

A Visionary Downtown Plan Requires Innovative Funding

We know city governments need responsible budgets. We are presenting some financing options that are respectful of the City's general fund. They could enable the hotel and residential developers to amend their proposals to provide higher quality projects for the community and still maintain their bottom lines. Not all of the options have to be used.

The City needs these additional resources to achieve important community objectives: public green open space, adequate parking (more of it underground), traffic handling, upscale Wine Country Hotel, flexible meeting space, Science Museum, Art Gallery, youth activity areas, restaurants, retail and appropriate residential with lowered building heights. Below, plausible and creative ways to produce something special for the community are listed:

1. **Podium Parking.** We have learned that a residential developer might be incentivized to build partially below grade parking (podium parking) if allowed to pay an affordable housing fee rather than provide all the required low income housing on site. A respected source estimates that podium parking would cost \$10,000 per stall more than structured parking. Our current site plan would require the residential developer to be responsible for 96 podium parking spaces, which would cost \$960,000 more than structured parking. (Contact us for details.)
2. **Delay of a Public Project.** The City could delay the construction of at least one public facility, and direct the saved funds to the downtown proposals. The proposed new City Council Chambers have been included in the City's capital improvement budget for \$5 million. The Council proposes to tear down the old library next to City Hall, and build the new facility on the site. The community would be better served to allocate the \$5 million toward improvement of the downtown development project. Later, new property and sales taxes rippling from the enhanced downtown could be used to pay for the development of the Council Chambers.
3. **Private Fundraising for Downtown Center.** To finance an imaginative development, the City should look at Cleveland's fundraising strategy to support the creative design of a 10-acre Town Square. See <http://tinyurl.com/NewsHourCleveland> The concept was so powerful that millions of dollars were contributed to a foundation dedicated to its creation.

Hearing of the Cleveland approach, one Livermore citizen said that he would donate \$10,000 to help build a Livermore Town Square, complete with green space, cultural attractions and youth activities – a gathering spot for residents and visitors.

The interests of downtown organizations need to be considered. The management of Livermore Valley Performing Arts Center would be interested in exploring a per ticket fee of \$.50 to offer more parking options for their patrons, generating \$35,000 annually. Other businesses in downtown Livermore may also be interested in securing parking opportunities for their clients.

Certainly, naming rights for private citizens and corporations should be pursued.

To make the community's dream a reality, the City needs to form a committee of interested citizens to explore funding for a signature Town Center.

4. **Private Donations for Meeting Space.** These now total \$1.2 million for the Flexible Meeting Space. Presidio, Lennar's hotel, plans to build 4000 sq. ft. for meetings and events. In order to expand the facility to 7000 sq. ft. to allow for raked retractable seating for 300 people, an additional \$200K would be needed to begin construction, and \$800K later for equipment. However, if a local developer were allowed to build the Flexible Meeting Space, or HCIF revenues were provided, private donations might be limited or not needed at all.
5. **HCIF Revenues.** The City monetized the Host Community Impact Fee (HCIF) that the County gave the City in order to buy out the Livermore Valley Performing Arts Center debt. The buyout will cost an estimated \$9 million, but the HCIF revenues should bring in \$13 million. So far, the projections are on schedule. According to an agreement with the County, HCIF revenues can only be spent on a performing arts venue. Since the Flexible Meeting Space is planned to have retractable raked seating and enhanced acoustic electronics, HCIF revenues could be directed toward the facility. The City's cushion may not need to be as high as 44%.
6. **NBS EIFD Study.** According to an analysis by NBS, an objective financial consultant, an Enhanced Infrastructure Financing District (EIFD) could be established on the 8-acre downtown site to bring \$1.5 - \$2.1 million in City tax increment (TI) funds to the downtown projects. The TI the City would forego would be made up almost nine-fold from the hotel and sales taxes generated by the MacCracken proposal. These could then be directed toward any of the community objectives. Additional EIFD options are possible that would double the funds.
7. **\$14 Million Affordable Housing Debt.** The debt was incurred when the City borrowed \$14 million from the Affordable Housing Fund to purchase a portion of the downtown site now available for development. The City could pay back the \$14 million over 10 to 20 years.