SANDY SPRINGS
GEORGIA

CITY COUNCIL AGENDA ITEM

TO: Mayor & City Council **DATE:** January 31, 2013

FROM: John McDonough, City Manager

AGENDA ITEM: Consideration of Resolution Adopting the City Center Phase I Implementation Plan

MEETING DATE: For Submission onto the February 5, 2013, City Council Regular Meeting Agenda

BACKGROUND INFORMATION: (Attach additional pages if necessary)

See attached:

Memorandum
Resolution
Implementation Plan

APPROVAL BY CITY MANAGER: John McD *APPROVED*

PLACED ON AGENDA FOR: 2/5/2013

CITY ATTORNEY APPROVAL REQUIRED: (✓) *YES* (   ) *NO*

CITY ATTORNEY APPROVAL: WJW

REMARKS:

7840 Roswell Road, Building 500 • Sandy Springs, Georgia 30350 • 770.730.5600 • 770.206.1420 fax • www.sandyspringsga.org

TO: John McDonough, City Manager

FROM: Bryant Poole, Assistant City Manager

DATE: February 1, 2013 for submission on the Agenda of the February 5, 2013 City Council Regular Meeting

ITEM: Consideration of Resolution Adopting the City Center Phase I Implementation Plan

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Background

The City Council adopted its City Center Master Plan December 18, 2012. With the plan's adoption, it is City Council's intent to begin implementing the plan as soon as possible.

Discussion

To implement the Master Plan there needs to be a strategy for carrying out its intent in a well thought out and orchestrated process. This implementation plan must provide a strategy and roadmap to steer redevelopment in the City. A phase one area was determined by City staff that encompasses an area in the northern portion of City Center generally described as: between Roswell Rd. and Sandy Springs Circle and generally north of Hammond Dr. up to Johnson Ferry Rd. (see site map in the City Council Retreat – January 30, 2013: City Center Phase One Implementation Plan). The success of the Implementation Plan will be determined, in large part, by a few key elements: project leadership, selection of a program manager, selection of private partners, coordination of tasks, public support, and communication of project actions. City staff representing all stakeholder departments analyzed and researched various external resources and internal programs such as capital improvement projects, regulations, and policies to provide a priority-based, resource analysis, task oriented and timeline driven plan for their department over-site. Areas focused on where:

Land Acquisition
Infrastructure Implementation Plan
- Transportation
- Parking
- Utility Program
- Stormwater

Public Facility Needs
Fiscal Considerations
Project Management Considerations

Public Private Partnership Guidelines
Support Services

Alternatives

Allow redevelopment to occur on it's on and implement existing capital improvement programs and City initiatives without effectively carrying out the intent of the Master Plan which could cause future issues and conflicts.

Financial Impact

To implement the Phase 1 Plan, it is estimated that an additional $58.5 million will be needed over the next 5 to 7 years (this does not include the cost to construct the civic facility). Variables such and public private partnership initiatives and development incentives could effect this amount more or less.

Attachment

City Center Phase 1 Implementation Plan Approved Solicitation

7840 Roswell Road, Building 500 • Sandy Springs, Georgia 30350 • 770.730.5600 • 770.206.1420 fax • www.sandyspringsga.org

STATE OF GEORGIA
COUNTY OF FULTON

A RESOLUTION ADOPTING THE CITY CENTER PHASE ONE IMPLEMENTATION PLAN, DATED January 30, 2013

WHEREAS, the City of Sandy Springs ("City") is a municipal corporation duly organized and existing under the laws of the State of Georgia, and is charged with providing public services to its residents; and

WHEREAS, the City Council adopted a City Center Master Plan December 18, 2012; and

WHEREAS, the Master Plan responds to the goals set by the City by: (1) promoting community interaction through a wide variety of activities, walkable streets and convenient parking, and connecting the City Center to surrounding City neighborhoods; (2) expanding green spaces with a network of sidewalks, bike lanes and multi-use recreational paths connecting the City Center to surrounding City neighborhoods; (3) inviting spontaneous fun through a destination cultural venue, a concentration of residents, workers and visitors, and an area that invites walking, outdoor dining, recreation and other activities; (4) nurturing unique local identity formed through a walkable setting with zoning and design guidelines that encourage buildings to frame distinctive, attractive address streets and the shared experiences that are enjoyed in the City Center; (5) making the City Center walkable, providing access to transit services and on-street parking, linking activities and destinations within the City Center area; and

WHEREAS, the City now enters into an implementation phase to carry out the recommendations outlined in the plan.

THEREFORE, IT IS NOW RESOLVED BY THE CITY COUNCIL OF THE CITY OF SANDY SPRINGS, GEORGIA, AS FOLLOWS:

1. The City Council adopts the attached City Center – Phase One Implementation Plan as presented in the January 30, 2013 Council Retreat.
2. The City Council authorizes the City Manager and his staff to proceed with the necessary steps subsequent to the adoption of the Phase One Implementation Plan with the goal of implementing the City Center Master Plan.
3. The City Council authorizes the City Manager to execute any documents and to take any other steps which may be necessary to effectuate the intent of this Resolution.
4. The City Manager will provide regular updates to City Council on the progress of the Phase One Implementation plan.
5. To the extent any portion of this Resolution is declared to be invalid, unenforceable, or nonbinding, that shall not affect the remaining portions of this Resolution.
6. This Resolution shall take effect immediately.

RESOLVED this the 5th day of February, 2013.

Approved:

____
Eva Galambos, Mayor

Attest:

____
Michael Casey, City Clerk

(Seal)

City Center
Master Plan

City Center - Phase I Implementation Plan

January 30, 2013

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Introduction

Background and Overview

The City of Sandy Springs, Georgia is one of the newest cities in the state, and operates in a Council – Manager form of government. Incorporated December 1, 2005, and the first new city in the State in nearly 50 years, Sandy Springs has made dramatic strides in providing effective and efficient services to residents. Prior to 2005, residents in Sandy Springs relied upon a large, geographically-removed county government for the provision of services. These challenges served as the foundation of the movement to create a government that was closer to its constituents, responsive to the needs of the community, streamlined and above all, effective and efficient.

