PARK CITY COUNCIL MEETING
SUMMIT COUNTY, UTAH
June 5, 2024

The Council of Park City, Utah, will hold a special meeting in person at the Marsac Municipal Building, City Council Chambers, at 445 Marsac Avenue, Park City, Utah 84060. Meetings will also be available online and may have options to listen, watch, or participate virtually. Click here for more information.

Zoom Link: https://us02web.zoom.us/j/86529852188

SPECIAL MEETING - 3:30 p.m.

I. ROLL CALL

II. WORK SESSION

1. Bonanza Park Project Discussion

III. ADJOURNMENT

A majority of City Council members may meet socially after the meeting. If so, the location will be announced by the Mayor. City business will not be conducted. Pursuant to the Americans with Disabilities Act, individuals needing special accommodations during the meeting should notify the City Recorder at 435-615-5007 at least 24 hours prior to the meeting.

***Parking is available at no charge for Council meeting attendees who park in the China Bridge parking structure.**

City Council
Staff Report

Subject:	**Bonanza 5-Acre Site Special Meeting (June 5-6, 2024)**
Author:	**Matt Dias, City Manager**
Departments:	**Executive**
Date:	**June 5-6, 2024**

Summary

Pursuant to Council direction, we plan to facilitate a Special City Council Meeting on June 5 and a Work Session during a regular City Council Meeting on June 6 to focus solely on preparing a Bonanza District Request for Proposals (RFP).

As indicated previously, a Request for Statements of Qualifications (RSOQ) is being published the week of May 27, 2024, to pre-qualify development teams interested in helping the City create and implement the community's development goals for the 5-acre property in the Bonanza District. While the RSOQ is in progress, the consulting team for the 5-acre Feasibility Study (www.bonanzapark.com) requires City Council policy direction to conclude and finalize the community engagement process and study elements to formalize a qualified RFP.

Before moving to the policy discussion elements, it is important to note why the discussion is necessary in the first place. The accompanying memo and preparatory materials outlining the recommended process are attached for reference. A quality RFP is essential for attracting the right development partner and ensuring that the City Council and staff receive comprehensive and competitive bids. Typically, these are the key elements that produce quality RFPs:

1. Clear and Detailed Objectives

- **Purpose and Goals**: Clearly state the purpose and what we aim to achieve, including specific goals and outcomes expected from a development team.
- **Scope of Work**: A detailed description of the tasks and deliverables expected from a development team. Define project boundaries to avoid scope creep, which has historically been challenging with the 5-acre property.

2. Comprehensive Background Information

- **Organizational Overview**: Brief organizational/community introduction, including mission, values, and short history.
- **Project Background**: Short background (the why) of the project, including existing challenges or previous efforts and perhaps where those may have missed the mark so a development team can learn from those experiences.

3. Clear Requirements and Specifications

- **Technical Specifications**: List the technical requirements that a development team must achieve. Being precise ensures that the team understands what is needed.
- **Functional Requirements**: Describe the specific functionalities that a development team must have to meet our needs, such as proven successes in other communities, entitlement process expertise, financial acumen, etc.

4. Defined Evaluation Criteria

- **Evaluation Process**: Proposal evaluation criteria and weighting include cost, experience, technical capabilities, and other relevant factors.
- **Decision-Making Timeline**: A clear timeline for deadlines to evaluate vendor selection and project milestones (planning commission submission).

5. Budget Information

- **Funding Limitations**: Proactively disclose budget, financial constraints, or opportunities for financial support and collaboration.
- **Pricing Structure**: Request detailed pricing information, including cost breakdowns and payment schedules based on project deliverables.

6. Timelines and Milestones

- **Project Schedule**: Outline the project timeline, including key milestones and deadlines.
- **Response Timeline**: Provide deadlines for vendors to ask questions, submit proposals, and any other key dates in the RFP process.

7. Legal and Contractual Terms

- **Terms and Conditions**: Legal or contractual agreement terms, including confidentiality agreements, intellectual property rights, and termination clauses.

A competitive RFP can help Park City attract an effective and quality development team by including these elements. For the June 5th (and possible June 6 follow-up) Special Meeting, our RFP preparation policy discussion will focus on:

- **Housing Affordability:** Housing is a significant aspect to consider in the site's economics, vibrancy, and underlying commitment and use as a true locals destination. Not only does housing address basic needs, but it also serves as a catalyst for broader economic and local community progress and connections. Based on the Council's preference, we need guidance on how much of the following should be left open for private-sector recommendations.
    - Potential housing preferences (volume and type, sizes, for sale or rent, target populations, AMI levels, etc.).

