



## City Council Staff Report

**Subject:** Relocation of Rocky Mountain Power's Bonanza Substation  
**Authors:** Matthew Cassel, P.E., City Engineer  
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Nate Rockwood, Capital Budget Manager  
**Date:** March 7, 2013  
**Type of Item:** Direction

### Recommendation:

Staff recommends that the Council provide direction to proceed with developing an agreement with Rocky Mountain Power for the relocation of the Rocky Mountain Power Substation 1555 Iron Horse Drive in a low profile alignment with associated site design improvements as outlined in this report. Staff further recommends that Council direct staff to prepare necessary agreements with the applicable private entities, primarily the Bonanza Park owner, and take initial steps to finance the move of the substation to 1555 Lower Iron Horse Drive using Community Development Area (CDA) funding.

Both items are subject to additional public process and land use approvals as necessary from the Planning Commission.

**Topic/Description:** Rocky Mountain Power Substation Relocation

### Background:

Rocky Mountain Power (RMP) owns the Park City Substation in the Bonanza Park area which is critical to the City's power grid. It takes transmission line energy and converts it to distribution level charges that flow to homes and businesses in a significant portion of Park City. The substation is at nearly full. RMP has indicated that it needs to upgrade the substation by fall 2015 in order to meet local power needs.

For the past several months staff has worked with RMP to identify substation location options consistent with the Bonanza Park Area Plan. A range of alternatives was presented to Council at its November 15, 2012 work session. Following that meeting staff continued its analysis of alternatives and returned to Council on January 24, 2013 with two scenarios:

- **Maintain Existing Location.** RMP would upgrade the existing substation within the existing footprint without consideration for a low-profile system and with a mild attempt to mitigate the visual impacts.
- **Relocate.** Move the substation to 1555 Lower Iron Horse Drive with mitigations to utilities, access and visual impacts. *This is staff's recommendation.*

Relocating the substation is consistent with the joint City Council/Planning Commission redevelopment goals to maximize long term economic and community wide benefits for the Bonanza Park area and the resulting draft Bonanza Park Area plan presented to the City Council and Planning Commission in January 2012. The draft Bonanza Park Area Plan proposes a mixed-use concept for the 99 acre area that is envisioned to be a district that is locally focused in terms of residential development (mixed-income opportunities) and commercial development that diversifies the City's existing mix and might include a satellite campus for higher education, a business incubator, a culinary institute, or research/office space for new businesses.

**Analysis:**

During the January 24<sup>th</sup> City Council Work Session meeting, Council asked for further information concerning the relocation of the substation, investigation into the possible access solutions for the Iron Horse Apartments and the cost to bury power lines. In this section staff reviews these options and provides the additional requested information.

***Low Profile Site Layout at 1555 Iron Horse Drive***

The low profile site is achieved by increasing the footprint of the substation in exchange for a reduction in height. In considering the possibility of relocating the substation explored how it could mitigate its impacts upon the surrounding community.

- **Reduce the height to mitigate overall visual impact of substation.** The low profile layout reduces the height of the substation from a height of 60 feet to approximately 30 feet, or three stories. At this height it becomes possible to effectively screen the substation and significantly reduce its visual impact. The ability to screen the substation and incorporate it into the landscape of the area reduces the impact on the streetscape that the vertical option will have.
- **Reduce the height to mitigate visual intrusion in the community.** The low profile layout reduces the visual intrusion from multiple vantage points including Iron Horse Drive and Upper and Lower Iron Horse Drive within the district, as well as neighborhoods in Prospector.
- **Create opportunities to resolve other land use issues.** This layout option can also address other land use issues including circulation and access for the residents in the Iron Horse Apartments, and in turn through traffic on Bonanza Drive. The longer-term option of re-routing access into Prospector with a bridge across Silver Creek also provides the opportunity to address traffic flow in that area, as well as other development constraints.
- **Increase separation between residential uses and substation.** While the science on the impact of EMFs is not conclusive, the lower profile layout increases the distance between the substation and adjacent residential units

because the overhead power lines (which are the source of the EMFs) are virtually eliminated around the substation.