The City of Sandy Springs approaches the provision of government services in a non-traditional fashion. The Governor's Commission for Sandy Springs, comprised of gubernatorially appointed business professionals, municipal representatives and residents, placed great emphasis on implementing a municipal government that was responsive to the community. Upon incorporation in 2005, the City was faced with an extremely tight timeline to begin full municipal operations. Due to the limited start up period, in order to effectively provide services, the City made a conscious decision to outsource all non-public safety government services. Since that time, the City of Sandy Springs has operated as a public-private partnership (PPP), with nearly half of city staff employed by private companies. Not only did partnering with a private entity streamline the government, it also filled the City ranks with a wide variety of critical subject matter expertise, particularly in the areas of public works and community development.

In December 2012, the City Council adopted a City Center Master Plan providing a framework to guide the redevelopment of the City of Sandy Springs' downtown area. Following the adoption of the plan, staff immediately began developing the Phase I Implementation Plan to provide the strategy and roadmap to steer redevelopment in the City. This is an ambitious developed by key staff representing all stakeholder departments. The recommendations presented here are priority-based, resource and planning intensive, and task and timeline driven.

Goal Statement

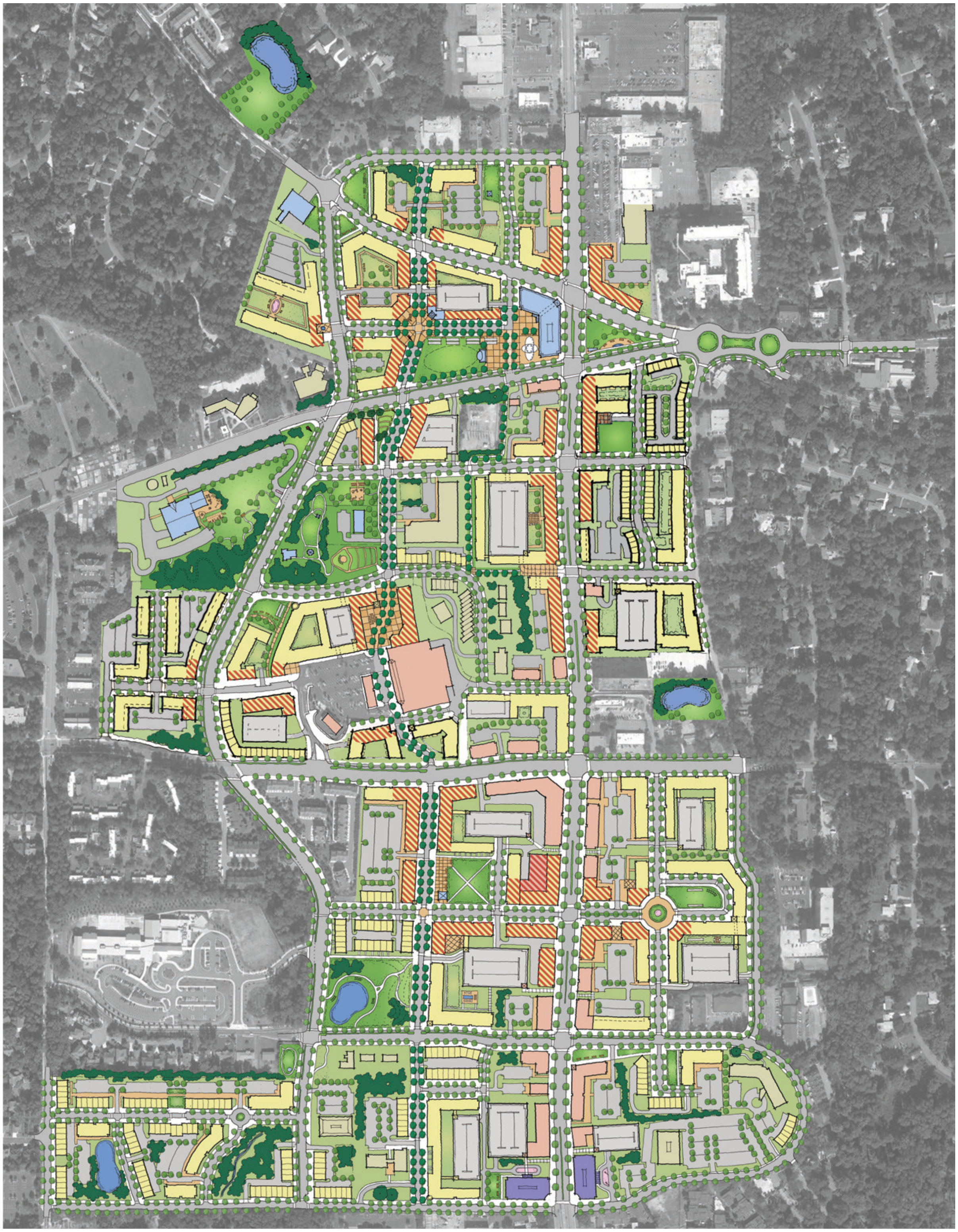
The Phase I Implementation Plan is focused on accomplishing the goals set forth in the adopted City Center Master Plan. Specifically:

- Create a unique, vibrant, walkable City Center rich in amenities desired by the community, such as commercial retail, recreational and cultural facilities.
- Catalyze significant market-driven private investment in walkable, mixed-use redevelopment that introduces substantial new dining, amenity retail, and entertainment options. This will both achieve City Center development goals and strengthen the district's ability to support Sandy Springs' fiscal goals.
- Create an appropriate setting for a new civic/cultural center that functions as a place of community activity and identity.
- Create comprehensive infrastructure to support City Center, which would include: walkable streets, stormwater, traffic flow, transit services, bicycling facilities, parking, utilities and signage.
- Introduce a green space network that accommodates a variety of activities, draws activity from new development, and ties together City Center, Sandy Springs' established neighborhoods, and existing open spaces.

The success of the Implementation Plan will be determined, in large part, by a few key elements. Specifically:

- Project Leadership
- Selection of Program Manager
- Selection of Private Partners
- Coordination of Tasks
- Public Support
- Communication of Project Actions

Downtown Master Plan



Land Acquisition

In 2008, the City of Sandy Springs purchased a 7+ acre parcel at the intersection of Sandy Springs Circle, Johnson Ferry Road and Mount Vernon Highway to serve as the foundation of the efforts to build a cohesive downtown area for the City. In order to implement the recommendations provided in the City Center Master Plan, it is anticipated that the City will acquire additional parcels in the downtown area.

