

Discussion with City Council June 2009

Background:

During the January 2009 Visioning session, Council directed staff to:

1. Explore and better understand background details, and programming and operating models
2. Identify specific project areas for potential redevelopment opportunities & master planning
 - a. City-owned properties including
 - i. Fire station site
 - ii. Sr. Center
 - b. privately-owned properties including
 - i. Craig Elliott's parcel
 - ii. PCMR parking lots and other property
3. Explore and better understand limitations of the RDA, including funding options and resource leveraging opportunities

The City's Redevelopment Authority ("RDA") is a separate agency of the City whose power is limited to either economic development or affordable housing projects. A good history of RDAs in Utah can be found at:

<http://www.lwvutah.org/Studies/RDA%20Study%20revised.pdf>

The Lower Park Avenue RDA was created in 1990 and expires in 2015. The RDA has approximately \$2.5 million of unencumbered funds and \$1.65 million in outstanding loans. The 2008 increment available to the City after mitigation payment to the school district was approximately \$1.8 million.

Analysis

1. Explore and better understand background details, and programming and operating models

The RDA includes a broad geographic area including the PCMR parking lots, a large amount of independent privately-owned pieces, and a few strategically located City-owned pieces including the municipal golf course (exhibit A). Significantly, the RDA boundary additionally includes 3 major signalized intersections which are the key transportation corridors to the resort (SR 224 & SR 248; SR 224 & Silver King Drive/ DV Drive; and SR 224 & Bonanza Drive). One specific piece not included in the RDA is the Zatz/Davis pieces at the base of PCMR. Staff is still researching why this was excluded.

Staff continues to research operating and programming models. Cities across the country have various models of managing, using and leveraging the RDA funds and have developed a broad range of programs and tools. Some are run as a private development

corporation not directly affiliated with day-to-day duties of local government. Others are staffed with a municipal employee that would be managed by the City Manager. Still others create a separate management entity that has oversight by the City Management.

Staff is also chronicling the existing RDA Plan (which can be available as a separate handout if requested), other studies done for the Park Avenue corridor, and other controlling documents including the General Plan, transportation studies as well as PCMR's development agreement and mountain upgrade plan. We have been in contact with the Salt Lake City RDA, and have been researching specific examples of public/private partnerships. This review is ongoing.

Because the RDA expires in 2015, to be effective in implementing Council goals, it is likely a first step will be consideration of extending its use. Similar to the Main Street RDA, which was extended to fund the parking garage, The City would need to seek permission (by super majority?) from the TEC (Taxing Entity Committee), which would meet at our request. The TEC consists of: Park City; Summit County; Park City School District; Utah Office of Education, and a local taxing entity (fire, sewer).

2. Identify specific project areas for potential redevelopment opportunities & master planning

Council's willingness to initiate a master plan for City-owned properties and more broadly explore potential uses and specific property within the boundaries of the RDA is consistent with the Economic Element of the General Plan and Economic Development Strategic Plan. Identifying this RDA area as a priority reinforces the importance of the resort based economy as a Council goal. In beginning to consider specific City-owned project areas, staff identified the following initial goals:

- Extend RDA beyond 2015
- Create a Plan that the RDA extension can be based on (High level plan, identifying specific components & associated tax increment)
- Develop an action/implementation plan for PCMC-owned property (master plan)

Staff believes the RDA is critical to providing the resort based economy a frame work for long term viability. The existing RDA Plan currently allows for a wide array of options. The General redevelopment actions identified include:

- Installation, construction or reconstruction of streets, utilities, and other public improvements;
- Redevelopment of land by private enterprise and public agencies;
- Rehabilitation of buildings and structures;
- acquisition of real property;
- Demolition or removal of buildings and improvements;
- Relocation assistance to residential, commercial and other occupants displaced;
- Disposition of property.

Staff isn't confident we will be successful extending the RDA with a Plan based strictly on City-owned property. Staff believes the best and highest use of RDA funds may be to partner with private property owners to assist in redevelopment and supporting the resort base. Therefore staff recommends expanding the scope of the planning to include the undeveloped resort base, consistent with a joint/partner approach as described in the following matrix. After reviewing the plan, Council can decide next steps and appropriate public process.

