Summary Recommendation
Based upon previous City Council budget commitments, staff confirmed that a new Park City Senior Center continues to remain financially viable from a cash flow standpoint between two previously identified funding sources; the Lower Park Avenue Redevelopment Authority and the General Capital Improvement Plan.

A total of approximately $1.8M was set aside for a new senior or recreation facility and remains available in the FY2021 budget. This funding can be used to support the future construction costs of a new Senior Center facility.

In the past, Senior Center funds were comingled with the overall funding plan for the Woodside Phase II community housing development in an effort to achieve dual policy objectives – 1) secure a permanent and improved facility for senior services, and 2) deliver more community and affordable housing. The Woodside housing development, at least using today’s existing construction estimates, currently has a several million dollar shortfall.

The $1.8M budgeted above does not directly impact the Woodside financial deficit. Staff plans to return to Council at a future date to hold an additional policy discussion to present alternatives to address the Woodside shortfall.

Background
Affordable Housing is a Critical Priority for the Council. The next project in the housing pipeline, Woodside Park Phase Two (WP2), will deliver 53 affordable/attainable ownership units and critical to funding the future housing pipeline. The construction of WP2 requires the removal of the existing senior building, which sits within the footprint of the project. Towards that end, City Council has been investigating options to either relocate the existing senior building or build a new facility with improved programming and services.

Staff has conducted a preliminary cost estimate of replacing the current Senior Center with new construction at City Park. Based on a recent comparable PCMC project, the Iron Horse Streets and Parks Office, staff believes a new, net-zero public facility in similar size and construction, will cost approximately $1.7M.

Staff has been asked to reaffirm the existing funding plan, and confirm the previously identified funding sources remain sufficient (LPARDA). The LPARDA budget includes funds for multiple capital improvement until its expiration in 2030. Of these projects, a new Senior Center is currently budgeted for through allocation of two funded projects.

- There is specific funding a “Senior Center” in the amount of $750,000;
• A budget item exists for a “Recreation Building” in the amount of $254,865; and
• The Recreation Building also has a second funding source, the General Fund, which identifies $800,000.

Taken together, and provided Council supported the combination of these funding sources, the LPRDA, CIP, and General Fund have approximately $1,804,865 to fund a new Senior Center in City Park.

LPDRDA Analysis
The LPARDA was extended in 2012 for a 15-year term (2015-2030). The extension was based on a projects Plan, upon which the other taxing entities deferred their portion of tax increment to help the City accomplish community goals. The overall health of the LPARDA is stable with two primary drivers of revenue and expense. Revenues arise from property tax increment, which is any new growth in taxes stemming from increased property values within the LPARDA boundaries beyond the baseline when the RDA was established. Expenses for the fund arise from the debt service connected with the issuance of two bonds secured by the City’s sales taxes and the RDA tax increment.

In 2017, the City issued a sales tax bond in the amount of ~$8M. Proceeds from this bond were utilized to fund projects associated with affordable housing, Treasure Hill, and arts & culture. A second bond was issued in 2019 in the amount of ~$30M. Approximately $8M was spent on the acquisition of Treasure Hill, and ~$22M remains. With the property tax increment in the LPARDA directed toward the debt service of these two bonds until 2030, the LPARDA remains fully leveraged. However, this analysis does not include new tax increment revenues from the base development at Park City Mountain. For this reason no additional recurring revenue from the LPARDA is available to direct toward capital projects.

By extension, we see the remaining bond proceeds of ~$22M from the 2019 sales tax bond as encumbered by the originally budgeted cost of ~$23.7M for Woodside Park Phase II. Further, current estimates of the Woodside Park Phase II project have risen to ~$26M-28M due to the purchase the 1302 Norfolk property, additional design costs, and increasing construction costs and inflation. Finance, Budget and Housing are currently exploring additional options to mitigate and close this gap through self-contained solutions within the Woodside project.

In conclusion, while near-term construction of a new Senior Center is viable from a cash flow standpoint, this action may reduce future flexibility with regard to capital project Woodside Park Phase II, which will require additional revenue solutions to fully fund, as mentioned above. Staff will return on March 19th, with a deeper analysis of sources to fund that gap, including, but not limited to:
  1. Amend the scope of Woodside Phase II;
  2. Financially reassess the long-term financial structure of the LPRDA to maximize financial flexibility; and
  3. Financially assess the General CIP fund for other projects closely tied to housing.

Exhibit A – Financial Assessment
Key Question: Senior Center

Will building a senior center now constrain future affordable housing projects?
  • Building a new senior center now will reduce flexibility in the RDA fund
  • In addition, affordable housing projects may need to explore additional flexible options for constructing

Proposed Capital Projects for Senior Center

<table>
<thead>
<tr>
<th>CIP Projects</th>
<th>Funding Source</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Community Center</td>
<td>RDA</td>
<td>$ 750,000</td>
</tr>
<tr>
<td>Recreation Building in Park City</td>
<td>RDA</td>
<td>$ 254,865</td>
</tr>
<tr>
<td>Recreation Building in Park City</td>
<td>General Fund</td>
<td>$ 800,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$ 1,804,865</strong></td>
</tr>
</tbody>
</table>
Lower Park RDA Health

- Lower Park RDA’s revenues are driven by property tax, while its primary expense is debt service
- While it is fully leveraged, the balance projected between revenues and expenses are consistent with expectations - fund balance zeroes out at RDA’s maturity

However, no additional recurring revenue from the RDA is available to direct toward capital projects
- If future tax increment deviates from expectations, fund balance will become a more pressing concern

Note: Projections above assume no base development from Park City Mountain.
The proceeds generated from the City’s 2017 sales tax bond issuance have been spent with a negligible amount remaining (arts & culture, central park, affordable housing).

The remaining proceeds from the City’s 2019 sales tax bond issuance stand at $22M.

We see these remaining bond proceeds as encumbered by the budgeted cost of Woodside Park Phase II.

### 2019 Sales Tax Bond

<table>
<thead>
<tr>
<th>Amount Raised</th>
<th>Amount Spent (Treasure Hill)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$30M</td>
<td>$-8M</td>
</tr>
</tbody>
</table>

### Remaining Bond Proceeds vs. Woodside II Budget

- **Amount Remaining from 2019 Bond**: $22,104,989
- **Woodside Phase II Budget**: $23,695,642
Woodside II Update

- Current updated estimates of Woodside II expense place us at a higher cost for the project than the budgeted $23.7M.
- There is a $4.1M funding gap currently before resell estimated at $28.7M.
Financial Gap Options

1. Amend scope of Woodside Phase II
2. Reassess long-term financial structure of Lower Park RDA to maximize financial flexibility
3. Financially assess the General CIP fund for other projects closely tied to housing