Infrastructure Implementation Plan

The infrastructure improvements outlined in the City Center Master Plan will serve as the foundation necessary to create a thriving, economically viable downtown for Sandy Springs. For the purposes of this plan, infrastructure includes:

- Transportation improvements
- Parking improvements
- Utilities Re-alignment
- Parks, such as the City Center Green and Heritage Green Playground

To provide the greatest impact in these areas, this plan focuses on implementing key supporting capital transportation, utilities and parks projects as a part of the City Center Phase I Plan. Focused efforts will also support redevelopment of the current Civic Center Square Site are given priority.

Transportation

A major component of the work program for the implementation of the City Center Master Plan is the improvement of transportation options in downtown Sandy Springs.

Road Network

There are four current transportation ("T" projects) that will be impacted by, and have an impact on, the implementation of the Phase I City Center Plan.

T-0010, Johnson Ferry Road and Sandy Springs Circle Intersection Improvements

As currently programmed, the project would provide alignment and grade improvements to Sandy Springs Circle, as well as improve the transition from five lanes to two on Johnson Ferry Road northbound. With the implementation of the City Center Master Plan, the design would be slightly changed to include multi-purpose paths and wider landscaping strips. Figure 1 on the next page illustrates the area of impact.

Figure 1. T-0010 Johnson Ferry Road, Sandy Springs Circle

As currently designed, $739,831 is available to implement the project. However, an additional $2,254,802 is required to fully complete the project. Staff is exploring the potential to re-program funds from this project to T-0014/T-0015, Sandy Springs Circle Streetscape should the decision be made to cancel this project.

Estimated Cost for Project		
Design (remaining cost)	$	84,633
Right of Way		1,400,000
Construction		1,510,000
Utility Relocation (cost included in Utility Program)		----------
Total Cost	**$**	**2,994,633**

Current Available Funding		
City (Design)	$	99,831
Federal (Construction)		640,000
Total Available Funding		739,831
Total Needed Funding	**$**	**2,254,802**

The table below illustrates the anticipated timeline to completion for this project.

T-0010 Johnson Ferry Road, Sandy Springs Circle	**Start**	**Finish**
Concept Development	**	3/15/13
Coordinate potential project cancellation	3/15/13	7/1/13

T-0011, Johnson Ferry Road/Glenridge Drive Project

The current design presents a region-wide operational improvement project that provides alignment improvements and creates dual roundabouts for the intersection of Johnson Ferry Road and Mount Vernon Highway. Due to the significant time invested in the current design and obtaining needed approvals, the City Center design incorporates most of the original design, however, changes to Roswell Road will be limited.

Figure 2 below shows a detail of the project as it is currently designed.

Figure 2. Johnson Ferry Road/Glenridge Drive Project.

Staff proposes to seek additional federal funds to minimize the amount of City funds required. Specifically, staff recommends that Roswell Road not be widened further and to focus the project on east side of Roswell Road to address local operational improvements. Additional improvements west of Roswell Road shall be dependent on available federal funds. See the table below for a detail of funding available and needed.

Estimated Cost for Project		
Design (remaining cost)	$	800,000
Right of Way		10,300,000
Construction		3,500,000
Utility Relocation (cost included in Utility Program)		----------
Total Cost	**$**	**14,600,000**

Current Available Funding		
City (Design)	$	1,340,800
Federal (Design)		447,268
Federal (Construction)		2,864,750
Total Available Funding		**4,652,818**
Total Needed Funding	**$**	**9,947,182**

Figure 3 below represents the proposed design changes.

Figure 3. Proposed design changes, T-0011.

The table below provides an overview of the anticipated timeline to completion.

T-0011 Johnson Ferry/Glenridge Drive	Start	Finish
Bid and Award Design Contract	2/8/13	6/1/13
Preliminary Plan Development	6/2/13	6/1/14
Right of Way Plan Development	5/1/14	11/1/14
Right of Way Acquisition	11/2/14	11/1/15
Final Plan Development	11/2/14	11/1/15
Bidding and Award Process	11/2/15	6/15/16
Construction	8/15/16	8/15/18

** Note that concept development was on hold pending Master Plan adoption.*

T-0014/T-0015, Sandy Springs Circle Streetscape Project

The current Sandy Springs Circle Streetscape Phase II (T-0014/15) project incorporates streetscape improvements along Sandy Springs Circle between Hammond Drive and Roswell Road. As a result of the implementation of Phase I of the City Center Master Plan, three project delivery options are available:

A. Construct in entirety using federal process and partial federal funding
B. Advance construct Sandy Springs Circle segment adjacent to Civic Center site using (local funding)
C. Construct remainder of original design using federal funds

Figure 4 provides an overview of the area impacted by the project.

