

Taxing Entity Committee Staff Report

Subject: Proposed Extension of the Lower Park Avenue RDA
Author: Bret Howser and Jonathan Weidenhamer
Date: September 18, 2012
Type of Item: Legislative

Summary Recommendation: The Taxing Entity Committee of the Park City Redevelopment Agency should consider adopting the attached resolution to extend the period of time in which the RDA may collect tax increment through 2030.

Background:

The Lower Park Avenue project area of the Park City Redevelopment Authority (LPA RDA) was created in 1990 for the purpose of financing community and economic development projects within the project boundaries via tax increment. The LPA RDA has collected over \$23 M in net tax increment since 1991, which has been reinvested in the area in order to generate \$443M in new assessed value.

Over the years, a haircut provision has gradually come into effect resulting in 40% of the tax increment going to the originating taxing entity while 60% remains in the RDA. In addition to this haircut, the RDA makes a mitigation payment to the Park City School District pursuant to a settlement agreement.

The LPA RDA is set to expire after 2015. The RDA Board, which is comprised of the City Council members and Mayor, approved an updated master plan for the entire District (Exhibit B) on January 7, 2010 and further approved a specific neighborhood, housing and community plan in and around the former Park Avenue fire station and senior center on January 27, 2011 (Exhibit C).

On August 9, 2012, consistent with the updated RDA master plan, the Park City Council adopted a Letter of Intent (LOI) with Park City Mountain Resort (Exhibit D) outlining the parameters for the redevelopment of the parking lots at the resort base. In order to finance the project outlined in that LOI, along with various other projects that are set forth in this report, the RDA would need to be extended to allow for tax increment to be collected through 2030.

To this end, Park City has called a meeting of the TEC on September 18, 2012, to consider a resolution extending the term of the RDA. The TEC is comprised of eight representatives of the taxing districts (two from each of the City, County, and School District, and one from the remaining taxing districts – in this case the Fire District – and one from the State Board of Education). A simple majority vote (five votes) is required to approve the extension.

Analysis:

The purpose of the Lower Park Avenue RDA

RDA's are a financing tool used for the public purpose of community and economic redevelopment in areas that might otherwise suffer from localized economic stagnation and blight. At least 23 different RDA's have been successfully utilized throughout the state of Utah for this very purpose.

The Redevelopment Plan for the LPA RDA identified the approach employed beginning in 1990 to spur economic and community redevelopment in the Lower Park area. Many of the projects anticipated in this plan have been effectuated and the area has seen significant growth over the years. The district has seen over \$443 M in new assessed value above the \$71 M base value in 1990. In addition to this growth, investment in the RDA has helped encourage growth and increased valuation in adjacent and surrounding areas which is not measured.

Since the inception of the Lower Park Ave RDA, local tax entities have participated in the following projects, amongst others:

- Park City Library Improvements
- Golf Course Pro Shop & Improvements
- City Park Improvements
- Olympic Plaza/Tower
- Snow Creek Cottages
- Poison Creek Trail
- 10-13th Street Stairs
- Mawhinney Parking Lot
- Multiple other affordable housing assistance

Financial History of the Lower Park Avenue RDA

RDA’s also serve the dual role as an investment tool for public entities. When taxing entities participate in an RDA, they essentially invest the tax increment for a period of time (initially 25 years) and at the end of that period they receive an enhanced property tax revenue stream. Furthermore, a portion of the tax increment immediately makes its way back to the taxing entities as haircut provisions are put in place.

Tax increment contributed by taxing entities to the RDA is not “lost”. It comes back to the taxing entity in the form of an enhanced revenue stream. The table below shows each entity’s past contribution to the LPA RDA and the revenue stream they can expect once the RDA expires. Each taxing entity will have the investment “paid back” to them (in nominal terms) by the resultant revenue stream in a very short timeframe.

