

CITY OF GRAND JUNCTION

CITY COUNCIL AGENDA						
Subject	Jarvis Property Master Plan: Phase II					
Meeting Date	May 15, 2006					
Date Prepared	May 11, 2006				File #	
Author	Kathy Portner		Assistant Director of Community Development			
Presenter Name	Kathy Portner		Assistant Director of Community Development			
Report results back to Council	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	Yes	When	
Citizen Presentation	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	Name	
<input checked="" type="checkbox"/>	Workshop	<input type="checkbox"/>	Formal Agenda		<input type="checkbox"/>	Consent
						Individual Consideration

Summary: Andy Knudtsen, Economic & Planning Systems, will lead a discussion of the "Next Steps" for the development of the Jarvis property.

Budget:

Action Requested/Recommendation: Council direction on the recommended Next Steps.

Attachments: Jarvis Property Master Plan: Phase II (report provided previously—please bring your copy); Presentation Outline

Background Information: At the April 17, 2006 City Council workshop the final report for the development of the Jarvis property was presented. Council requested that Andy Knudtsen be invited to a future workshop to discuss in more detail the Pro Forma and recommended next steps. Attached is an outline of discussion items Andy will present at the workshop. Local members of the Resource Panel will also be in attendance to participate in the discussion.

Memorandum

To: Grand Junction City Council
Kathy Portner, City of Grand Junction

From: Andy Knudtsen, Economic & Planning Systems

Subject: Jarvis Site Redevelopment

Date: May 3, 2006

The purpose of the Council work session is to:

- Identify and discuss options for the City to develop the site
- Review technical factors of the Jarvis site that affect the timing of development
- Define a tool the current Council can implement to preserve the integrity of the plan
- Understand the factors affecting the timing of development, establish milestones for completing the "Next Steps", and set a date for starting development

Order of Worksession

1. Introduction Kathy Portner

2. City Options for Development Andy Knudtsen
 - Overview of Public-Private Partnerships
 - Spectrum of risk and control
 - Use of the RFQ/RFP process

3. Technical Factors Affecting Timing of Development
 - Market Conditions
 - Commercial Market Conditions Dale Beede
 - Residential Market Conditions Toni and Bruce Milyard
 - Parkway
 - Floodway Mitigation
 - On-site Fill
 - Power line
 - Tamarisk
 - Asphalt plant

4. Options for preserving the integrity of the plan
 - Resolution by City Council
 - Include in Strategic Plan

PD zone process

Developer needs to know that consistency applies

5. Given the parameters on the timing, what are the Next Steps?

1. Purchase Inholdings
2. Develop or modify the Land Use/Zoning Code to be used
3. Apply the newly created tool
4. Define responsibilities for each sector
5. Monitor market
6. Issue RFQ/RFP

6. Other Issues

- What will a developer be looking for?
- Public financing opportunities

CITY OF GRAND JUNCTION

CITY COUNCIL AGENDA						
Subject	Jarvis Property Master Plan: Phase II					
Meeting Date	April 17, 2006					
Date Prepared	April 13, 2006				File #	
Author	Kathy Portner		Assistant Director of Community Development			
	Mark Relph		Public Works and Utility Director			
	Ron Lappi		Administrative Services Director			
Presenter Name	Kathy Portner		Assistant Director of Community Development			
Report results back to Council	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	Yes	When	
Citizen Presentation	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	Name	
<input checked="" type="checkbox"/>	Workshop	<input type="checkbox"/>	Formal Agenda		<input type="checkbox"/>	Consent
						Individual Consideration

Summary: Staff will present the findings and recommendations of the Jarvis Property Master Plan: Phase II.

Budget: See report.

Action Requested/Recommendation: Council direction on the recommendations and implementation steps contained in the report to be formalized in a Resolution.

Attachments: Jarvis Property Master Plan: Phase II (report provided previously)

Background Information: Phase II of the Jarvis Property Master Plan commenced in July of 2005 to refine design concepts and identify cost implications associated with future development of the 63 acre City-owned property.

A design charrette was conducted in August of 2005, involving staff and City Council, to identify critical urban design framework principals for the refined master plan. A Resource Panel was convened in November of 2005 to gather input from local and Denver developers on the feasibility of the draft plan. Based on input from staff, City Council and the Resource Panel, the Conceptual Master Plan and Pro Forma were refined and revised.