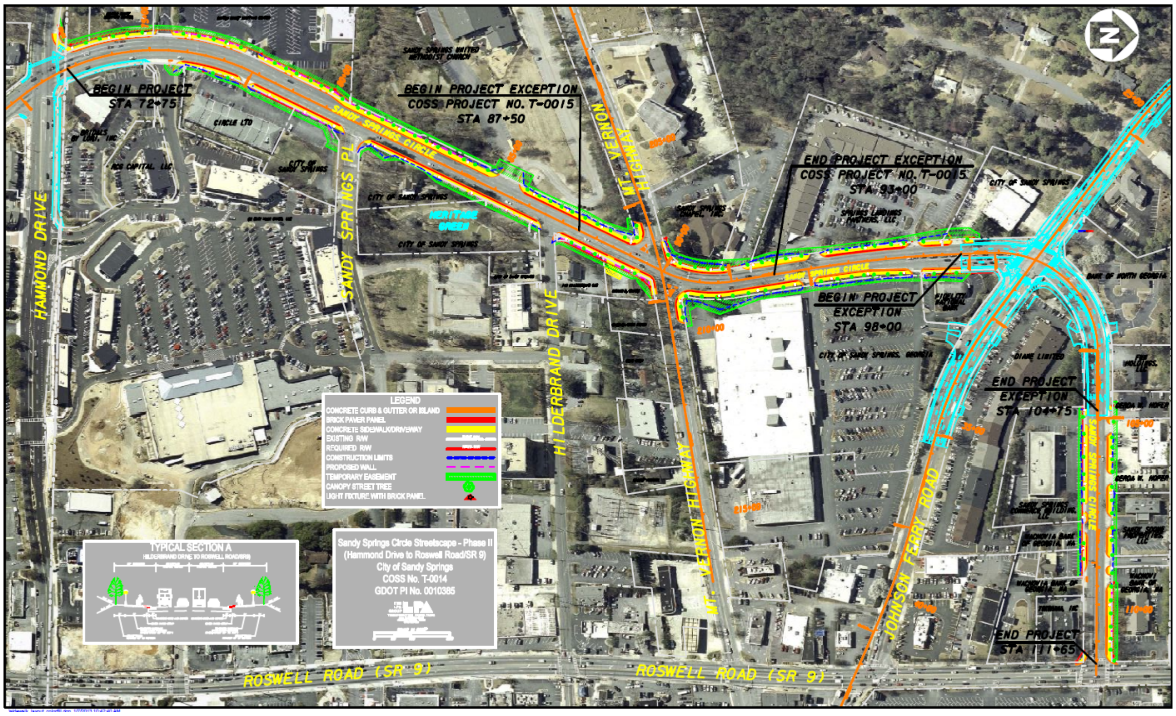


Figure 4. T-0014/15, Sandy Springs Circle Streetscape

Under the proposed design as impacted by the implementation of the City Center Master Plan, the typical section for Sandy Springs Circle will vary between intersections to accommodate the Master Plan. The new typical sections will include the addition of multi-purpose paths, wider landscaping, on-street parking, streetlights and furniture and medians. The image below (*Figure 5)* provides a sample view of a prototypical street section in the redeveloped City Center area.

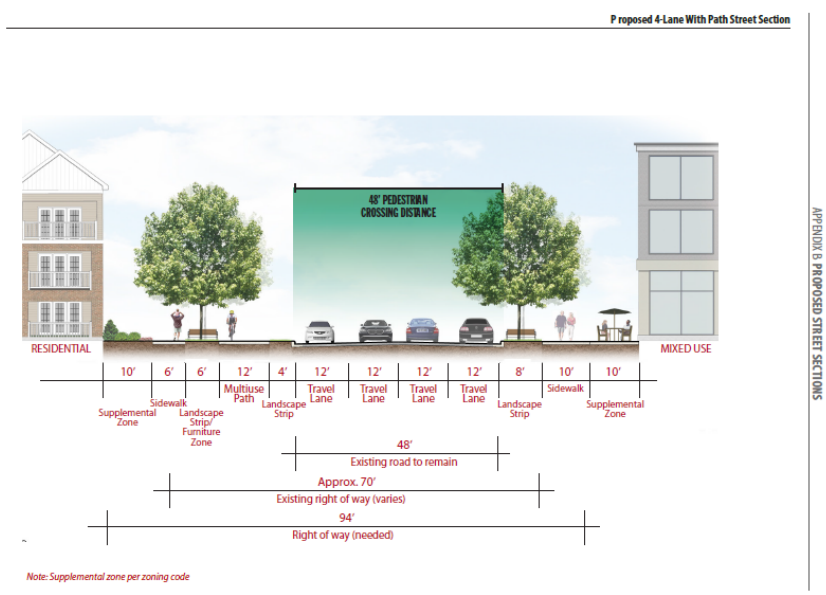


Figure 5. Prototypical street section.

Option A as referenced above would be budgeted as detailed below.

Estimated Cost for Project		
Design	$	500,000
Right of Way		3,610,000
Construction (newest estimate)		3,363,000
Utility Relocation (cost included in Utility Program)		----------
Total Cost	**$**	**7,473,000**

Current Available Funding		
City (Design)	$	201,095
SSRI (Construction)		261,403
Federal (Construction)		1,887,000
Total Available Funding		**2,349,498**
Total Needed Funding	**$**	**5,123,502**

Option B provides for advance construction of the Sandy Springs Circle segment adjacent to Civic Center site (Local Funding). Figure 6 below shows the design change should Option B be selected.

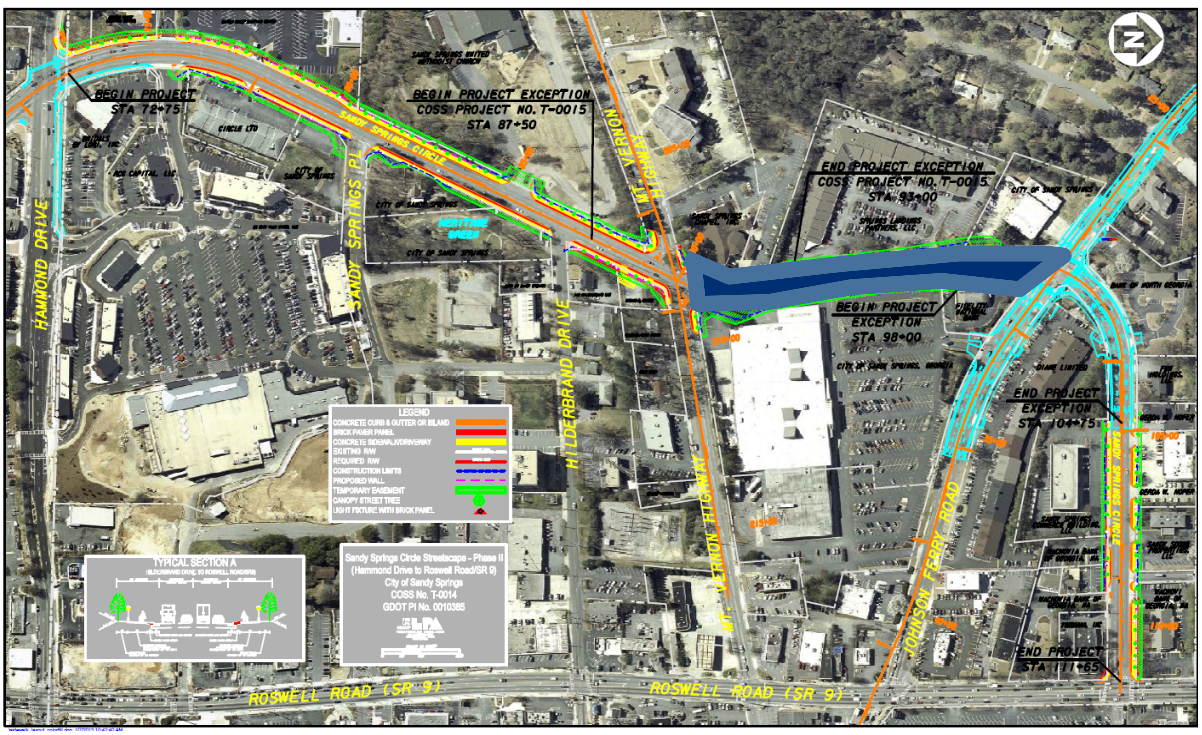


Figure 6. Option B. T-0014/T-0015

Should the City elect to utilize local funds to cover the cost of the early phase of the project, the table on the next page provides an illustrative timeline.