- **Site Parking Preferences:** Parking has become one of the most important considerations for community redevelopment because it supports accessibility, attracts investment, facilitates new land uses, mitigates traffic impacts, and can help build better community spaces. Based on the Council's preference, we anticipate that much of the following may be left open for private-sector recommendations but seek guidance on overall parking preferences.

  - Overall site-specific parking preferences to consider include centralized parking structures vs individual obligations and associated cost-reduction strategies; underground, structured and wrapped, or surface; EV charging and bike storage; parking reductions; transit amenities, and more.

- **Commercial and Outdoor Space Expectations:** A community's heart and soul often lie in its outdoor spaces, and striking the right balance is crucial. A vibrant mix of local shops, independent restaurants, and public spaces creates an attractive location for residents and visitors.

  However, navigating the mix of desired uses, maximizing ground-floor activation, and incorporating public art can be delicate. Based on the Council's preference, we anticipate that much of the following may be left open for private-sector recommendations.
  - Desired mins/maxs for commercial spaces.
  - Preferences for ground floor activation and preferred uses.
  - Desires for specific uses (outdoor amphitheater, covered gathering spaces, interactive art, etc.).
  - Public art requirements.
  - City/Civic Facilities
  - Replicating restrictions on types of commercial uses or chains

- **Kimball Art Center Development Parameters:** The Bonanza Small Area Plan and the 5-Acre Site Feasibility Study identified strong support for art and cultural elements. The Council Liaisons continue to meet with the Kimball Art Center to contemplate a partnership and potential home within the 5 acres. In an RFP, we should be able to:
  - Generally articulate not to exceed parameters to site an independent local art center (negotiations pending). Based on the Council's preference, we anticipate that much of the following may be left open for private-sector recommendations, such as the following: housing and parking obligations, cost recovery strategies, the potential to ground lease or sell portions of the property, and other types of partnerships on land or within facilities.

- **City Financial Support & Available Tools:** Transforming a key community asset requires resources, and financing a successful redevelopment project is complex and requires compromise. Establishing clear financial parameters for using and right-sizing financial tools throughout the procurement, negotiation, and development process is important. By incorporating key elements into an RFP, we can significantly increase the project's chances of success and timeline.

  Below are some common strategic financial elements to consider as we contemplate an RFP with guidelines for respondents:

    - Determing the City’s base levels of financial contribution and support, such as a ‘not-to-exceed’ budget and/or a willingness to leverage financial tools like the TRT, CRAs, PIDs, etc. These are tools used to maximize public value and benefit.
    - Determining a preference for maximizing the use of City property – a long-term ground lease, land sale, subdividing, and/or partnering with a local non-profit.
    - Identifying responsibility for soil remediation, utilities, and other pre-development site work.
    - To date, the Council has sought to utilize the full leverage of the TRT, and we need guidance on how much/many financial elements should be left open for private-sector recommendations or hard coded by the City Council.

- **City Ownership and Accountability Posture:** Beyond the project's immediate needs, we must consider its long-term impact and other variables within our control but likely not included in an RFP unless we specifically ask. Based on the Council’s preference, we anticipate that much of the following (other than the first bullet) may be left open for private-sector recommendations.
    - Determining the City’s land use/entitlement process ownership and accountability posture – City as the applicant, City as the co-applicant, a silent partner, or participant via land lease
    - Whether or not to implement sustainability measures beyond existing PCMC code and regulations.
    - Establishing clear property management and governing requirements.

MEMORANDUM

Bonanza 5-Acre Site

To: The Honorable Mayor Nann Worel
Matthew J. Dias, City Manager
Jennifer McGrath, Deputy City Manager

From: Matt Wetli and Justin Carney

Date: May 28, 2024

Re: June Council Work Session on 5-acre Site

Introduction

Over the past year, Park City and its consultant partners MKSK and Development Strategies have engaged in an area plan and feasibility study to lay the foundation for the redevelopment of the 5-acre site located in the heart of the Bonanza District area. In the past few months, the City Council and staff have engaged in various policy discussions to try and accelerate the planning process. To help advance the planning effort, the City has asked us to facilitate a special City Council meeting on June 5, 2024, to help the Council reach consensus on several critical elements that will impact the successful selection of a developer partner and eventual development of the site. This memo and companion packet is designed to illustrate the key concepts in the current planning scenarios and provide a foundation for the discussion and needed decision points.

