



STAFF REPORT

Meeting Type: Urban Renewal Agency Board
Meeting Date: December 9, 2023
From: Tyler Deems, City Manager
Subject: Sandy Urban Renewal Board Retreat: Project Planning and Strategic Direction

DECISION TO BE MADE:

Staff's desire is to conclude this retreat with a clear understanding of the Board's intentions and priorities for spending out the Urban Renewal Fund.

PURPOSE / OBJECTIVE:

Provide direction to staff on future projects and spending within the Urban Renewal District (District). More specifically, gauge overall support for further analysis on the "bunker building" (annex), inform the Urban Renewal Agency Board (Board) of other eligible projects within the District, and more narrowly focus future spending. Staff has provided the City Council and Board with a great deal of information recently, ranging from [rehabilitation of the annex building](#) to a [financial update](#).

BACKGROUND / CONTEXT:

The Sandy Urban Renewal Agency was established in 1998. The stated purpose of the [Renewal Plan](#) is to eliminate blight influences found in the [Renewal Area](#), to implement goals and objectives of the City of Sandy Comprehensive Plan, and to implement development strategies and objectives for the Sandy Urban Renewal Area. Eligible project categories include the following:

- A. Public Improvements
 1. Traffic Signalization
 2. Public Parking Facilities
 3. Public Open Spaces
 4. Street, Curb, and Sidewalk Improvements
 5. Fire Protection Improvements
 6. Streetscape and Civic Area Projects
 7. Street Lighting
 8. Placing Utilities Underground
 9. Pedestrian, Bike, and Transit Connectivity
 10. Aquatic/Recreation Center
 11. 362nd Extension North of Highway 26
 12. City Hall
- B. Preservation, Rehabilitation, Development, and Redevelopment

- C. Property Acquisition and Disposition
- D. Design Plan(s)
- E. Plan Administration

An electronic survey of the Board regarding Urban Renewal spending priorities was taken in summer 2022, but the results were inconclusive.

KEY CONSIDERATIONS / ANALYSIS:

Annex Building Renovation

The Council has been informed of redevelopment potential of the Community Campus annex building, having viewed three different conceptual designs as a result of a feasibility study. What has not yet been conveyed in a concise and informative manner is the recreational opportunities/amenities that could be implemented upon the relocation of the Parks & Recreation Department to an upgraded facility. Below is a table that features current recreation program offerings and additional programming offerings if there were additional space available.

A more detailed presentation on the potential of the annex building and expanded recreation programming offerings can be found [here](#).

| <u>Current Recreation Program Offerings</u> | <u>Offerings with Additional SF</u> |
|--|--|
| <ul style="list-style-type: none"> • Health and wellness <ul style="list-style-type: none"> ○ Yoga ○ Nutrition ○ Senior Services • Rentals/Public access <ul style="list-style-type: none"> ○ Meeting space ○ Trainings ○ Receptions/Parties ○ City Use • Indoor activities <ul style="list-style-type: none"> ○ Gymnastics • Youth programs <ul style="list-style-type: none"> ○ Teen events and programs ○ Arts and crafts | <ul style="list-style-type: none"> • Expanded health and wellness <ul style="list-style-type: none"> ○ Spin classes, weights, etc. • Expanded rentals/public access <ul style="list-style-type: none"> ○ Classrooms ○ Seminar and presentation space ○ Increased use with connection to the park • Expanded indoor activities <ul style="list-style-type: none"> ○ Sports camps ○ Dances • Expanded youth programs <ul style="list-style-type: none"> ○ Schools out camps ○ STEM programs ○ Youth engagement ○ After school camps/care |

In addition to the programs and services mentioned above, the “large” renovation option, which included the addition of a third floor to the existing building, would allow for the consolidation of some other services/departments. Two potential options include the relocation of either Sandy Public Library or Sandy City Hall. Either of these options would free up additional space in existing buildings to be used in a variety of ways, from storage to space rental to housing employees with our projected future growth. While the addition of a third floor comes with a hefty cost, it is financially feasible to complete this addition using General Fund resources. The impact would mean holding flat other departments revenue allocation in future years to accommodate the added annual debt service.

Should the Board decide to move forward with redevelopment of the building, the area along Pleasant Street could be used for a public/private partnership or some other economic development activity. Unfortunately, with the large parking requirements for the building, any new construction on this site would be relatively small (approximately 45,000 square feet, or 0.9 acres) and need to include additional parking.

Alternative Visions

If the Board does not feel that the reinvestment in the existing building meets the overall objective of the Plan or doesn't feel comfortable with the significant amount of funds that would be required with this approach, there are several alternative visions for utilization of the Urban Renewal fund that could be considered. Possibilities include:

- Beginning implementation of the [Pleasant Street Master Plan](#).
- Demolition and Development – The annex building could be demolished and the entire front section of the Community Campus site could be revitalized using an RFQ process similar to the [Confluence at Troutdale project](#). This would be a much larger site (approximately three acres) to incentivize development along Pleasant Street, and could potentially include a hotel, restaurant, brewery, etc.
- Property Acquisition - There are currently five parcels in the downtown area that are potentially available for purchase. Appraisals have been completed on these properties and further discussion could take place during an executive session.
- City Hall - Reinvestment in the existing City Hall facility is an eligible Urban Renewal expenditure. Acknowledging the significant space issues in the existing City Hall, there could be value in investing to reconfigure the space and extend the footprint into currently landscaped areas.
- Continuance and/or expansion of grant programs – [Façade improvement](#) and [tenant improvement](#) grant programs could be revised to provide more effective financial support. In addition, a new program with greater flexibility could be developed to allow for strategic investments by the Agency to incentivize businesses to develop or relocate to the District.
- Any other ideas that Board members have that align with the objectives of the current Renewal Plan could also be explored.

FINANCIAL CONSIDERATIONS:

The [Biennium 2023-2025 budget](#) accounts for \$6.1 million in capital outlay for the Community Campus (demolition of buildings and construction of park), as well as \$100,000 for minor upgrades to City Hall. The budget also included a contingency of \$2.5 million. The most recent analysis of borrowing capacity for the Agency is roughly \$9 million. This would be a 15-year loan with an interest rate of 5%. More favorable interest rates in prior years allowed for a higher bond amount, but that is no longer the case. It would take approximately 6 months to complete the bond issuance process, and with current staffing constraints, the earliest we could see funding from a bond issuance is Summer 2024.

The Board could decide to use some of the contingency funds, although staff would recommend keeping \$1 million set aside for unanticipated projects or grants. This, coupled with the borrowing noted above, would allow for approximately \$10.5 million to be spent in the near-term. In addition to the current borrowing capacity, the existing debt (2017 Bond) could be refunded in late 2027, and an additional \$5 million issued at that time. Alternatively, the Agency could wait until 2031 (when the existing debt is retired) to issue any additional debt above and beyond the \$9 million that is currently available.