Lower Park Ave. RDA Investment Summary - 1991 thru 2015							
<i>(2012-2015 projected)</i>							
	PCSD	Summit Co.	Park City	PCFD	WBWCD	Mosquito	Total
Baseline Property Taxes	\$10,123,074	\$2,831,664	\$4,209,556	\$1,696,045	\$324,937	\$29,495	\$19,214,772
Tax Increment to RDA	9,653,297	5,937,475	9,441,974	4,268,831	881,973	121,903	30,305,453
Increment to Tax Entity (Haircut)	9,806,809	2,473,994	4,125,464	1,906,635	403,352	64,042	18,780,296
Net Contribution to RDA	-153,512	3,463,481	5,316,511	2,362,196	478,621	57,861	11,525,158
Annual Revenue Stream Generated	2,060,060	494,515	874,814	387,412	90,368	17,153	3,924,322
Payback Years	0.0	7.0	6.1	6.1	5.3	3.4	

The Future of the Lower Park Ave RDA

While the success of the RDA since 1990, both in terms of effectuating economic and community redevelopment as well as enhancing property tax revenue streams for public entities is demonstrable and clear, Park City believes there yet remains work to be done.

Five joint meetings between the City Council and the Planning Commission have occurred from mid-July to December 2011. The purpose of these meetings has been to jointly work through a range of redevelopment challenges facing Park City, among them issues of priority, partnership, portfolio balancing (of the City's broad and diverse economic sustainability and community values). The following outcomes were agreed to by the City Council:

- Competition and market reality mean redevelopment is essential for a resort economy to remain viable and for its benefits (residential amenities) to continue without having to raise taxes;
- A portfolio approach to managing redevelopment is necessary, as some accrue on a citywide basis while others are more local;
- Partnership is necessary between Park City and the development community to stay sufficiently ahead of the market to obtain desired outcomes grounded in the community's stated core values;
- Because each neighborhood in Park City has its own specific qualities, each neighborhood merits its own redevelopment priorities; Park City needs a Bonanza Park plan that converts BoPa to a vibrant, affordable, mixed-used, locally serving District;
- Agreement to give additional density in BoPa to obtain protection of historic structures, increase connectivity, achieve housing affordability;
- The City will take a pro-active redevelopment posture in the LPA RDA and seek to forge partnerships with critical land owners;
- The "right" partner is PCMR in that they, as the largest land owner and economic generator, have the biggest ability to affect City and Community goals.

There are several unique opportunities on the near horizon for public-private partnerships in the Lower Park Ave area and at the resort base. The RDA is considering a variety of projects to improve housing, commercial, community amenities, transit and transportation, pedestrian access, and parking. In total, the City anticipates that in excess of \$500 million will be added to tax base over the next 15 years as a result of these projects. The project list below specifies some of the projects on the docket. Extension of the RDA will allow these projects to go forward, which will achieve regional goals, such as enhanced transportation and circulation, integrated county-wide transit, affordable housing, senior community enhancements, and public parking for special events.

- Identification of corridors and acquisition of easements and ROW for future mass transit lines (Trolley, Bus Rapid Transit, or Light Rail)
- Neighborhood/ Mixed-use redevelopment and physical connection between City Park and PCMR
- Redevelopment of Bonanza Park into a mixed use district - including potential parking lot or mass transit hub.
- Redevelopment of parking lots surrounding PCMR into mixed use with underground parking
- Renewable Energy Generation Opportunities: Including constructing PV, small-scale wind, geothermal and biomass projects around projects and improvements within the RDA
- Installation of public art throughout the Lower Park Ave district

The City projects that additional investment from 2016-2030 from taxing entities will further enhance property tax revenue streams, as demonstrated in the chart below.

Lower Park Ave. RDA Investment Projection - 2016 thru 2030							
	PCSD	Summit Co.	Park City	PCFD	WBWCD	Mosquito	Total
Baseline Property Taxes	\$3,711,251	\$890,881	\$1,576,000	\$697,932	\$162,801	\$30,902	\$7,069,767
Tax Increment to RDA	11,096,298	6,439,671	11,392,008	5,044,954	1,176,793	223,373	35,373,097
Increment to Tax Entity (Haircut)	17,884,344	4,293,114	7,594,672	3,363,303	784,529	148,915	34,068,877
Net Contribution to RDA	-6,788,047	2,146,557	3,797,336	1,681,651	392,264	74,458	1,304,220
Total Annual Rev Stream Generated	3,786,305	908,898	1,607,873	712,047	166,093	31,527	7,212,743
Annual Rev from 1st 25 Years	2,060,060	494,515	874,814	387,412	90,368	17,153	3,924,322
Annual Rev from Extension Years	1,726,246	414,383	733,058	324,635	75,725	14,374	3,288,421
Payback Years	0.0	6.2	5.7	5.7	5.2	4.2	