What does success look like?

We get it: a high-profile project has stalled for a period of years, during which there have been leadership changes, a new consultant team, and shifting economic and market conditions. There is pressure from a whole host of voices to "get something done." While we understand this is *part* of the goal for this project, we also know this is not the *only* goal. The city has high standards for this project. A mediocre outcome—let alone a failed one—simply won't do. The city's very act of acquiring this property was a strong statement that it intended to assert control over what happens here, that it needs to be something exceptional, and that must serve the public's interest. The response to an initial round of planning and design for the site revealed that while the City is willing to contribute to making the project successful, there are practical limits to this contribution, and therefore real estate and economic fundamentals need to be evaluated and understood in order to provide economic guardrails (which ultimately shape all development projects in some manner.) Further, a host of public input and Council meetings have made it clear that the aspirations for this site include some combination of real estate development, public space, and anchor institution development.

In other words, success for this project cannot be solely shaped and executed by the public sector or the private sector alone; rather it will require a partnership between the city and one or more developers. It will require many things—e.g., a good plan, a solid foundation of economics, thoughtful design, a sound development agreement that sets clear expectations for both sides—but ultimately there are two ingredients that rise above the rest:

- **Quality Developer:** A quality developer with a track record of delivering and a trusting relationship in which they can speak freely about real constraints the emerge during a development cycle

- **Consensus:** A city leadership team that is rowing in the same direction (council *and* administration) and a council that is in agreement about the vision and priorities for the site.

In our experience, the two things that decrease the likelihood of success in a public-private partnership is a developer who overpromises on a vision at the outset, and a council which entered into a partnership thinking they had more consensus than was actually the case.

Both illustrate the potential pitfalls of rushing into a partnership: selecting a developer with the prettiest vision might also lead to a steady drip of diminished expectations once the cost estimates come in—or increased "asks" for city contributions—that can delay approvals processes for months or even years. For any city council, establishing a desired image for an outcome, or a dollar contribution to a project are not inherently difficult decisions, but combining the two is incredibly difficult for a decision-making body. (For example, the 2020 planning effort yielded an image which had a consensus; it was the $120 million subsidy amount that caused it to fall apart.). This is why having a literal shared illustration and an order-of-magnitude dollar amount attached to it *before* entering into a partnership is so important.

At Development Strategies, we do not willingly let our clients leave things to chance. We want to increase Park City's likelihood of success, and that means working through hard questions and establishing priorities. This is the time to ask questions such as the following:

- Of our five to eight aspirations for the site, which are the most important? Which are the least?

- What dollar amount are we comfortable putting into the project to make sure certain priorities remain in the project?

The greater consensus Council has, as a decision-making group, on these questions, the more direction staff will have, and the less likely the approvals process will be delayed down the road. In other words, establishing priorities early saves time later.

Why Can this Project be Successful?

We cannot underscore this enough: **Park City is so close to having a successful project.** In an effort to ensure a high-quality, catalytic development at this key gateway to the city, Park City has done a great number of things right, and has many assets at its disposal. These include: site control, a variety of viable market opportunities, available economic development tools and funding, a public process that affirms community support to use these economic tools to achieve public benefits, a Council willing to dedicate focused time to work through issues, and an administration with capacity to execute a vision in partnership with the private sector.

Yet all of these assets diminish in value to a quality developer if there is not a clear message from leadership on how these pieces fit together into a successful development project—and a consensus on Council on which elements of the project are most vital

Council has expressed its desire to let the private market and developers come forward with their best ideas for the 5-acre site. Providing guide rails and a clear vision for desired development from the outset will help quality developers exercise their creativity while also meeting the City's priorities around desired site uses and economic constraints.

June 5 Council Work Session

This brings us to the Work Session on June 5. In this session, we want to focus on the small handful of key issues that can be incorporated into a future developer RFP and can provide guideposts for future phases of the pre-development and development process. It may feel like there are a slew of points that need to be ironed out, but the reality is that there are less than a dozen key points that need to be addressed.

Coming to a consensus on the overall vision and desires motivating six to ten key decision points will answer some of their associated finer details and questions, while also providing enough guidance and direction for developers to give their most creative and ideas going forward in the RFP process. These key topics/issues include:

1. Site parking preferences
2. Housing affordability
3. Commercial and outdoor space expectations
4. Kimball Art Center development parameters
5. City financial support and available tools
6. City ownership and accountability posture

To help facilitate these discussions, we are including this packet of supporting information that represents the proposed development framework that has emerged from the planning process to date, illustrating concepts that strike different levels of balance between value capture, value creation, and public benefit uses. These visuals provide a shared basis to understand and discuss key development elements to collectively make decisions.