3. Explore and better understand limitations of the RDA, including funding options and resource leveraging opportunities

Using a public/private model an RDA extension plan may include a series of potential Components:

- Transportation & Traffic
 - a. Corridors & easements (including land acquisition)
 - b. Transit routes & infrastructure
 - c. Walkability routes & infrastructure
 - d. Intersection improvements
 - e. Mass transit options
- Parking
- Density (resort based, nightly)
- Affordable Housing (year round & seasonal)
- Flexible meeting space
- Commercial mix

RDA Role and Potential Development Scenarios

Depending on the role the RDA wants to take, the following matrix identifies potential level of involvement & real development scenarios. The development scenarios are based on estimated values and intended to indicate potential value of providing contribution:

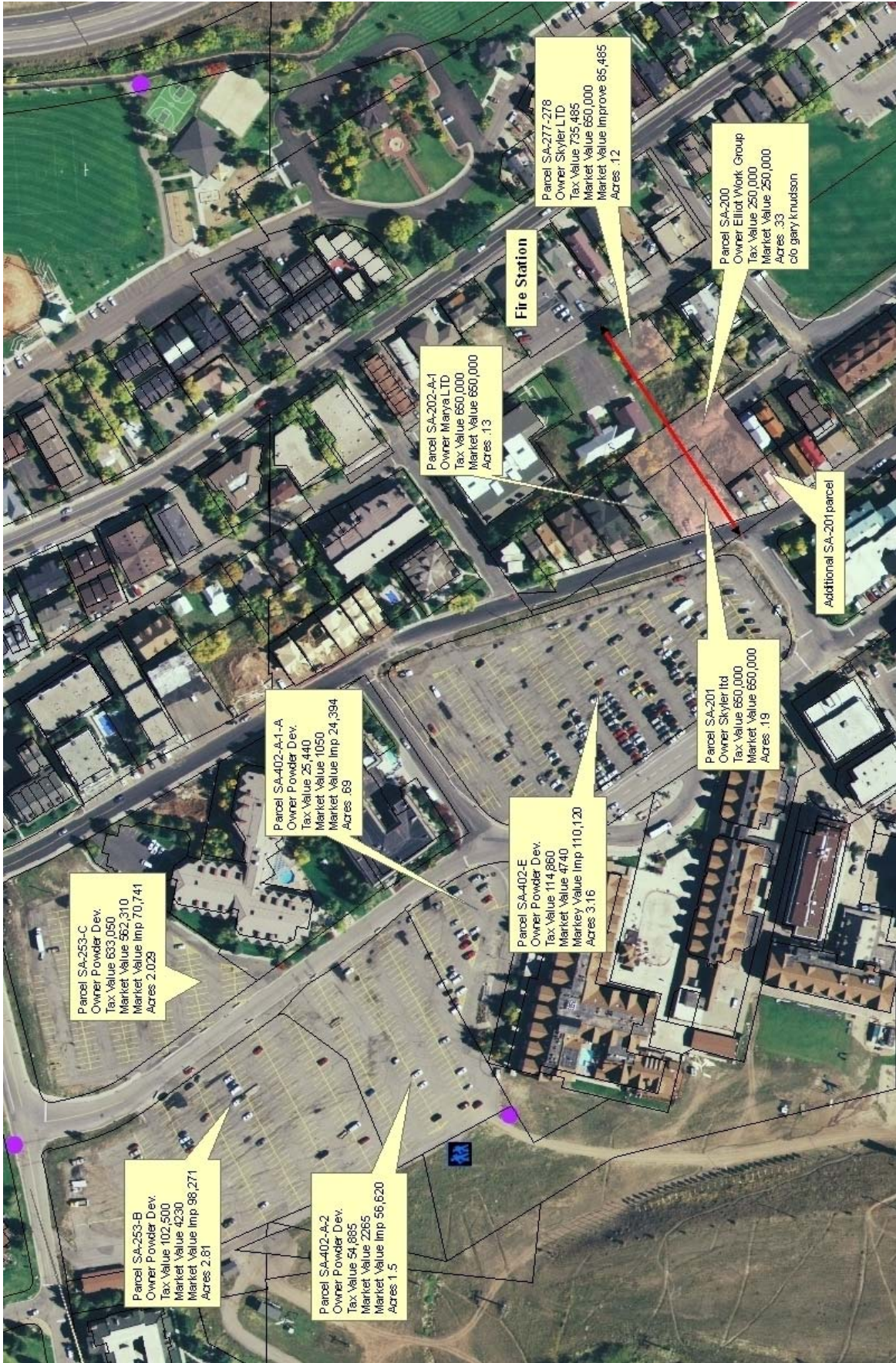
What level of involvement do the elected officials want to use in their role as the RDA?