Proposed RDA Projects for 2015-2030

On January 7, 2010 Council held a work session with staff and consultants from Design Workshop and Jack Johnson Company. A broader implementation strategy and updated project list for the entire LPA RDA was developed. During the review of the plan Council unanimously supported seeking partnership opportunities to support the affordable housing and resort based economy goals (Exhibit B).

As Design Workshop began to populate the project list, it became apparent that similarly themed projects existed. Considering many of the projects are inter-related, and not mutually exclusive it became easier to group them by these themes. For example, creating more efficient mass transit and better walking routes may limit the required parking demand at the resort base – even though the projects to address these issues fall into different categories. The overriding themes identified were:

1. Parking Lot Redevelopment
2. Transit, Traffic, Circulation & Walkability
3. Community & Neighborhood Redevelopment and Improvement

Neighborhood projects

During the work session on January 7, 2010 additional direction was given to prepare an implementation strategy for City-owned property in the LPA RDA within the following framework and goals:

1. Maintain all existing green/open spaces
2. Maintain & don't overpower remaining historic fabric, scale, character and authenticity
3. Explore housing alternatives
4. Explore an east-west corridor
5. Explore community/senior center opportunities
6. All projects should have sustainability & green goals

PlanWorks Design completed an implementation strategy for City-owned property (Exhibit C). The Strategy was accepted by City Council on January 27, 2011. The Plan includes a list of project options and two alternate scenarios, one with smaller scaled concepts, and a second with more aggressive development alternatives. The work also includes high level financial models and a supporting narrative describing not only the planning effort, but some of the policy balance and levers officials will have to consider moving forward in their role of the LPA RDA. For example a portion of the narrative focuses on cost benefit versus return on investment related to using the LPA RDA as a means to financially subsidize specific community center or housing (senior and/or workforce) goals.

A phasing plan was proposed with the strategy document, with the initial phases focusing on land mainly owned by Park City (Fire Station, senior center). Outcomes are to include civic uses and an east-west connection of neighborhoods; and middle and latter phases contemplating partnership with and acquisition of private property to effectuate a blend of senior, market rate, affordable and perhaps seasonal housing goals.



Resort Base Parking Lot Redevelopment Project

Investing in the base of PCMR we believe will assist in providing a firm framework and structure for the continued evolution and strengthening of the resort economy on the

whole and specifically in enabling the community to remain competitive in the destination resort economy for the long term This approach takes into account the full balance of the community visioning levers.

The PCMR exhibits are attached as Exhibit E. There are various community and economic benefits that will be amplified through RDA participation, allowing for more community “gets” than the previous development scenario. Major limitations of the prior development model include:

- Extremely large building footprints with expansive underground parking which lends to massive changes in development landscape all at once;
- Largely outside investment/developer focused on financial return;
- Would not allow as easily incrementally financed and constructed projects which achieve more character and variety, likely allowing better ties to local developers who understand and value our sense of community, local businesses for food retail, entertainment, and tend to be more open to innovation with non-traditional ways of viewing financial return (i.e. Silver Star);
- Harder to achieve sense of place and unique experience when everything comes at once and public space are big and formal rather than integrated and more funky and organic (i.e. Mountain Village at Telluride vs. Town of Telluride).

The following is the updated plan that would remedy these limitations:



Recommendation: The Taxing Entity Committee of the Park City Redevelopment Agency should consider adopting the attached resolution to extend the period of time in which the RDA may collect tax increment through 2030.

Attachments:

- A – LPA RDA Extension Resolution - omitted jw
- B – LPA RDA Master Plan - omitted jw
- C – LPA RDA Neighborhood Plan -omitted jw

- D – LOI with PCMR
- E – PCMR Base Area Redevelopment Exhibits

Letter of Intent between Park City Redevelopment Authority (“RDA”) and Park City Mountain Resort (PCMR)

This Letter of Intent is made and entered into this 9th day of August, 2012, by and between Greater Park City Company, a Utah corporation, dba, Park City Mountain Resort (PCMR) and Park City Redevelopment Authority (RDA) (jointly referred to herein as the Parties).