- **Reduce traffic and noise.** The site proposed for the substation relocation includes houses a fueling station and commercial laundry facility. Each of these uses generate considerable traffic on Bonanza Drive and noise to the adjacent multi-family units. These uses will be removed from the site substation relocation will remove these uses and reduce

At the January 24 City Council work session staff presented the following renderings illustrating options to screen the visual impacts of the substation relocation. Concern was expressed at that time that the height perspective was inaccurate. Staff has affirmed that the perspective is accurate. However, these renderings are illustrative. The final design for mitigation will be addressed during the regulatory process.



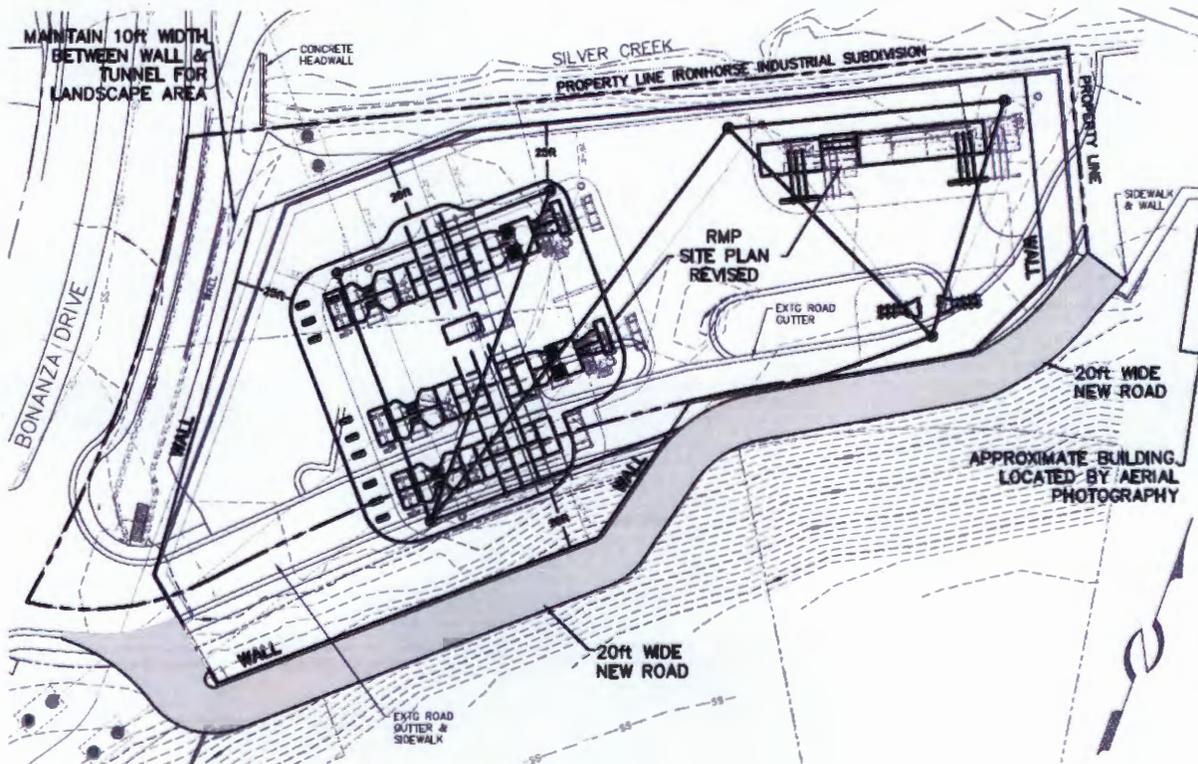
**Figure 1: Low Profile with Building Screen**



**Figure 2: Low Profile with Art and Gardens**

**Iron Horse Apartment Access**

City Council also directed staff to investigate the possibility of providing an access road to the Iron Horse Apartments around the proposed substation. Figure 3 below shows that if desired, the access road can remain close to its current location.