item	City - Owner Only	Joint/Partner	Full Partner
Plan	(separate) Master plan City-owned land (and directly adjacent land)	(interface) Plan City-owned land; and Consider major capital improvements on private land	(integrated) Jointly plan for City land and undeveloped PCMR land & other major land holders in RDA
Type of Public improvements	Limited public improvements: sidewalks, stairs	Critical public improvements: parking; bus stops, road reconstruction, etc	Purchase, lease, trade land; and/or donation of funds for private development
Land use implication	Highest and best use of City-owned land	Demonstrate priority of Resort based economy & willingness to partner with PCMR	Contemplate site planning & density at resort base: id appropriate amount and location; amend regulatory limitations consistent with land use goals if needed
potential development components	Build affordable housing on PCMC land	Underground parking bus stop street reconstruction sidewalks	Same, plus intersection and transit improvements, mass transit or people mover, flexible meeting space, land acquisition, secure easements
Pros/ Cons	(C) limited impact on resort economy and RDA goals	(P) much bigger financial & redevelopment impact	(P) major incremental financial and redevelopment impact
	(P) simple and easy		(P) may assist in addressing other major development projects; may lead to broader more comprehensive opportunities
			(P) Ensure long-term viability of PCMR
			(C) Bifurcating roles may be complex

Potential Development Scenarios

The following potential development scenarios are based on estimated values and intended to indicate potential value of providing contribution

	Owner Only	Joint/Partner	Full Partner
general application	implement capital project to meet City goal on City land	Develop transit corridor from PCMR to Park Ave & City Park	replace surface parking w/Hotel & underground parking - City would contribute to underground parking
potential Project description	Build affordable housing - x units = \$x cost	Acquire private property (Gary Knudson)	PCMR 4 Seasons allowed 200 rooms, 60 condos, support comm. & req. 1400 underground parking Parking stalls (\$56 Million @ \$40k per stall)
			A 250 room hotel would cost \$110 M to build & yield a \$27 M profit (%25 ROI)
assessed Value	appraised value- \$1.075 M land value - \$575k	\$1,835,485	\$850,875 (parcels C,D,E)
Potential City Contribution	\$575k	\$1,835,485	\$10 million
tax increment	limited tax increment, implement Council housing goal	High - although due to its indirect nature, difficult to forecast.	Substantial tax increment
comment			\$ could facilitate a variety of scenarios:
			better site plan allowing better access;
			allow additional density;
			less units, higher price point



Parcel SA-253-C
Owner Powder Dev.
Tax Value 633,050
Market Value 562,310
Market Value Imp 70,741
Acres 2.028

Parcel SA-253-B
Owner Powder Dev.
Tax Value 102,500
Market Value 4230
Market Value Imp 98,271
Acres 2.81

Parcel SA-402-A1-A
Owner Powder Dev.
Tax Value 25,440
Market Value 1050
Market Value Imp 24,394
Acres .69

Parcel SA-402-A2
Owner Powder Dev.
Tax Value 51,985
Market Value 2265
Market Value Imp 56,620
Acres 1.5

Parcel SA-202-A-1
Owner Marya LTD
Tax Value 650,000
Market Value 650,000
Acres .13

Parcel SA-402-E
Owner Powder Dev.
Tax Value 114,860
Market Value 4740
Market Value Imp 110,120
Acres 3.16