Purpose: This Letter of Intent shall clarify the understanding between the Parties with regard to the parking structure and transit center project conceptualized in Exhibit A (the Project), which is intended to be a joint project between the Parties and of a public as well as private benefit. This Letter is precursor to a definitive Agreement between the Parties stipulating the details of the Joint Project. The Letter outlines general guidelines under which the Parties will work together to arrive at an eventual Agreement.

Whereas, Park City Municipal Corporation and PCMR have an ongoing shared interest in hosting world class special events and mountain recreation based tourism;

Whereas, it is in the best interest of both Parties that these activities be welcomed in a manner that maximizes positive exposure for Park City as a world class destination, maximizes the capture of visitor expenditures within the greater Park City area, and minimizes the impacts to permanent residents;

Whereas, the ability to efficiently direct vehicle trips to logical nodes and to maximize transit ridership while minimizing impacts from congestion, traffic incidents, and reduced air quality is an integral part of operating a successful destination resort community;

Whereas, maintaining infrastructure, amenities, and a development pattern that is competitive in the regional, national, and international marketplace for destination visitors is important to both the economic health of the Parties and the quality of life that can be provided for Park City and Summit County residents;

Whereas, maintaining the health of our destination tourism based economy will result in long term revenue growth in the form of property tax, retail sales tax, TRT & RAP tax, and related spending that supports the overall Summit County business community;

Therefore, the Parties agree to explore the joint planning, financing, and development of a parking and transportation facility intended to further the public and private realization of the aforementioned goals and priorities.

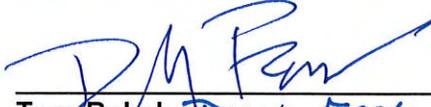
1. Scope

- a. The Parties will work jointly to establish scope for each of the following aspects of the Project:
 - i. Parking –

1. Event Parking – Park City Municipal Corporation will have access or long term lease rights to the parking structure for up to 35 days of each year for purposes of event parking. The Final Agreement will outline the detailed plan. Scheduling, events, specific days and number of parking spots will be reviewed and agreed upon annually by both parties.
 - ii. Transit Hub Size & Location– The Parties intend to establish strategies to improve user friendliness, increase ridership, minimize waiting times and delays, explore smart messaging in conjunction with improved circulation patterns and stop / hub location(s), improve ability to serve events, achieve trip reductions and increase shared vehicle trips for recreation, tourism, event, and employee visits.
 - iii. Housing – The Parties agree that 20% of existing housing obligations required in the approved PCMR MPD (ie: 8 units) will be located at the resort base. The Parties intend to examine the best location and size for these units consistent with the current MPD and in light of efficiency issues, economic feasibility, and the needs of the intended occupants/residents/buyers. The Parties will also examine properties held by both Parties and whether these create opportunity for partnership between the Parties to jointly or separately develop and/or operate housing of the appropriate type at a preferred location.
2. Timing/Phasing of the Project
 - a. The parking structure, transit hub, circulation improvements, and smart messaging will be completed as part of the first phase, to the degree these can be completed within a single construction season.
 - b. The housing obligations to be located at the resort base (outlined above in section 1, iii) will be completed concurrent with the first completed phase of the parking / transit structure or prior to receiving a Certificate of Occupancy of the first project approved under the MPD that is not parking or infrastructure related, whichever occurs later.
3. Financial Participation
 - a. Both Parties will share a portion of the financial responsibility for the Project.
 - b. The RDA will evaluate possible terms of contributing 20%-25% of the estimated costs of the Project, with a projected cap of \$10 million, from proceeds of RDA Tax Increment Revenue Bonds. This contribution is to be made for the purpose of securing the overall viability of the Project and for securing public benefits, including but not limited to: housing, mitigating traffic and circulation impacts, neighborhood place making, improved integration with transit, and coordination/management authority for use during community events. A portion of these community benefits will occur concurrent with the first phase of the parking project.
 - i. The RDA contribution will occur proportionally with the phasing of the Project and will be triggered by the issuance of a building permit. At no point during the phasing of the Project will the cumulative RDA contribution to date exceed 25% of the total Project cost to date.