By the end of this facilitated session, we hope to arrive at consensus on key decision points to help inform the RFP, as well as provide guideposts for negotiations in future phases of pre-development and development. While we believe consensus can be reached on these key issues during that session, we understand that there may be need for more conversation with leadership staff and consultants with a possible additional July work session to address any final elements before RFP release.

We look forward to working with you to advance what we know can be a transformational project for Park City.

Bonanza Area Plan and Feasibility Study

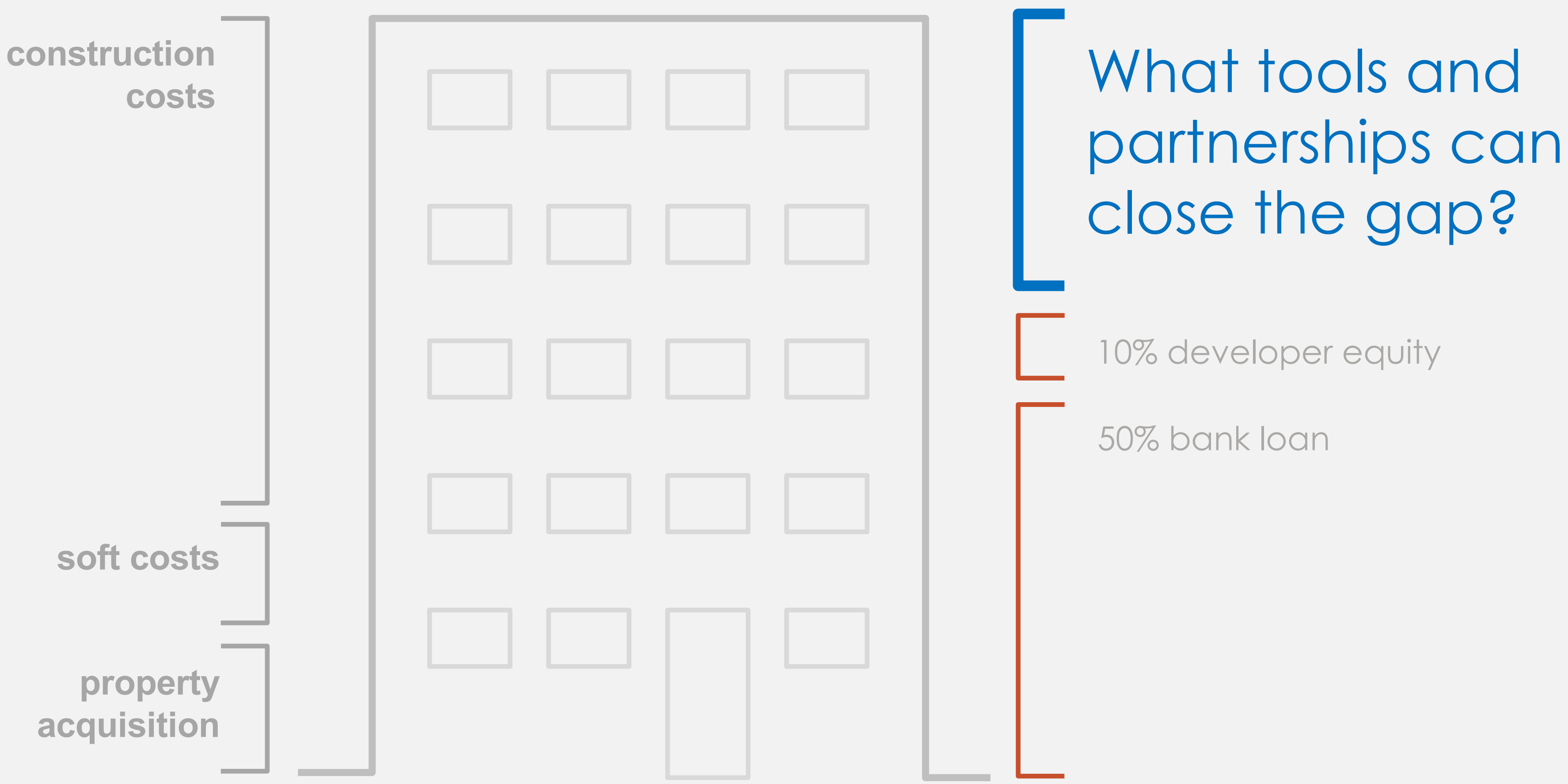
Feasibility Memo

June 2024

MKSK DEVELOPMENT STRATEGIES®

Tools and Incentives

Maximizing Community Benefits



COSTS

SOURCES

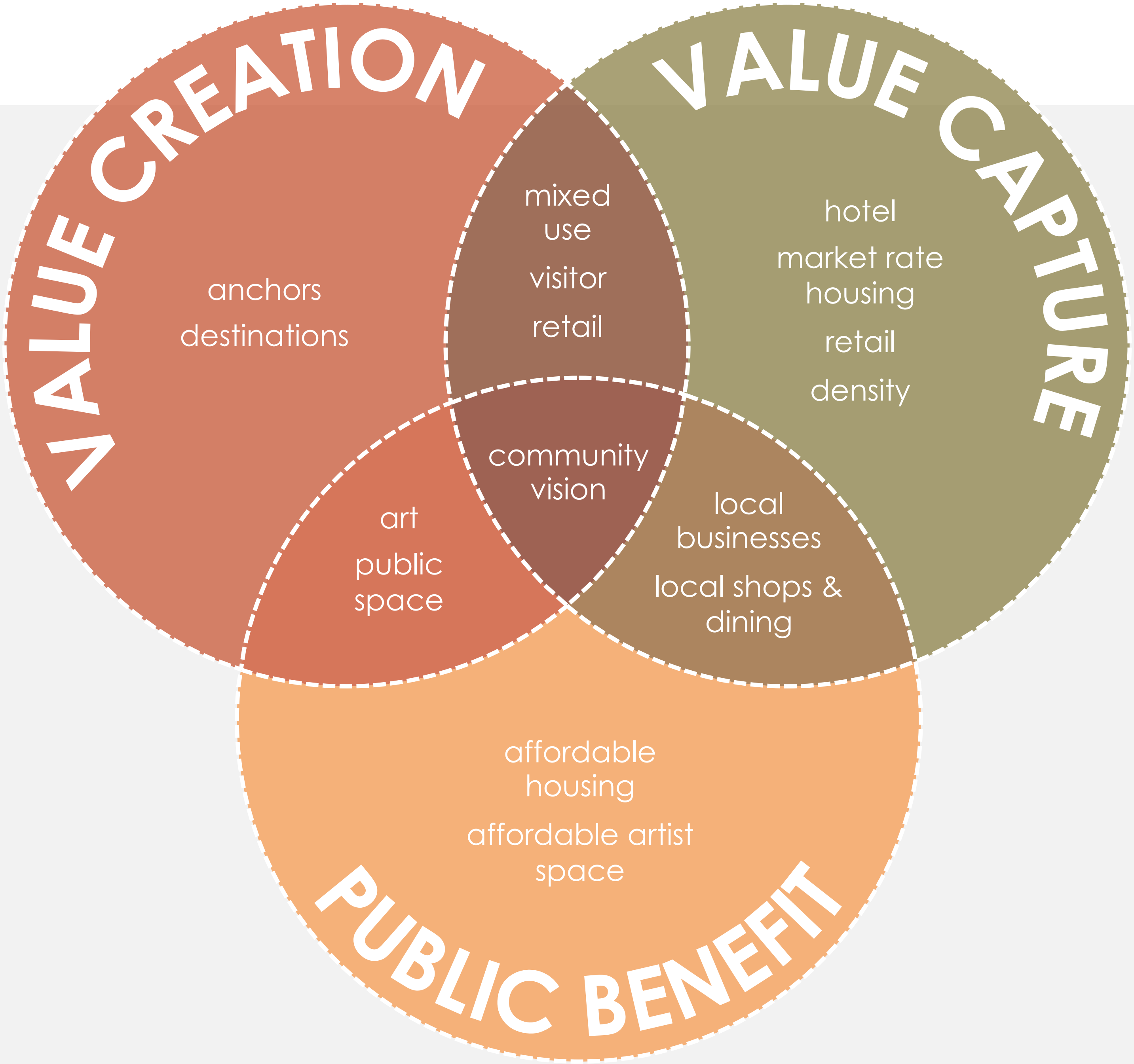
Economic Strategy

Value Capture and Value Creation

Value Creation:
Brings people in from great distances to have a unique experience (typically an anchor strategy).

