipal Court, foundation support and Tax Increment Financing (TIF) money.

How do we protect ourselves from a developer leaving the project half finished?

Issues like this will be specifically addressed in the Developer Agreement that the City and the Sandusky Waterfront Complex, LLC will be entering into. The City would not want to enter into a project of this magnitude without assurances that it will be completed.

How can this area support so many Condominiums?

The residents of Sandusky will not be the sole purchasers of the proposed condominiums in this project. It is the belief of the development team that a project of this magnitude will not only generate interest and excitement area wide, but region wide.

How is this project going to provide better paying jobs?

It all comes back to making Sandusky a destination of choice. We must show that our city is aggressively pursuing a brighter future by being creative and proactive in ways to trigger economic development in the region. Once we create an image of a progressive, forward thinking community then we make ourselves more desirable to business development and entrepreneurial investment. It is also up to the resourcefulness and ingenuity of Sanduskians to look at change as an opportunity to develop their own businesses that can complement the evolving economic climate.

Will the proposed commercial/retail development at the Marina District hurt downtown shops?

The potential influx of people to the waterfront, whether from the Paper District Development or the proposed Marina District at Battery Park can only serve to enhance the opportunities for the downtown shops. Ultimately, it will be up to the current business owners to effectively market their stores, but with more people residing in and visiting the downtown, the need for more businesses to provide goods and services to this new market should spur further business development along the entire waterfront.

Will the City move forward with or without the community's buy-in?

The decision to move this project forward will ultimately be in the hands of Sandusky City Commission. They can call for a public vote on the issue or they can choose to move forward by their own vote. They, along with the City Manager have been empowered to manage the business of the City and to search for job and economic development opportunities that serve the public and create long term income resources for the City of Sandusky.

The City has been very supportive and excited about this opportunity because of the potential for economic development within the City limits, and more importantly in the core downtown district. The belief is that one good project can lead to a second, then to a third, and then to a future of re-development opportunities, all positively impacting the community and our economy as a whole.