OPTION B: T-0014/15 Sandy Springs Circle Streetscape	Start	Finish
Concept Development	6/1/13	11/1/13
Preliminary Plan Development	11/1/13	2/1/14
Right of Way Plan Development	11/1/13	1/1/14
Right of Way Acquisition	1/1/14	7/1/14
Final Plan Development	3/1/14	7/1/14
Bidding and Award Process	7/1/14	9/1/14
Construction	10/1/14	11/1/15

The budget for this option is:

Estimated Cost for New Project – OPTION B		
Design	$	100,000
Right of Way		740,000
Construction (newest estimate)		560,000
Utility Relocation (cost included in Utility Program)		----------
Total Cost	**$**	**1,400,000**

The final option for this project, Option C, calls for the project to be reprogrammed to utilize additional federal funds in the execution and construction of the project.

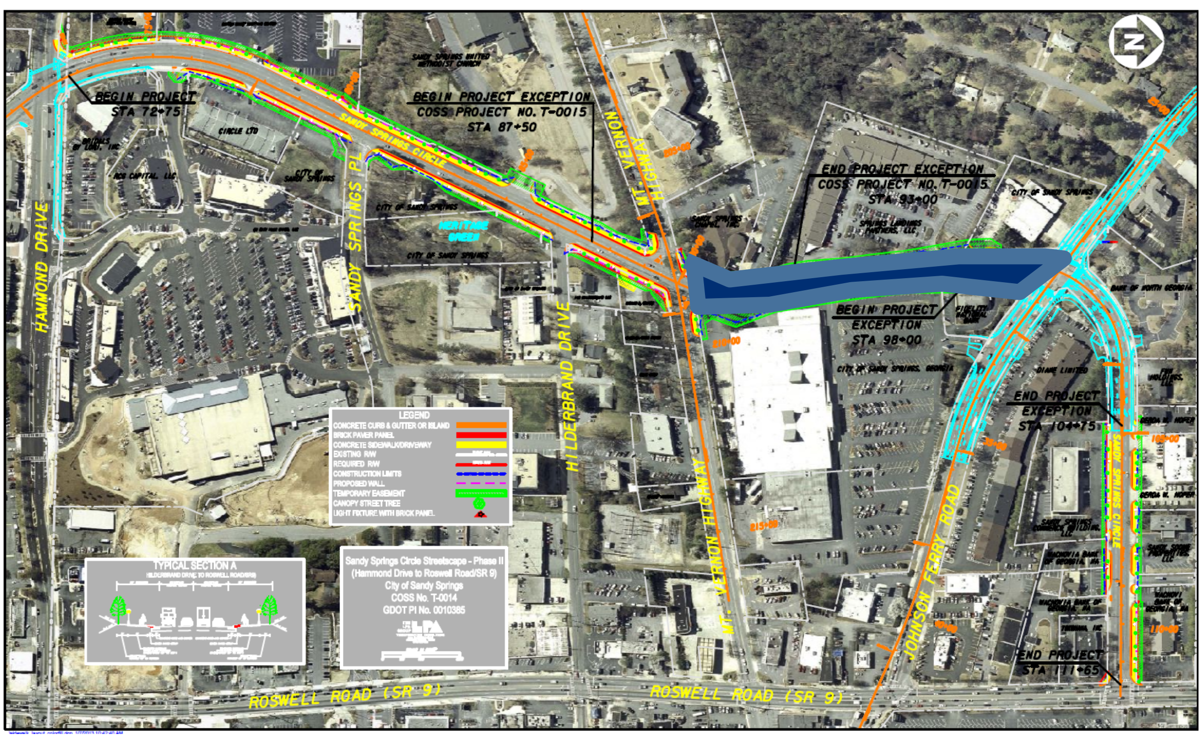


Figure 7. Option C: T-0014/15 Sandy Springs Circle Streetscape

Using this plan, the following timeline would apply.

OPTION C: T-0014/15 Sandy Springs Circle Streetscape	Start	Finish
Project Reclassification and Funding Request	12/19/12	9/1/13
Concept Redevelopment	9/1/13	3/1/14
Environmental Document Development	1/1/14	5/30/14
Right of Way Plan Development	8/1/14	12/4/14
Right of Way Acquisition	1/1/15	6/22/16
Final Plan Development	9/1/15	6/20/16
Bidding and Award Process	6/21/16	2/6/17
Construction	4/15/17	11/30/18

If Option C is chosen, the budget is anticipated to be:

Estimated Cost for Project		
Design	$	425,000
Right of Way		2,870,000
Construction (newest estimate)		2,623,000
Utility Adjustments		270,000
Total Cost	**$**	**6,188,000**

Current Available Funding		
City (Design)	$	201,095
SSRI (Construction)		261,403
Federal (Construction)		1,887,000
Total Available Funding		**2,349,498**
Total Needed Funding	**$**	**3,838,502**

However, the opportunity exists to seek the reallocation of available funds under T-0010, Johnson Ferry Road and Sandy Springs Circle Intersection Improvements. Should that be approved, the costs would change slightly as detailed in the table below.

Estimated Cost for Project		
Design	$	425,000
Right of Way		2,870,000
Construction (newest estimate)		2,803,000
Utility Adjustments		270,000
Total Cost	**$**	**6,188,000**

Current Available Funding		
City (Design)	$	201,095
SSRI (Construction)		261,403
Federal (Construction)		1,887,000
Total Available Funding		**2,349,498**
Potential Available from T-0010		**640,000**
Total Available Including T-0010		**2,989,498**
Total Needed Funding	**$**	**3,198,502**

New projects to be considered for funding allocation include:

- Mt. Vernon Highway Street Improvement/Bluestone Road Extension
- Civic Center On-Site Infrastructure and The Green
- Heritage Green Playground

Mount Vernon Highway Street Improvement/Blue Stone Road Extension

As proposed in the adopted City Center Master Plan, this project anticipates the construction of a new street segment on Mt. Vernon Highway beginning west of Sandy Springs Circle to Roswell Road. In addition, Blue Stone Road will be extended from the Bluestone Building (Hildebrand Road) to new City Center site on Mt. Vernon Highway. Figure 8 illustrates the new road network in red.