The Master Plan includes 501 residential units and 103,000 square feet of commercial, industrial, and flex space. The Pro Forma analysis assumes the following for the residential component:

- 310 condominiums offered at market rate, with another 34 units offered at affordable rates, all ranging from 900 to 1,100 square feet.
- 143 townhomes, ranging in size from 1,400 to 1,600 square feet, including market rate, affordable and live-work units.
- 14 duplexes, 12 at market rate and two an affordable rates.

The Master Plan recommends the following “Next Steps” for the development of this property:

- Entitlement/Zoning Overlay
- Acquisition of Inholdings
- Power Line Relocation/Undergrounding
- Flood Mitigation

Entitlement/Zoning Overlay:

Currently the property has a Future Land Use Designation of Commercial-Industrial and Industrial. The property has a variety of zone districts on it, Industrial-Office, Heavy Industrial and Community Service and Recreation. The report includes a recommendation that the City change the Future Land Use Designation and zoning to be consistent with the proposed Master Plan. The zoning, most likely a Planned Development zone district, should specify the allowed and prohibited uses, the density, the floor area ratios, and generally establish the framework for the vision set forth in the plan.

Acquisition of Inholdings:

There are several properties in the Hale Avenue area that the report recommends be acquired for the redevelopment. The Master Plan responds to the configuration of the inholdings ensuring that proposed building locations are not sited atop the property lines. However, the local street network and transmission tower realignment do encroach on the inholdings. Two existing brick structures have been incorporated into the Master Plan, framing the entrance into the Jarvis site.

While the location of the asphalt emulsions plant does not interfere with the site design, there is some concern that its proximity to the redevelopment area will be a detriment. The plant has been incorporated into the proposed industrial flex-space north of the Riverside Parkway. However, there are odors associated with the operation. Although there are scrubbers that can be incorporated into the facility, there will likely always be odors. In addition, there might be issues with the “blast zones” of the tanks for the location of housing south of Riverside Parkway.

Bury/Relocate the Power Line:

The magnitude and cost of the project to relocate or bury the power transmission line makes it more likely to be a project the City would have to accomplish early in the development process. By doing so, it may increase the level of interest from the development community. Otherwise the level of interest would be narrowed to those with substantial investment capital.

The 1% Excel Underground Fund may be used at least in part to underground the overhead transmission lines. This is the fund that Xcel manages and sets aside 1% of the gross electrical sales for the purpose of converting overhead facilities to underground. It is not used to relocate existing overhead facilities. The current 10-year

financial plan for the fund would indicate enough reserves to pay for significant portions of the improvements in approximately 2012, but it would require some substantial reprioritization of the existing undergrounding projects.

Site Fill & Flood Protection:

“Site fill” is the item to construct a flood levee on the east side of the river (Jarvis), while “Flood Protection” is intended to address floodplain issues on the west side (Rosevale).

The site fill item includes two major components; the flood levee along the east side of the river and the structural backfill behind the flood levee. The amount of material for these two items is very substantial and as such, the price is very sensitive to the available markets.

One of the lessons learned from the Design/Build process of the Riverside Parkway was the lack of cheap structural backfill material in the permitted gravel pits. As the City moves forward to complete the Parkway, this resource is likely to be stretched thin. The cost estimate in the Jarvis Plan reflects prices we would expect to pay today (i.e. from Phase I, Riverside Parkway). However, the cost after phases II & III of the Parkway for such a large quantity could see as much as a doubling of the cost, or an additional \$3M. The bid opening of phase III later this fall would allow the city to better understand this cost.

Flood Levees:

The flood levee is a project that will require extensive engineering and permitting from the Army Corps of Engineers if it is: a) federally funded; or, b) if the flood levee crosses any wetlands or the flood improvements fall below the “normal high water” elevation.

The Corps has recently communicated with staff that there is very little likelihood of federal financial participation in any phase of a flood levee project, unless it is a congressional earmark. The reason for this is that all available resources are being diverted to Louisiana, Mississippi and other areas hit by last year’s hurricanes. Therefore, this narrows the financial commitment to the City and/or developer if we do not pursue a federal earmark.

Assuming there is no federal financial participation, then it is theoretically possible for the City to construct a flood levee on the Jarvis side without Corps involvement¹. However, FEMA regulations may require specific engineering analysis resulting in flood protection on the Rosevale side of the river², if the rise in the floodway (i.e. main channel) is greater than one (1) foot. It is unknown at this point if the rise of the river elevation is less than one foot if a levee is only built on the Jarvis side of the river.