- c. All efforts will be made to secure Federal grant funding for the transit portion of the Project. Any federal funding secured for the project will reduce the Parties' respective contributions proportionately.
 - d. The Parties will explore alternative financing options (i.e.: RDA Increment Bonds, conduit bonds, mezzanine financing, etc.) allowable by state code to defray financing costs where possible. Any financing secured by or through the RDA which is to be repaid by PCMR or Project revenues will be in addition to the contribution identified in section 3(b) rather than in lieu of that contribution.
- 4. Project Management
 - a. The Parties will finalize a project management plan in full compliance with federal, state and local procurement requirements. The parties have a goal of giving as much of the project management activity as possible to PCMR.
- 5. Ownership, Operations & Maintenance
 - a. The Parties will agree to an ownership structure that will result in satisfactory operations, maintenance, and capital replacement to each of the Parties.
 - b. The Parties will jointly agree to a minimum quality of ongoing service and maintenance for the structure prior to construction.
 - c. In the event that the Project is partially funded by FTA grants, the Parties will consider an appropriate structure of ownership such that the value of the land can be used as a grant match. The Parties may explore condominiumizing the parcel, entering a long-term lease, etc., as potential alternatives.
 - i. If land value is used as a grant match, the land will be donated and not sold to the RDA for additional cash consideration above and beyond the RDA contribution specified in 3(b).
- 6. Operating Revenues
 - a. Operating revenues will be used to pay for operating and maintenance expenses directly related to the parking structure (not to include debt service).
 - b. Any remaining net revenue will be distributed 90% to PCMR and 10% to the RDA.
 - c. Policies for the collection of revenue will be set by PCMR after consultation with City Staff.
- 7. Extension of the RDA
 - a. In the event that the Lower Park Avenue is not extended by vote of the Taxing Entity Committee and the RDA Board prior to expiration, any obligations of the Parties shall automatically terminate and be of no further force and effect.
- 8. Non-binding
 - a. This letter is a statement of intent only, and is not a binding obligation of either of the Parties. Such obligations may only be contained in a binding Definitive Agreement executed by the Parties.

Acknowledgment:



Tom Bakaly *Diane Foster*
Authorized Representative
Park City Redevelopment Authority

Acknowledgment:



Jenni Smith
President and General Manager
Greater Park City Company,
A Utah corporation,
Dba Park City Mountain Resort

Acknowledgment:



John D. Cumming
Chairman and Chief Executive Officer
Powdr Corp.,
A Delaware corporation

Acknowledgment:



John D. Cumming
Chairman and Chief Executive Officer
Powdr Development Company,
A Utah corporation



Resort Base Area



PCMC / PCMR Potential Opportunities for Coordination in LPA RDA Area

Scale: NTS

PlanWorks
DESIGN

Sept. 2011

Legend:

PCMR Properties

Mountainside Marriott

RDA



PCMR RESORT BASE



Property Ownership



Dec: 2011



(13) North - South Connection to Treasure

Possible Electric Tram or other connection to Existing Resort Center

Future Ski Improvements :
 • Better Mountain Balance & Access
 • Improved experience for On Mountain events, weddings, etc.

Ski Beach / Apres Ski Area:
 • Entertainment / Performance venue
 • Gathering area for Apres Ski and event activities
 • Manage end of day unloading

On grade ped walkways:
 • skier services
 • local apres ski establishments

Smaller footprints / more buildings:
 • Better arch. variety
 • More local partners
 • Better massing

Legend:
 Pedestrian
 Mechanized People Mover

Walkable Connections:
 • Keep Visitors at One Grade
 • Eliminate Conflicts with Transit
 • Feed Existing services & Retail

Transit / Transportation / Parking Facility:
 • Build adjacent housing and utilize grade to bring structure to neighborhood scale
 • Managed load and unload
 • Integrated Transit
 • Coordinated event strategies

Events Plaza:
 • Gathering area for community celebrations
 • Allow visual access entertainment, commercial and thru to mountain
 • Provide light & warmth

Dedicated Drop-offs:
 • Separate Transit from others
 • Reduce Congestion / Increase safety

Interior Courtyards / Pathways / Reception:
 • Create sense of place and quality
 • Allow pedestrian movement between developments
 • Avoid congested arterials

East - West Connection:
 • Improve Ease of Alternative modes to Main St.
 • Connect to City Prop.