Figure 8. Mount Vernon Highway Street Improvement/Blue Stone Road Extension

The anticipated timeline for this project is:

Mount Vernon Highway Street Improvement/Blue Stone Road Extension	Start	Finish
Budget/Project Approval with Mayor and City Council		1/13
Contract Design		5/13
Concept Development	5/1/13	9/30/13
Preliminary Design	10/1/13	1/31/14
Right of Way Acquisition	10/1/13	5/30/14
Complete Design/Coordination	1/1/14	5/30/14
Construction	8/1/14	12/31/15

Estimated Cost for Project		
Mount Vernon Multi-Modal Improvements	$	2,800,000
Blue Stone Road Extension (Design/Construction)		1,095,000
Roadway Right of Way		5,700,000
Total Cost	**$**	**9,595,000**

Civic Center On-Site Infrastructure and The Green

The City Center Master Plan calls for the development of an initial street system and associated underground utilities to enable additional City Center Phase I redevelopment. Figure 9 provides an illustrative view of the proposed project.

Figure 9. City Center On-Site Infrastructure and Green

To reap the maximum benefit possible, staff recommends the delivery of the "Civic Center Green" park as a first element of new Civic Center Complex. The schedule below provides an overview of the timeline anticipated for completion of this project.

Civic Center Infrastructure and Green	Start	Finish
Budget/Project Approval with Mayor and City Council		7/13
Contract Design		8/13
Concept Development	9/1/13	2/28/14
Preliminary Design	3/1/14	5/30/14
Right of Way Acquisition		Ongoing
Complete Design/Coordination	6/1/14	10/31/14
Construction	11/1/14	12/31/15

Estimated Cost for Project – City Funds		
Design	$	990,000
Roadway		1,972,500
Utilities (new)		1,630,000
Park/Plaza		6,700,000
Total Cost	**$**	**11,292,500**

Heritage Green Playground

The City Center Master Plan calls for the installation of a recreational playground adjacent to the Heritage Green. Figure 10 below provides a conceptual layout showing the new playground facility. The table below illustrates the timeline for completion.

Figure 10. Heritage Green Playground

Heritage Green Playground	Start	Finish
Budget/Project Approval with Mayor and City Council		7/13
Contract Design		8/13
Concept Development	9/1/13	12/31/13
Preliminary Design	1/1/14	3/31/14
Right of Way Acquisition	N/A	N/A
Complete Design/Coordination	3/1/14	6/30/14
Construction	7/1/14	3/31/15

Estimated Cost for Project		
Design	$	400,000
Land Acquisition		1,000,000
Construction		3,000,000
Total Cost	**$**	**4,400,000**

Parking

The City has released an RFP soliciting proposals from qualified vendors to conduct a parking study to determine parking requirements to serve the City Center and surrounding development based on the Goody Clancy land use plan. The study is anticipated to recommend the size, location, and configuration of structured parking needed to support the Master Plan. For purposes of the RFP, the study area is defined as Sandy Springs Circle to the North and West; Roswell Road to the East and Hammond Drive to the South.

It is critical for the study to be completed at this time for adequate planning of the City Center project and the Blue Stone Road extension. It is estimated that the study will not exceed $100,000 in cost. The current timeline anticipates completion of the project in late summer 2013. A detailed list of tasks is below.

- Produce RFP document for the Parking Study – Complete
- Bid RFP – Complete
- Receive bids - 4 weeks from release of bid offering
- Issue NTP to consultant – 4 weeks from return of bid
- Receive draft study – 60 days from NTP
- Receive Final study – 90 days from NTP

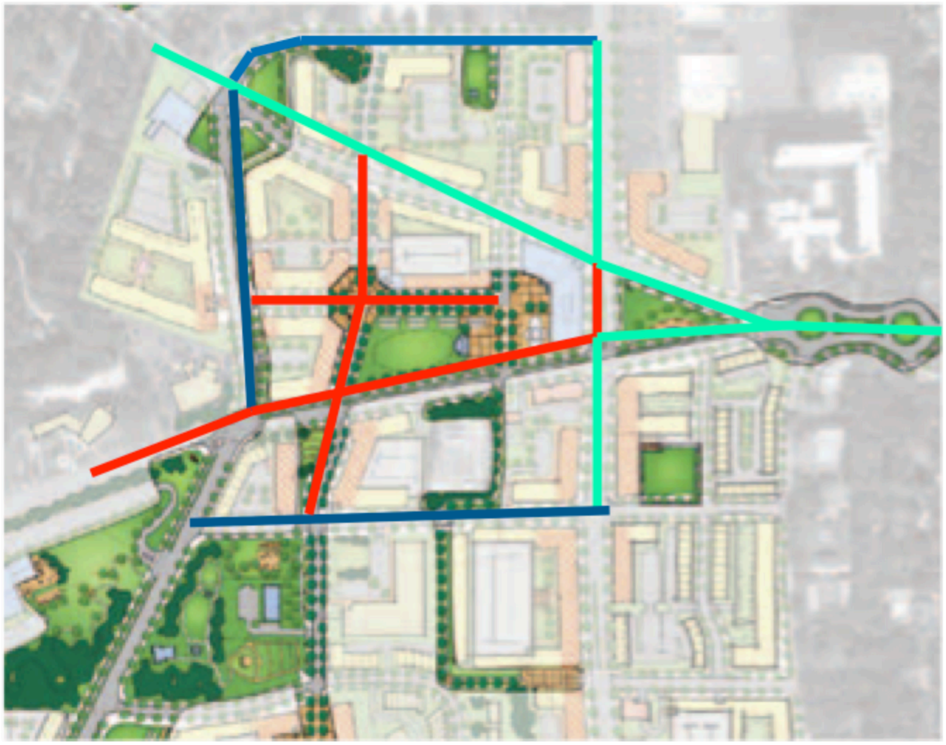
Utility Program

Long recognized as an eyesore in the City Center area, staff is developing a plan to relocate overhead distribution utility lines around the City Center site. This project will be a significant undertaking and will be conducted in tandem with the construction of the on-site Civic Center infrastructure. Due to the complexity of the project, it will require extensive coordination between major utility providers, the City and stakeholders.

