UNIVERSITY HILL PUBLIC GARAGE FINANCING
HILL REINVESTMENT STRATEGY UPDATE

April 19, 2016

City Council Presentation

Purpose

1. Council Feedback on Estimated Cost and Recommended Approach for Financing a Public Parking Garage on University Hill
2. Update on Progress with the Hill Reinvestment Strategy and Long-Term Governance and Funding Options

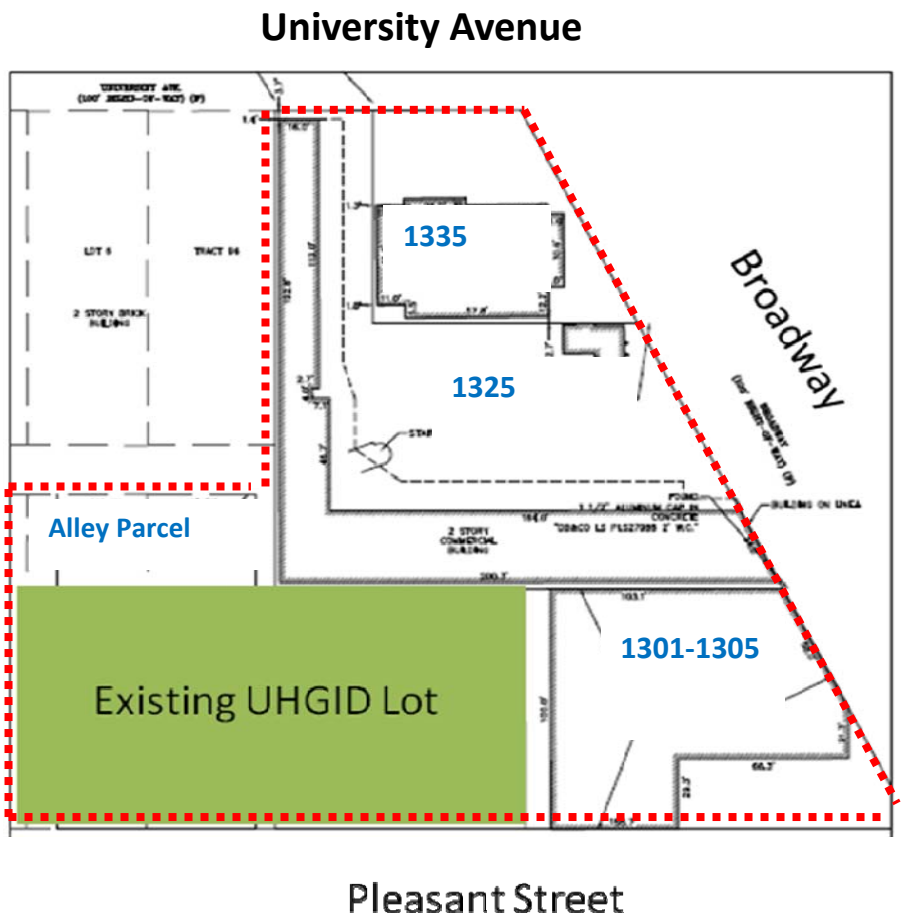
Proposed University Hill Garage

Hill Parking Garage - Background

- 2014-2015: studies/surveys identify need for additional parking to achieve year-round vitality
- April 2015: UHGID receives P3 proposal for hotel/public parking garage
- Staff determined UHGID revenues insufficient to finance garage
- December 2015: Council indicated support for partnering with UHGID. Asked staff to return with:
  1. Order of magnitude for City's contribution
  2. Recommendation for financing

Hill Parking Garage – Overview

- Five parcels under separate ownership
- Public-private partnership would increase public parking spaces from 68 → 247
- Would also add:
  - New source of accommodations tax revenue
  - Increased sales and property tax revenues over current uses
  - Synergy with potential CU conference facility



Hill Parking Garage: Project Cost

- Total Public/Private project cost: $83M
  - Public investment: $16-20M
    - UHGID contributes land to the P3
    - Public Parking Garage
      - City builds, owns and operates
      - Total spaces: 247 (gain of 179 spaces over current)
  - Private Investment: $63-67M
    - Hotel and Retail

Hill Parking Garage - Financing

Proposed for consideration:

- Taxable COPs – parking garage as collateral plus other city assets to bring up to amount of issue
  - Staff still analyzing potential of part tax-exempt
  - General Fund would issue COPs
    - GF would own and operate the garage
  - 30 years maximum maturity
    - Less if interest rates are lower at time of issue
  - Proceeds used to build the garage