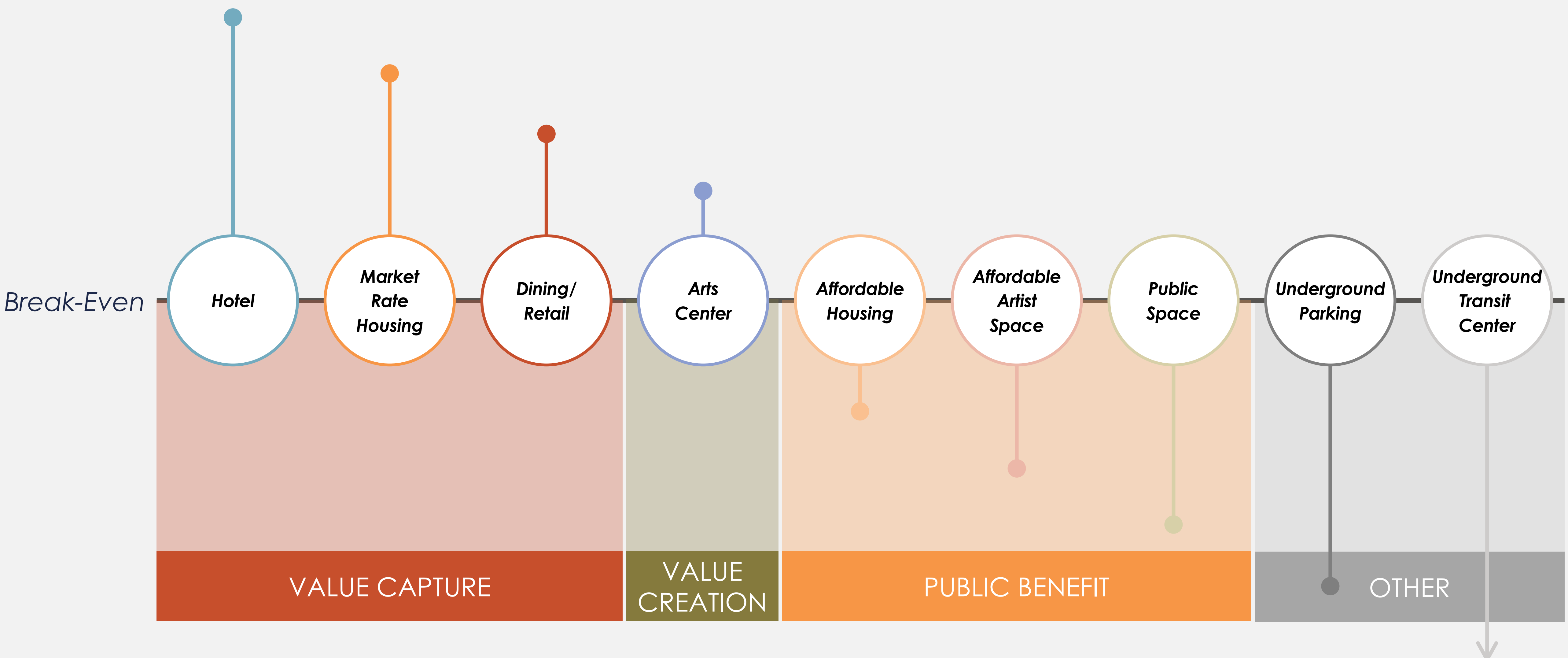
Value Capture:
Generates economic activity, typically through the sale of goods and services.

Public Benefit:
Provides community services, experiences and supports that often do not produce sufficient direct revenue to be privately financeable.