**Figure 3: Access Drive around Proposed Substation**

As noted in previous meetings, the existing access drive to the Iron Horse Apartments is partially on property owned by Fischer West LLC in a defined access easement dedicated to the Iron Horse Apartments and partially on a 25 foot wide parcel of property that is fee simple owned by the Iron Horse Apartments. For the low-profile substation to work at the 1555 Lower Iron Horse Drive site, the 25 foot wide parcel will need to be relocated through a land swap, sold or left in place with an alternative access to the apartments developed. The ability to provide access to the Iron Horse Apartments close to the original alignment helps in addressing this issue by providing numerous access alternatives that the property owners are exploring privately.

- Access with a road around the proposed substation,
- Access by opening the gate between the Iron Horse Apartments and the Iron Horse Condominiums, or
- Access with a bridge across Silver Creek.
- Alternative access with Rail Central.

### ***Project Cost Update***

In previous Council meetings, staff discussed the probable cost for relocating the power substation to be \$11.4 million. This includes access road(s), possible rights of way acquisition, site preparation, landscaping and improvements, and burying distribution and transmission lines from the substation to Kearns Boulevard.. There are three components to this cost.

**Rocky Mountain Power Direct Costs:** Rocky Mountain has provided a cost estimate of \$3,700,056 which represents the cost to move the substation and a place holder in the event land acquisition is retired. It appears that Rocky Mountain Power will incur little, if any, additional land cost currently budgeted at \$954,600. If this is correct, the total cost of the move will be reduced. Additional cost savings of \$111,963 are possible by paying the cost of the move in full to Rocky Mountain Power at the start of the project.

**Site Improvements:** Rocky Mountain Power will need a ready-to-proceed site by July 2014. This could site clearing, engineering and preparation, access roads and rights of way and access. Additional improvements will be needed at the conclusion of the move for visual buffering and landscaping. These costs are estimated at \$2.1 million.

**Underground Power Lines:** The estimated cost to bury power lines from approximately the intersection of Deer Valley Drive and Bonanza Drive to Kearns Boulevard is \$5,576,850. The final cost would depend on the actual distance of underground lines. Staff will return to Council with options for undergrounding the lines once the location of the substation has been determined.

These costs should be reviewed as the total amount of the project, but not the total amount for which any entity – public or private – is responsible. Based upon

Council direction staff will develop a set of draft deal points that include a proposed cost sharing arrangement and identification of funding sources.

If the substation is to remain in its existing location, staff would anticipate the cost to the City to be negligible. This cost would be negligible because staff does not recommend the low-profile substation or the burying of the power lines into and out of the substation, so the only cost to the City would be the inclusion of a better wall and landscaping around the substation above and beyond what RMP would be required to provide.

### ***CDA Funding Option***

Staff is continuing to explore all available funding options. One potential funding option is the creation of a Community Development Area. Community Development Areas or "CDA's" are intended to undertake any economic or community development purpose of the city, including job growth or retail sales. A CDA is a form of tax increment finance which would allow the City to define a community project area which is expected to see sales and property tax growth as a direct result of project improvements.

Much like a traditional Redevelopment Area (RDA), a CDA sets a current sales and property tax baseline and increment is calculated from that baseline. A CDA differs from a traditional RDA in several ways. A CDA is project driven and created to finance or incentivize a specific project. In a CDA, the City and all other public entities must "opt-in" on sales and property tax incentives if they see fit. Incentives are awarded as a percentage of the tax increment created by the development. A CDA has no eminent domain authority.

In a CDA initial project costs would be funded by the developer and tax increment resulting from the project would be rebated in the form of incentives to cover an agreed upon portion of the original project costs. Once the initial project costs are recovered, the increment is no longer isolated and the full sales and property tax revenue is collected by the public taxing entities.