Fire Station

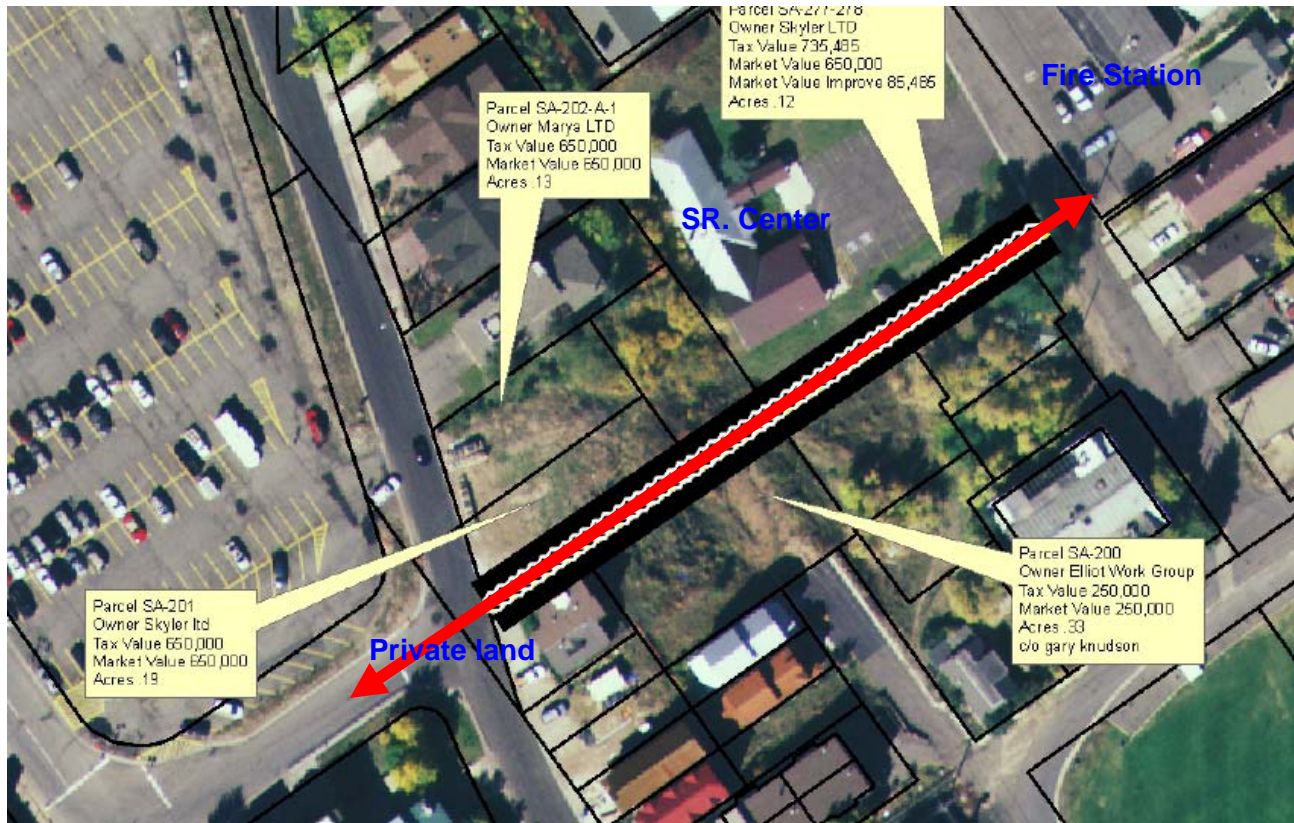
Parcel SA-277-278
Owner Skyler LTD
Tax Value 735,485
Market Value 650,000
Market Value Improve 85,485
Acres .12

Parcel SA-200
Owner Elliot Work Group
Tax Value 250,000
Market Value 250,000
Acres .33
c/o gary knudson

Additional SA-201 parcel

Parcel SA-201
Owner Skyler ltd
Tax Value 650,000
Market Value 650,000
Acres .19

Joint/Partner potential Scenario



Significant Impacts

Partnering with private property owners in redevelopment would be a new and different role for the elected officials acting as the RDA. Because the City Council concurrently exercises legislative authority and police power over land use matters, potential contract discussions in working towards best possible terms and resource leveraging opportunities will necessitate bifurcating different roles under the RDA.

Issues for Discussion

1. Is Council ok with the direction staff is moving in?
2. How involved does Council want to be in acting as the RDA? Staff recommends initial participation at the Joint/ Partner level, perhaps evolving to the Full Partner level.

Recommendation:

Provide Staff with direction on negotiating best possible terms for use and level of involvement (role) of the Lower Park Avenue RDA as it relates to private property.

Exhibits

Exhibit A – Lower Park Ave RDA boundary