



CITY COUNCIL Agenda Item #19-044

Date: February 13, 2019

Consent Discussion

SUBJECT: Use of former Mowatt/VAVBVI lots (North Branch East)

SUBMITTING DEPARTMENT: City Manager

RECOMMENDED ACTION: Direct City Manager to pursue an interim solution which will retain long term options for either building/parking, open space or some combination of both. Additionally, direct the Manager to conduct a planning process which considers various needs and land uses throughout the downtown.

RELATED COUNCIL GOAL/PRIOR ACTION: **Thoughtfully Planned Built Environment**

EXPENDITURE REQUIRED: Currently expected to be completed within existing project funding. Potential (TBD) additional future costs for drainage.

SOURCE OF FUNDS: One Taylor Street project funds.

LEGAL REQUIREMENTS: Changing current plans will require permit amendments and approval from FHWA/Vtrans/FTA.

BACKGROUND INFORMATION: The One Taylor Street project includes redevelopment of two parcels on the Main Street side of the North Branch River. The parcels, formerly three parcels owned by Mowatt Trust, Vermont Association for the Blind and Visually Impaired and TKS properties, are now all owned by the city and have been re-defined as two lots.

The current planning for these parcels is to build the alternate transportation path from the new bridge to Main Street, reconstruct a road from the Barre St/Main St intersection into the North Branch parking lot, create a small green buffer along the North Branch river bank, build 28 parking spaces and open a space for a new privately developed commercial building through an open RFP process. This is the plan that has been approved by FHWA and the DRB and which has been designed. This design is part of the project construction plans being followed by DEW now. Absent any change in direction, this is what will be built.

These plans were developed before the new parking garage was under consideration. They were also developed in conjunction with a particular private partner (Mowatt Trust) who ultimately withdrew from the building part of the transaction at the final closing.

These changes in circumstances have created the possibility for different uses and designs

In November, the City Manager was directed to consider alternatives and report back to the Council. The Manager formed a working group which agreed upon the recommended plan.

SUPPORTING DOCUMENTS: Summary memo from the City Manager relating to the working group process.

INTERESTED PARTIES: Sustainable Montpelier Coalition, Parks Commission, Conservation Commission, Montpelier Development Corporation, Montpelier Alive

CITY MANAGER'S APPROVAL:

A handwritten signature in black ink, appearing to read 'W. Hoffman', is written over the 'CITY MANAGER'S APPROVAL:' text.



America's Small Town Capital

Mayor Anne Watson

William Fraser,
City Manager

City Council Members:

Dona Bate
Conor Casey
Ashley Hill
Glen Coburn Hutcheson
Rosie Krueger
Jack McCullough

Sue Allen,
Assistant City Manager

MEMORANDUM

To: "North Branch East" Working Group
From: William Fraser, City Manager
Re: Information for Thursday's meeting
Date: February 8, 2019

Thank you for agreeing to participate in discussion about potential uses of city owned parcels located to the East of the North Branch River – formerly owned by Mowatt Trust, TKS Properties and the Vermont Association for the Blind and Visually Impaired.

Our working group is meeting this Thursday, January 10th at 6:00 PM in the Montpelier Police Department Community Room. The planned agenda is as follows:

1. Introductions – 10 minutes
2. Brief History and site requirements – 10 minutes
3. Discussion of process and schedule – 10 minutes
4. Discussion of Options for use of site – 60 minutes
5. Other
6. Adjournment

This memo is to provide advance information on each item so that we can use our time effectively on Thursday.

Introductions. As noted in earlier correspondence, expected participants are:

- Sustainable Montpelier Coalition – Elizabeth Courtney
- Vermont River Conservancy – Richarda Ericson
- Montpelier Development Corporation – Laura Gebhart
- Montpelier Alive – Dan Groberg

- Montpelier Transportation Infrastructure Committee – Ian Anderson and/or Jenn Gordon
- Realtor Tim Heney who has worked with the neighboring building owner
- Architect Gregg Gossens who has done design work on those properties
- One Taylor Street Project Manager Jeff Tucker from DuBois & King who has worked with state agencies on property acquisition and requirements
- Downstreet Housing – either Eileen Peltier or another staff person
- City of Montpelier - I will participate as the City's representative and group organizer. Other city staff will be Corey Line and/or Tom McArdle from DPW, Mike Miller from Planning and Geoff Beyer from Parks.