The creation of a CDA potentially places the appropriate risk and incentives on the project area developers rather than on the City. The developer assumes the initial project cost and receives increment incentives or rebates based on the completion and success of the development project. All development within a CDA must be consistent with the General Plan. The CDA plan must clearly identify the development plan, boundaries, incentive uses and an analysis of the physical, economic and social conditions of the area. The plan must also specify all incentives which would be provided to potential developers. The creation of a CDA includes a formal public noticing and public hearing process. Staff has initiated the feasibility CDA study. This is the first step in the CDA process.

### ***Project Schedule***

Included as an exhibit is the schedule for the substation along with key activity end dates shown. This schedule was developed backwards using the fall of 2015 as the anticipated completion and start-up date for the substation.

### ***Next Steps***

If directed by Council to proceed with the move to the 1555 Lower Iron Horse Drive site, staff and RMP will begin to take numerous steps. The steps listed below are not in any specific chronological order:

- RMP is currently preparing to submit an application for a CUP, which will go before the Planning Commission. The estimated time frame is April 2010.
- RMP needs to seek internal approval of the land trade.
- RMP and Fischer West, LLC formalize land trade agreement to deliver clean site and associated access.
- Staff will continue to develop the key ingredients of the CDA and bring this back to Council as it develops further.
- Work with our Legal Department and RMP to start the development of a memorandum of understanding(s) and/or formal agreement between key parties including but not limited to a cost sharing agreement.
- Finalize negotiations with the other property owners affected by the replacement access.
- Staff will determine the utility relocation need.
- RMP would then turn their focus on the overhead power lines alignment and pole location.

**Department Review:** This report has been reviewed by City Manager, Planning, Budget, Sustainability and Legal. All comments have been integrated into this report.

## Significant Impacts

	<b>World Class Multi-Seasonal Resort Destination (Economic Impact)</b>	<b>Preserving &amp; Enhancing the Natural Environment (Environmental Impact)</b>	<b>An Inclusive Community of Diverse Economic &amp; Cultural Opportunities (Social Equity Impact)</b>	<b>Responsive, Cutting-Edge &amp; Effective Government</b>
Which Desired Outcomes might the Recommended Action Impact?	<ul style="list-style-type: none"> <li>+ Unique and diverse businesses</li> <li>+ Safe community that is walkable and bike-able</li> <li>+ Balance between tourism and local quality of life</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Managed natural resources balancing ecosystem needs</b></li> <li>+ Economically and environmentally feasible soil disposal</li> <li>+ Abundant preserved and publicly-accessible open space</li> </ul>	<ul style="list-style-type: none"> <li>+ Residents live and work locally</li> <li>+ Cluster development while preserving open space</li> <li>+ Physically and socially connected neighborhoods</li> </ul>	<ul style="list-style-type: none"> <li>+ Fiscally and legally sound</li> <li>+ Well-maintained assets and infrastructure</li> </ul>
Assessment of Overall Impact on Council Priority (Quality of Life Impact)	Very Positive 	Positive 	Very Positive 	Very Positive 
<b>Comments:</b>				

The above recommendation grid is based on the substation being moved to the 1555 Lower Iron Horse Drive location. The significant impacts from moving the substation include:

- By moving the substation to a location that currently houses a fueling station and laundry facilities, the open space in in BoPa can be fully realized.
- Locating the substation near the rail trail and along Bonanza Drive will create challenges in trying to soften and/or hide the proposed facility to reduce its visual impacts to the trail users and those entering the City. The use of a low-profile substation will significantly increase the ability to mitigate the visual impacts to the nearby recreational facilities.