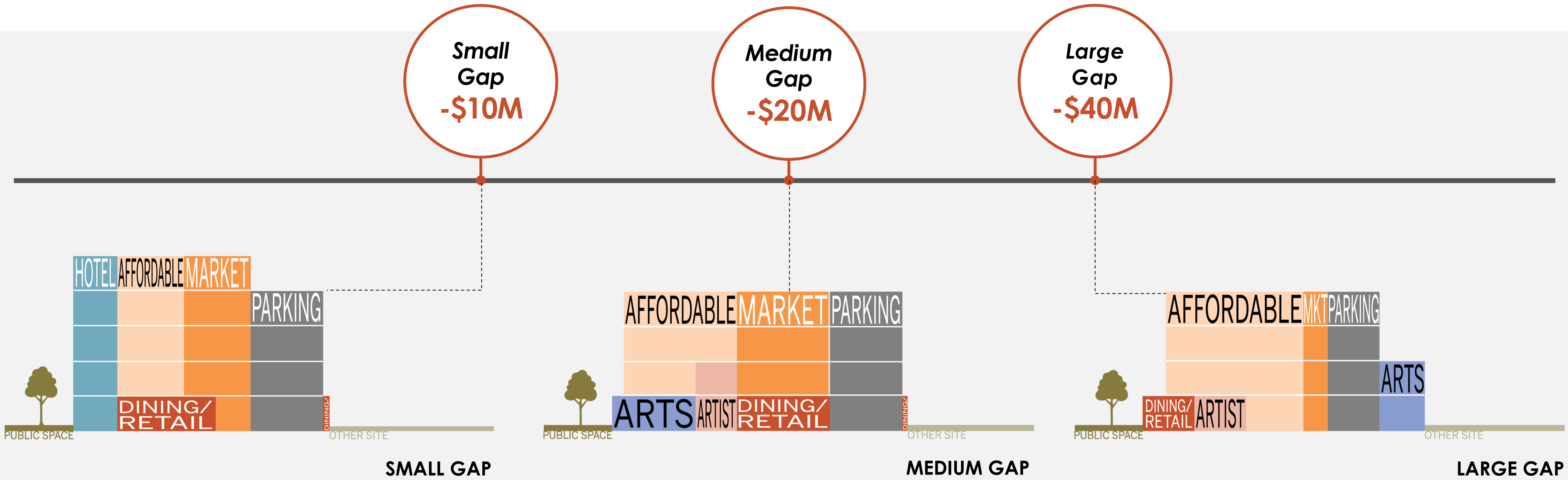
Feasibility by Use

5-Acre Site



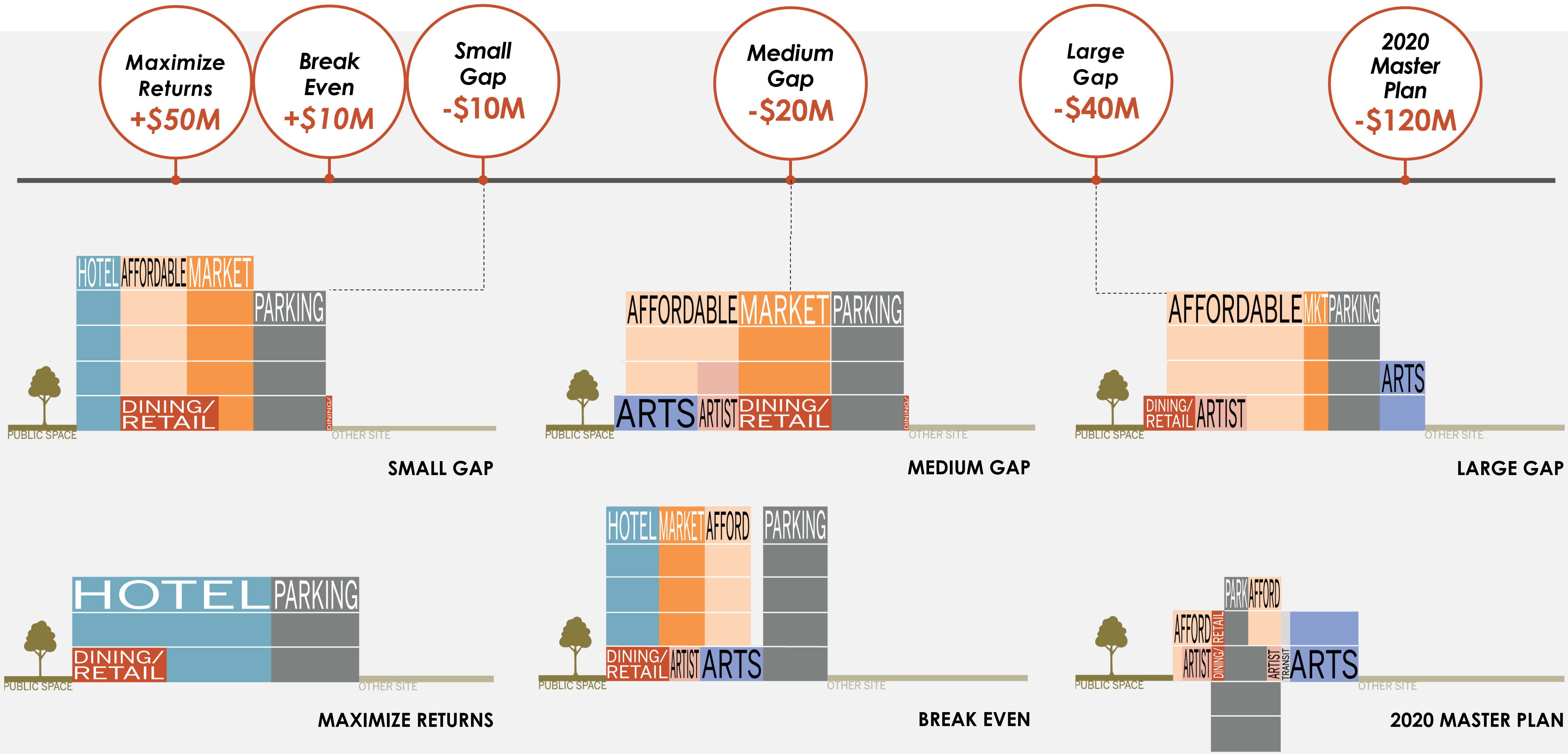
Site Feasibility – Program and Land Use

5-Acre Site



Site Feasibility – Program and Land Use

5-Acre Site



Help Us Develop a Preferred Concept

Building pad
Parking Garage
Green Space
Plaza Space

SMALL GAP

- **Uses shown:** Hotel, Market Rate Residential, **Affordable Residential**, **Local** Retail/Dining, Parking, **Public Space**

Does not meet GC/FPZ height restriction

MEDIUM GAP

- **Uses shown:** Market Rate Residential, **Affordable Residential**, **Local** Retail/Dining, **Artist Studio**, **Ground-level Art Center**, Parking, **Public Space**

LARGE GAP

- **Uses shown:** Market Rate Residential, **Affordable Residential**, **Local** Retail/Dining, **Artist Studio**, **Stand-Alone Art Center**, Parking, **Public Space**

- Uses shown in **BOLD** were strongly supported through the community engagement process

Bonanza Park District – Future Potential for Municipal Financial Role

Does Not Cancel Any Existing Capital Projects	Deploys TRT Consistent with Existing Resolutions	Does Not Utilize General Fund Resources	Engaging External Taxing Entities Is Optional

5-Acre Site Hypothetical Asset Mix and City Proceed Potential

	Asset Value and Proceed Potential	Maximize Returns (5th Story)	Small Gap	Medium Gap	Large Gap
Market Conditions & Asset Mix Goal	Gross Cost	$ 120,952,750	$ 136,605,000	$ 151,319,625	$ 124,235,250
	Gross Value	$ 130,752,901	$ 129,131,939	$ 130,630,086	$ 86,952,351