Assuming a levee is built and there is a need to formally remove sections no longer within a floodplain, then the City would have to pursue a “Letter Of Map Revision”

¹ If the levee does not cross the current dike breach for the backwater pond (i.e. stay on the north side) and the levee remains above the “normal high water” elevation (i.e. set back from the current top of bank).

² Filling within the floodplain cannot cause a rise greater than one foot in the water surface elevation of the floodway (i.e. the main channel) without mitigation of the impacts.

(LOMR) with FEMA, for which a significant amount of engineering analysis will be required.

Flood Protection (Rosevale):

This item addresses the flood protection along the west side of the river or the Rosevale neighborhood. The cost estimate reflects either a flood levee, or raising individual structures above the 100 year floodplain elevation. The relative value of the property affected by the floodplain is roughly \$10M, which would suggest a levee is more of a value to remove a larger area from the floodplain. However, the levee would require the 404 Corps permitting³, but raising individual structures would not likely require the Corps permitting.

Staff would recommend the city assume a flood levee on both sides of the river and thereby be required to prepare for an extensive 404 Army Corps permitting process. This approach would also address FEMA requirements, including the LOMR. Staff estimates the time involved for the design and permitting process is about three to four years.

The scope of the improvements, the relative significant public involvement and impact, plus the cost of such an effort would likely best be accomplished by the City. It may be possible for the City to lead the design and permitting process and have the developer at our side to complete the improvements, but asking a developer to undertake such an effort, including the levees, would take considerable upfront resources and limit the number of interested developers. Therefore, staff recommends the City seriously consider making the flood protection improvements upfront.

Pro Forma

The conclusions contained in this section of the report are quite optimistic and provide a different picture of the feasibility of this development than earlier drafts. The pacing of the development of the project is now spread out over only eight years from start to finish, as outlined on page 35 of the report. The categorical cost of development over that period equals \$107 million detailed on pages 32 and 33. The revenue side of the project and the net cash flow over the same eight years equals approximately \$110 million, and includes the one time sale of all of the commercial property at the end of the eighth year for \$9.45 million. These projections are found on pages 36 and 37 of the report and show a net cash flow of approximately \$3 million at the conclusion of the project.

The developer's profit that is built into the project throughout at \$7 million together with the net cash flow at conclusion totals a project profit of \$10 million when the dust is all settled. This may be enough to attract a developer, but this is where the issues and concerns begin. The project suffers from a negative cash flow the first three years of over \$17 million, before turning positive in the fourth year and thereafter on page 37.

³ Crossing No Thoroughfare Wash will trigger Corps permitting requirements.

The report concludes at the top of page 42 that... "As currently projected the project does not need public financing because it generates \$2.9 million in surplus revenue." They suggest that only a \$300,000 initial investment is required by the City for the acquisition of in-holdings in the development area. Our Public Works department disputes this conclusion as stated elsewhere in this staff report, mainly due to flood mitigation timing and costs, power line relocation timing and costs and the odors produced at the adjacent asphalt plant (making residential use at all very difficult). The report does not deal with the presences of the asphalt plant and claims that the flood mitigation and power line relocation can be successfully funded and constructed during the various development stages of the project.

The first major question and concern has to be whether or not we have to spend over \$10 million up front for the flood mitigation and power line relocation before we can get a developer to consider developing the rest of the property?

The second question is whether or not the City desires to create some form of Special Improvement District such as an Urban Renewal Authority and TIF district for 30 years to pay back the City for any upfront costs and for the land involved, and/or generate resources to pay for other area urban renewal type improvements? The consultants believe a public financing district may not be needed for this project, as much as for future redevelopment opportunities.

If this project proceeds with millions of upfront City investment, we may need an improvement district to pay ourselves back. The bonding capacity created by these special districts as outlined on page 48, Table 12 is shown at build out at the end of year 8, and certainly not year one. Revenue generated by these public financing mechanisms start very slow in the early years and of course property tax increments take two years after the improvements are built to generate any resources, so resources from any TIF is very slow in developing. Also, all of these public financing district options are area specific, and we are not allowed to move resources generated in one district to another area of the City, unless the funds are part of a repayment for initial costs incurred by the City in the development area.

MEMORANDUM

TO: City Council
Kelly Arnold
David Varley
Sheryl Trent
John Shaver

From: Kathy Portner

DATE: February 6, 2006

RE: Jarvis Property Final Draft

Attached is the final draft of the Jarvis Property Master Plan, Phase II Final Draft. This will be presented at the City Council workshop on February 13, 2006.