In order to begin and complete the project as timely as possible, it is recommended that a Utilities Program Manager be engaged to serve as the City's advocate in negotiations with utility providers. The selected firm will coordinate the relocation effort to complement the execution of programmed transportation, parks and civic projects, as well as site development. This effort will require careful coordination with all impacted utility service providers to achieve plan goals and ensure reliable systems with sufficient capacity. The project is contemplated as a five-year effort.

There are a number of known utility providers, including:

- Georgia Power
- AT&T
- Comcast
- Atlanta Gas/Light
- Fulton County Sewer
- City of Atlanta Water
- Fiber Providers
    - AGL Networks
    - Zayo
    - AT&T Fiber
    - Fiberlight



Overhead
Utilities
Relocation
Priorities

Legend:
Red: Priority 1
Blue: Priority 2
Green: Priority 3

Utilities on Civic Center. Square to Bluestone (Priority 1)		
Civic Center Square	$	1,500,000
Mt. Vernon Highway		1,750,000
Roswell Road (Civic Site)		980,000
Bluestone Extension		300,000
Contingency		1,000,000
TOTAL	$	5,530,000

Note that the utility corridors around the Civic Center Square are considered Priority 2 and those extending from the Civic Center Square are Priority 3.

The proposed timeline for the project is as follows:

Utilities Program	Start	Finish
Project Approved for Management Contract		3/13
Consultant Selection	4/1/13	7/31/13
Contract Award		8/13
Project Development	9/1/13	3/31/14
Budget Prioritization	4/1/14	6/30/14
Phase I Utilities Projects	7/1/14	7/31/18

This work will be impacted considerably by the work of partnering agencies. To that end, the staff will need to benchmark Utilities Management services efforts by other agencies to properly scope Utilities Management services description and costs for the City Center effort. It is also important to note that the cost predictions and scheduling timelines are estimates only, until additional information is available from utilities. The intent of this schedule is to establish a goal to support overall projected implementation.

Estimated Cost for Project – City Funds		
Utilities Program Management	$	300,000
Upfront Design Cost - Utilities		300,000
Utilities Relocation Projects Phase I		5,530,000
Total Cost	**$**	**6,130,000**

Some of the proposed projects in the current Capital Improvement Program differ from those in the adopted City Center Master Plan. In particular:

- Projects T-0010/11 differ in traffic lane requirements due to the need to address traffic operations.
- Medians for Projects T-0010/11 cannot include grassed medians due to a need for turn lanes (Roswell Road between Mt. Vernon Highway and Johnson Ferry).
- Multi-purpose path construction on Mt. Vernon Highway from Roswell Road to Sandy Springs Circle appears to be an excessive level of path construction near the Civic Center Square Site. Staff recommends eliminating the multi-purpose path construction where widened sidewalks will suffice.
- Guidance is needed from engineers to make early decisions regarding grade transitions between the Civic Center Square Site and the Heritage Site. These decisions are key to both Mt. Vernon Highway/Bluestone Extension construction and Civic Center Square Site redevelopment.
- Staff will have to consider and coordinate GDOT requirements (and associated federal fund programming) for any necessary project adjustments to accommodate the City Center plan.

For maximum efficiency and effectiveness, staff recommends the following projects in the priority order below:

1. **Mt. Vernon Highway Street Improvement/Blue Stone Road extension**
2. **Civic Center Site Infrastructure and "Green" Project** (utilities first before building and other facilities)
3. **Parking Study**
4. **Utilities Program**
5. **Heritage Green Playground**
6. **T-0014/0015 - Sandy Springs Circle Streetscape Project:** Consider local fund increment adjacent to City Center Phase I site to accelerate enhancements.
7. **T-0014/0015 - Sandy Springs Circle Streetscape Project** (remainder of effort incorporating available federal matching funds)
8. **T-0010/0011 – Johnson Ferry Earmark:** Emphasize project elements east of Roswell Road. Level of project implementation dependent upon availability of federal/state matching funds. Consider reallocation of available federal funds from T-0010, Sandy Springs Circle/Johnson Ferry intersection to Project T-0014.

Based on these recommendations and priority order, the table below provides a proposed timeline for project completion.

Potential Program Schedule	Start	Finish
Mt. Vernon Highway/Blue Stone Road	10/1/13	12/31/15
Utilities Program	9/1/13	7/31/18
T-0010	2/8/13	5/30/15
T-0011	6/2/13	8/15/18
T-0014/0015	9/1/13	12/31/15
Heritage Green Playground	9/1/13	3/31/15
Civic Center Infrastructure and Green	1/23/13	12/31/15

Stormwater

Stormwater has a significant impact on the City Center area. The goal of the Stormwater Infrastructure Plan is to implement a Master Stormwater Management Plan for the City Center; to institute Stormwater Regional Improvement Zones (Zones) for each of the regional management facilities, and construct the Marsh Creek Headwater Best Management Practice (BMP).

The City objectives for this process employ best practices in stormwater management. These include improving downstream conditions of the watershed, thereby benefitting the entire region. Part of this process will also be to develop ordinances to manage the zones and provide incentives for re-development of the areas, which will be accomplished by the development of Stormwater Incentive Programs with benefits for reducing volume and improving the quality of stormwater. In order to maintain consistency with stormwater management in the City Center area, it is of utmost importance that all new development provide onsite water quality treatment utilizing infiltrative measures. Where possible, this can be accomplished by the incorporation of multi-use components into the facilities whenever feasible, including parks.

Providing a regional stormwater detention solution would negate the detention requirements for redevelopment and spur economic development in the area. Developers would be required to meet the detention requirements for redevelopment, including the submission of a stormwater management plan that meets the standards of the Georgia Stormwater Management Manual. They will also be responsible for providing onsite stormwater detention as if the site was being developed for the first time - restoring to the pre-developed state prior to current developed/paved conditions. This standard has been consistently applied since the City's inception in 2005, and is consistent with the way redevelopment was handled with Fulton County.