Revenue Proposed to be Used for COP Lease Payments – Internal TIF

- Lease Payments:
  - Combination of the <u>non-dedicated</u> and <u>non-restricted</u> revenues generated by the site

- General fund only:
  - Net of garage revenues less expenditures
  - UHGID property tax for the site
  - Property tax revenues from all buildings built on site
  - All Sales and Use Taxes from all buildings built on site
  - All accommodations tax until cashflows are positive for three years

Early Timing Gap – Need to Address

- Occurs on all projects that will generate revenues that will be used to pay off annual debt or lease pmts
- Gap is time between when money is borrowed and when revenue comes in to pay it back
  - Usually 1 year to 18 months if not paid totally from property tax
  - Is the highest contribution year for the city
- Methods to address
  - Cash reserves
  - Capitalized interest – proposed for one year of pmts

Cashflows After Timing Gap

Case	Estimated range of annual city investment after timing gap	Estimated highest year after timing gap	Estimated average city investment / year while needed	Year projected positive cash flow will occur
Best	$75K to $331K	$331K	$176K for 4 years	Year 5
Mid	$15K to $473K	$473K	$170K for 11 years	Year 12
Worst	$1K to $605K	$605K	$245K for 22 years	Year 23

Hill Parking Garage – Questions

Questions for Council

1. Does Council have questions about the construction cost estimate?

2. Does Council have questions about the proposed COP financing method, the internal TIF lease payment method or the early timing gap?

3. Does Council support contributing the UHGID/Pleasant Street parcel to the project, and support the city/UHGID participating as partners in the project?

4. Does Council wish for CMO to direct staff to take the next steps to draft the LOI, pursue the recommended financing approach and return to Council?

Hill Parking Garage – Next Steps

- If directed to proceed with pursuing the P3 public parking garage on University Hill, staff will return to council for consideration of related agreements

HRS Update/HRWG

HRS Work Plan Update

- Phase One – "Prime the Pump"
  - Public investments in staffing, pilot programs and capital improvements in 2014-2016
- Phase Two – Identify Long-term Governance and Funding Options
  - Hill Reinvestment Working Group recommendations
  - Phase Two HRS work plan and budget for 2017-2019

Hill Reinvestment Working Group

- 15-member HRWG crafting recommendations for long-term governance and funding mechanisms to sustain HRS efforts
- **Workshop One:** Identified Funding Priorities

Hill Neighborhoods	Hill Commercial Area	Access & Economic Vitality
1. **Preserve a Balanced Neighborhood** - Investment property trend - Mix of housing types (affordability) - Mix of residents (permanent residents, grad students, families)	1. **Aesthetics** (freshen, improve, incentives)	1. **Provide Sufficient Parking** - Availability - Cost - Management - Commercial District
2. **Enforcement** (noise, litter, over-occupancy)	2. **Anchor Tenant** (diversify beyond student market)	2. **Improve Safety** - Lighting/Alleys - Transients - Policing - Alcohol/Underage Drinking
3. **Aesthetics** (incentives)	3. **Identify Markets to Attract** (e.g. CU staff and faculty)	3. **District Identity/PR**
4. **Litter Removal** (especially weekends)	4. **Streetscape Maintenance**	4. **Long-Range Planning**
5. **Town/Gown Relations**	5. **Marketing & Events**	5. **TDM Programs**, e.g. EcoPass
6. **Landlord Accountability**	6. **Advocacy/Tenant Attraction**	6. **Improved Bus/Bike/Ped Facilities**
	7. **Street Décor**, e.g. Holiday Lights	7. **Transit Options/Routing**

Hill Reinvestment Working Group, cont.

- **Workshop Two:** Identified Potential Governance/Funding Structures to Pursue Priorities
  - Increased UHGID mill levy from property owners;
  - Pilot signage district to generate advertising revenue;
  - Pursue grants and possible CU contribution;
  - Internal TIF of sales, admissions and property taxes;
  - Rental license impact fee in high-occupancy areas.
- **Workshop Three:** Review Feasibility of Potential Governance/Funding Options
- **Workshop Four (if needed):** Recommendation to Council

HRS Work Plan/HRWG – Questions

Questions for Council

- Does Council have any questions about the Hill Reinvestment Strategy or the work of the Hill Reinvestment Working Group?

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