UNIFYING PRINCIPLES

- 1) Fully Integrated With The Town To:
 - * Feed Economy
 - * Improve Circulation
 - * Support Events
 - * Reduce Trips and Provide a Model for Sustainable Resort Development
 - * Feel of a Quality Resort Area
 Blending Seamlessly Into Quality Neighborhood Areas with Minimum Impacts
- 2) Trip Reduction / Sustainable Design and Operational Strategies.
- 3) Less Than Max Density
- 4) Fill Niches That Will Support and be Synergistic With Main Street, Group Business, Not Highest End Residential and Not Destination Commercial.

Co-ordinate with Public Works on Day Skier Trips, Express Bus, and 224 Corridor planning



Filter Opportunity	Environment Responsible Environmental Stewardship	Community/Social Equity Community and Economic Diversity	Economic Sustainable Economy, public services, mitigate impacts	Quality of Life Keep Park City / Park City
PCMR / PCMC Multi-modal Transportation Facility	<ul style="list-style-type: none"> • Incentivize transit use • Less wandering traffic / idling • Encourage car pooling & alt. modes 	<ul style="list-style-type: none"> • Strengthen connection to Historic Main 	<ul style="list-style-type: none"> • Increased Viability of Community and Resort Destination Events • Redevelopment consistent with destination resort vision 	<ul style="list-style-type: none"> • Improved ability to minimize impacts of events
Improved Circulation Design	<ul style="list-style-type: none"> • Incentivize transit use • Less wandering traffic / idling 		<ul style="list-style-type: none"> • Increased Viability of Community and Resort Destination Events 	<ul style="list-style-type: none"> • Reduce congestions associated with Events and Peak days • Better community celebrations w/ fewer impacts
People movers / Walkways / Trams	<ul style="list-style-type: none"> • Reduce vehicle trips • Increase walking options 	<ul style="list-style-type: none"> • Establish clearly defined connections between Resort and Main St. business districts 	<ul style="list-style-type: none"> • Directly link PCMR and PCMC economic engines • Encourage guests to experience both 	<ul style="list-style-type: none"> • Improve walkability • Keep mountain feel and ethic for guests & residents • Showcase historic neighborhoods thru ped. Experience
PCMR / PCMC Coordinated Housing Strategy	<ul style="list-style-type: none"> • Make walkable to services & job for intended user • Reduce vehicle trips • Fewer cars 	<ul style="list-style-type: none"> • Add support of full & part time residents to Old Town economy • Plan for seniors, seasonal, camps, students and full time employees, as well as locals already employed 	<ul style="list-style-type: none"> • Less duplication of resources / subsidy • Increased viability of housing and operations 	<ul style="list-style-type: none"> • Allow each user group to be where they would prefer to live • Integrate fully w/ transit • Allow for unanticipated synergies
PCMC / PCMR Infrastructure & Policy Coordination (OTIS, Receiving Area, Marketing, Transportation)	<ul style="list-style-type: none"> • Minimize traffic impacts & congestion • Increase sustainability of resort driven economy • Minimize waste of resources • Right size facilities, infrastructure, design solutions 	<ul style="list-style-type: none"> • Cooperative messaging to promote innovative transportation solutions • Joint marketing initiatives to introduce guests to resort and town iconic experiences • Lift Tkt. + Transit sticker = discounted F&B or Retail purchase 	<ul style="list-style-type: none"> • Allow for maintenance of market share and rank as a resort destination while reducing impacts to locals • Economic growth consistent with core values and protective of guest & resident experience 	<ul style="list-style-type: none"> • Focus growth where it can be properly designed and serviced while minimizing neighborhood impacts • Preserve iconic spaces • Coordinate use of technology, signage, & PR to increase livability and raise guest exp.