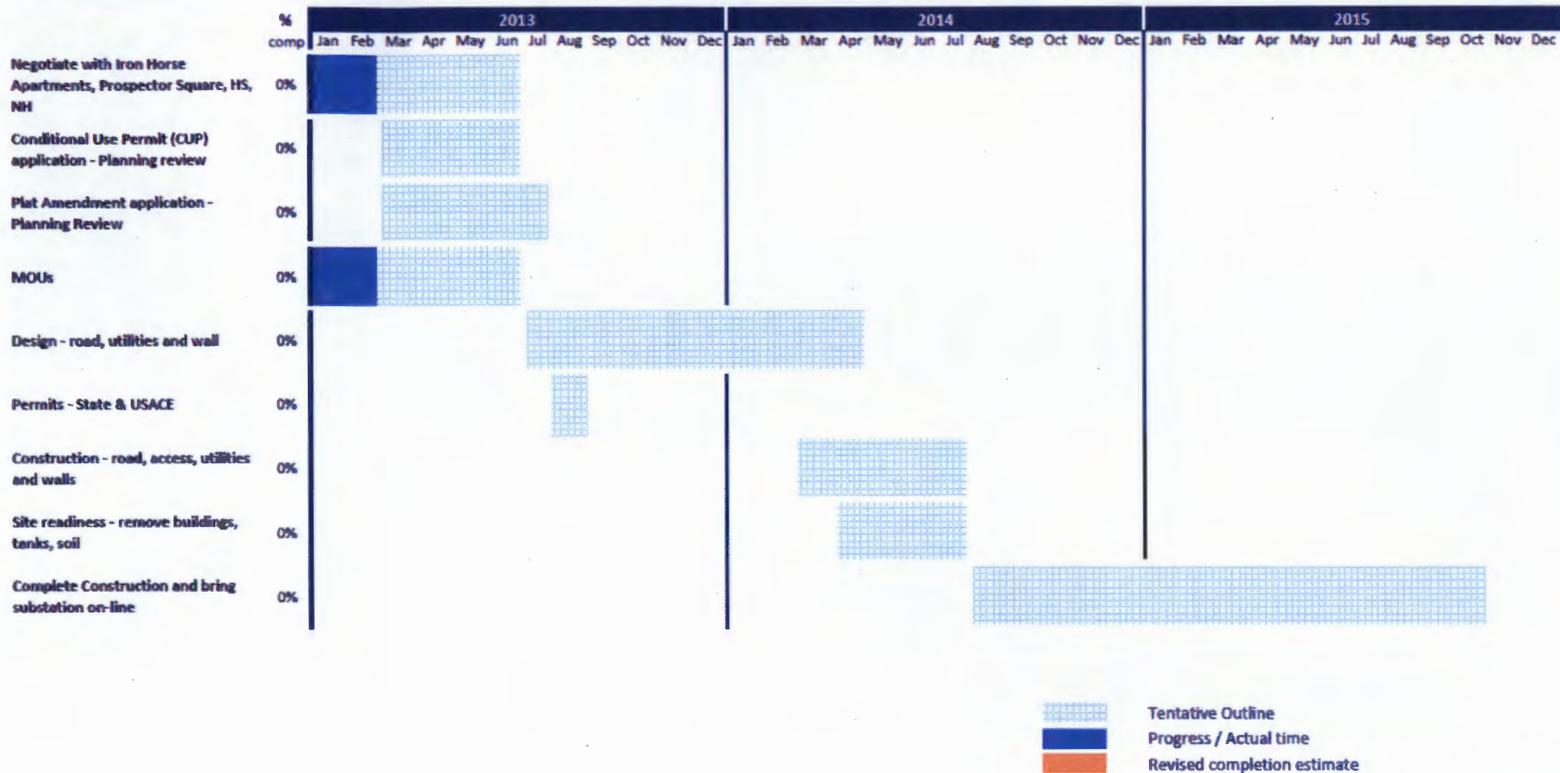
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### Exhibit – Substation Project Schedule

# Rocky Mountain Power - Substation Schedule



Updated - February, 2013

Exhibit – Substation Project Schedule