History and Site Requirements. The City acquired the three properties using Federal Highway Administration (FHWA) grant funds to construct an alternate transportation path/bridge and new vehicular road access to the North Branch Parking Lot as part of the One Taylor Street Redevelopment Project. Accordingly, certain things about these plans must remain in any new site concepts: the path must remain in its presently designed location, there must be a road access from Main Street to the North Branch parking lot, that road must square up with Barre Street in its current designed alignment and that road needs to provide access for delivery trucks to the parking lot.

As part of the property acquisition process, a transaction with Mowatt trust was created which would have accommodated development of a private building with associated parking in this area. That plan is the basis for the current design and construction documents which are in the works. For reference, here is a conceptual drawing:



Mowatt Trust opted not to complete this particular land transaction and simply sold us their lot as a direct sale. At that time, the city's intention was to construct the site in preparation for development and seek proposals for a private partner in the near future. This change in plans led to the conversation we are now having about options for the use of this site.

In preparation for this discussion, I met with VTrans and FHWA officials about the possible reuse of properties previously planned for private development and now under consideration for park use.

Because of the federal/state funding there are some key issues to be considered as we move forward with decision making.

- Any changes to the current plans must be reviewed and approved by Vtrans and FHWA.
- VTrans approved an additional \$1.2 million for the project last summer. That funding allowed the City to proceed with construction now underway. The \$1.2M was not specifically conditioned on the anticipated sale, however the potential sale revenue was factored by the state because they would be able to use those proceeds as match to replace the \$1.2M. I can acknowledge that this concept was discussed very directly at the time.
- The three original lots were reorganized into two lots for the purposes of the anticipated private sale. One lot – to be retained by the city – includes the full bike path, the initial road way into the properties and some riverfront land. The second lot includes the building area, parking area and some riverfront with permanent easements for the city's road to connect to the North Branch parking lot. If we were to sell only a portion of the second lot (i.e. the building portion) we would need to subdivide it again. We would need a determination from Vtrans that the property we retain is consistent with the One Taylor project and used for transportation purposes
- The former TKS lot (essentially where the new building might go) has been determined by Vtrans to be non-essential to the bike path project and therefore not eligible under the project grant. That is one of the reasons we were allowed to consider selling it in the first place. VTrans expects to be reimbursed for that property. The original lot was purchased for \$167,600 in October of 2013. The newly configured lot would need to be sold at current appraised market value. In 2017, the appraised value of the newly formed second lot was \$380,000. If sold, the city would receive its 20% match share in return. If the city reimbursed VTrans, the city would pay 80% of the market value in recognition of our earlier

match. In other words, the city could buy out the federal interests in the property and use it as we determine rather than selling to a private party.

In summary, the city does not have total control over these properties. Any choices need to meet VTrans/FHWA transportation and project criteria and need to include repayment of federal monies if land is used for purposes outside of the designated project. At least once parcel is already considered outside of the project.

The easiest path is to continue with the present plan. Construct the property as designed and sell it to private interests. A slightly more complicated version might be to reduce parking spaces on the site after some sort of determination that a private project was still financially viable under those conditions.

The next easiest path is to purchase all federal interests in the newly formed second property (call it parcel 2) at 80% of market value – in 2017 that would have been \$304,000. This would give the city complete control over parcels. We, obviously, do not have these funds now but could probably negotiate with VTrans over timing.

A more complicated path is to subdivide parcel 2 into a smaller building space (call it 2A) and the remaining space (call it 2B). The city could then sell or buy out the federal interests in 2A and could seek a determination that a new plan on 2B including road, green space and maybe parking meets the transportation use threshold and is consistent with the bike path project needs.