	Funding Gap	**$ 9,800,151**	**$ (7,473,061)**	**$ (20,689,539)**	**$ (37,282,899)**
Under Direct Authority of Council	TRT Cash Balance	$ 7,613,758	$ 7,613,758	$ 7,613,758	$ 7,613,758
	New TRT-Secured Bond Proceeds	$ 30,490,487	$ 30,490,487	$ 30,490,487	$ 30,490,487
	TRT 5Y Forward Free Cash	$ 7,511,751	$ 7,511,751	$ 7,511,751	$ 7,511,751
	PID Potential Proceeds*	$ 13,040,867	$ 12,879,198	$ 13,028,618	$ 8,672,344
	Total Potential Proceeds Under Direct Authority of Council	**$ 58,656,862**	**$ 58,495,193**	**$ 58,644,613**	**$ 54,288,338**
	Funding Gap w/City Subsidy	**$ 68,457,013**	**$ 51,022,132**	**$ 37,955,074**	**$ 17,005,439**
Under Authority of Council & Addtl. Taxing Entities	CRA Potential Proceeds*	$7,123,666.92	$7,035,353.82	$7,116,975.72	$4,737,329.59
	Total Potential Proceeds with Collaboration of Taxing Entities	**$65,780,529**	**$65,530,547**	**$65,761,589**	**$59,025,668**
	Funding Gap w/City Subsidy and CRA	**$75,580,680**	**$58,057,486**	**$45,072,050**	**$21,742,769**

Source: Park City Municipal Corporation. As of January 2024. *PID and CRA proceeds estimate assumes that PCMC does not take an ownership role in constructed assets in the district.

Development Feasibility

Gap Financing Approaches

Three ways to pay for a project with a gap:

Project

Applies surplus revenue from lucrative uses in a project to pay for public benefits like public space.

Economic Development

Uses tools to capture sales tax or visitor tax from uses that generate economic activity.

General Fund

Uses money from City's general fund (derived from taxes).