The most complicated path with little to no chance of success is to redesign the use of 2 (or 2A and 2B) and seek approval from VTrans that the newly designed use is eligible as an essential part of the One Taylor bike path project and meets public transportation use criteria. This would require VTrans to re-designate the former TKS parcel (or 2B) from non-essential to essential. It would also require that VTrans forego any expected revenue from property sales in contrast with the initial concept.

Process and Schedule. As mentioned earlier, the current design is under contract and construction. There is a winter shut down right now but work is expected to resume as soon as March or April. Therefore any decisions need to allow for adequate time for contract change orders and Federal approvals. If we wish to construct an alternate design this year we would need to incorporate local permit amendments and engineering alterations.

Therefore we need to work quickly. Our group should determine the actual process and time frame. However I will start the discussion by proposing that we spend this

meeting outlining site alternatives. These options would then be presented to the public in an open work session, ideally in late January. Our group would process the public input and provide a report/recommendation to the City Council at one of their two February meetings – preferably the 13th. (the 27th is the other one). This is very fast and will require us to think carefully about information needed.

Options and Uses of Site. It seems to me that there are four basic site configurations.

- The current or similar plan with building and parking (28 spaces)
- A new building with reduced or no parking, increased open space
- A site with no building but public parking spaces, more open space
- A site with no building and no (or limited) parking spaces, primarily open space

Our job would be to identify how each might work conceptually, what pros and cons exist with each option, how each option works within a greater community whole and what, if any, blending of options might exist. If a building, what use – commercial, housing, retail, combination? What is the financial viability of a building with limited parking? If open space, what is the funding source to repay VTrans? What would be the open space concept – natural, playground, water access, picnic tables? Are there other plans in this area which might have bearing on the use of this site?

Despite this being the shortest part of this memo, I see this being the longest and most substantive portion of our meeting. I also acknowledge that people far more creative than me are in our group and may have other site ideas in mind.

I hope that this is helpful. Please let me know if there is additional information you would like in advance of the meeting and I will do my best to share it early or have it on Thursday night.

First Addendum to Original Memo, January 11:

To recap, we are going to pursue a change order which will develop a functional road through to the North Branch Parking lot (within the outline of the current proposed parking lot). The remainder of the property will be seeded with grass. The goal is to make sure that we do not preclude a building opportunity, a park opportunity or any possible combination.

The city will attempt to develop cost estimates for doing the interim work and also for restoring the site as planned without federal funding assistance. The city will also develop sketch drawings of road layout alternatives.

The city – over the next year - will undergo a downtown planning effort to look at all properties and needs comprehensively rather than focusing on this one small parcel. The planning study will look at needs for green space, transportation alternatives, housing, commercial space, parking etc.

We also collectively understood that many of the options on the table were linked to the parking garage project and we will watch the appeal process closely.

Our group is meeting again at 6 PM on January 22nd to look at possible outlines of an interim plan in order to make a recommendation to the city council.

Second Addendum to Original Memo, January 24.

I will attempt to summarize where we are:

- The bike path location can't move. There must be a road through the site connecting Main Street to the North Branch Parking lot. The Main St intersection must remain as designed.
- Other than the above restrictions, the city will not construct anything that will permanently prevent either full development or full open space in this area.
- The City will engage in a downtown Master Planning exercise to consider the needs site along with the City's Master Plan, Montpelier in Motion Transportation Plan, Economic Development Strategic Plan, River Corridor, Housing needs, parking needs, and the like. This planning effort will guide the long term use of these parcels.
- In the interim, the city will build a road which maximizes green space, properly allows for truck turning movements and includes public parking (goal of at least 18 spaces).
- Issues to be addressed along with the interim site use plan include:
 - Whether VTrans/FTA will approve these changes
 - Costs of a change order from the present plan to a revised plan
 - Which costs will be covered by grant funding
 - Whether to install additional drainage for the potential future parking lot
 - The viability of development with reduced parking available
 - Time line of the planning process vs. time allowance from Vtrans for repayment
 - Number of truck deliveries which occur