The City will be well served by establishing incentives for developers to utilize when re-developing a property such as providing offsite regional detention BMPs. Developers will be asked to address water quality on the re-developed parcels using infiltrative BMPs. These efforts will mitigate downstream drainage concerns and improve the overall watersheds that extend outside the limits of the City Center Area.

In order to implement the Master City Center Stormwater Management Plan, the City will be required to construct piping infrastructure upgrades throughout the area. Where possible, we will minimize new construction through matching of existing impervious structures. If we maintain this practice, it is anticipated that we should have sufficient capacity. However, staff will also evaluate existing infrastructure for needed replacement on an identified project-by-project basis. Staff will also identify and quantify the impact of additional impervious surfaces associated with projects (i.e. Bluestone Extension).

The Stormwater Management Plan will include the formal identification of zones as identified in the City Center Basin Map (Figure 11). Staff will identify and conduct preliminary designs of Zone BMPs, develop a 5 Year Implementation Plan and evaluate potential costs for the 5 Year Implementation Plan.

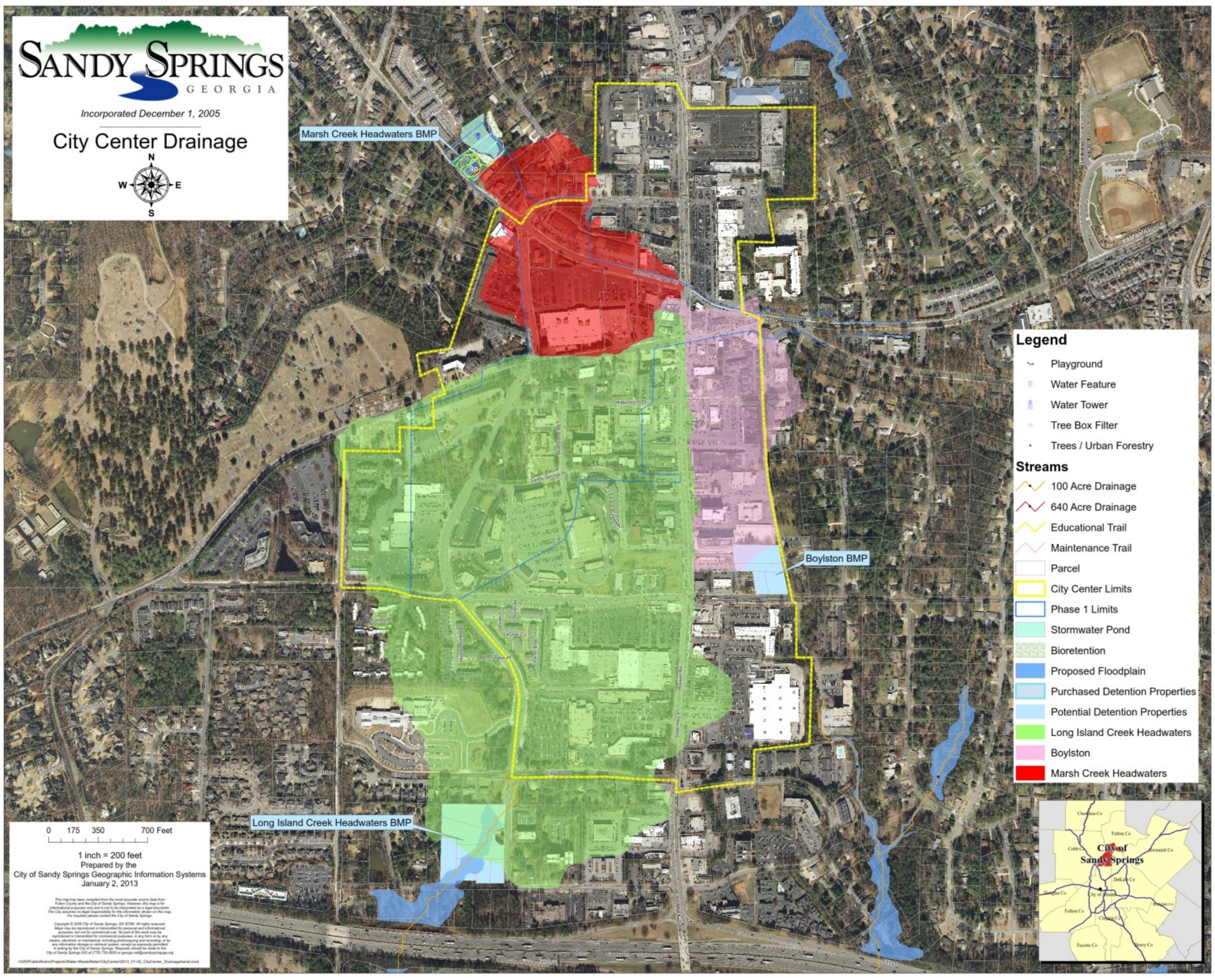


Figure 11. City Center Basin Map

There are numerous action items related to stormwater management, including:

- Selection of a City Center Stormwater Management Consultant
- Establishment of zones and development of concept plans for each BMP
- Development of a property and easement acquisition plan
- Evaluation of costs to comply with the Stormwater Management Ordinance on a per unit basis to develop a rate study for the Zones

- Site investigations, including but not limited to, surveying, boring, ground penetrating radar, etc.
- Development and coordination of Preliminary BMP Plans for approval by the Mayor and City Council
- Development of a Green Infrastructure/Low Impact Development (LID) Design Handbook for the City Center Area
- Coordination and preparation of required development code revisions

The proposed City Center Stormwater Improvement Zones will be developed in consultation with experts in the field. This work will include a review of the existing ordinance and suggested ordinance revisions as needed to implement and manage the Zones. At present, it is anticipated that staff will maintain existing impervious as the baseline measurement. The new zones will also require on-site Water Quality Treatment per the Blue Book (Georgia Stormwater Management Manual). It is anticipated that the use of infiltrative measures to achieve water quality requirements will be required. The City will also develop and implement an incentive program for redevelopment, and establish estimated costs associated with providing Zone BMPs in lieu of individual parcel on-site detention.

Staff has identified a number of priority projects for to improve Stormwater Management in the City Center area. The first priority is the construction of the Marsh Creek Headwater Best Management Practice (BMP). Figures 12 – 14 illustrate different views of this project, including a conceptual layout.

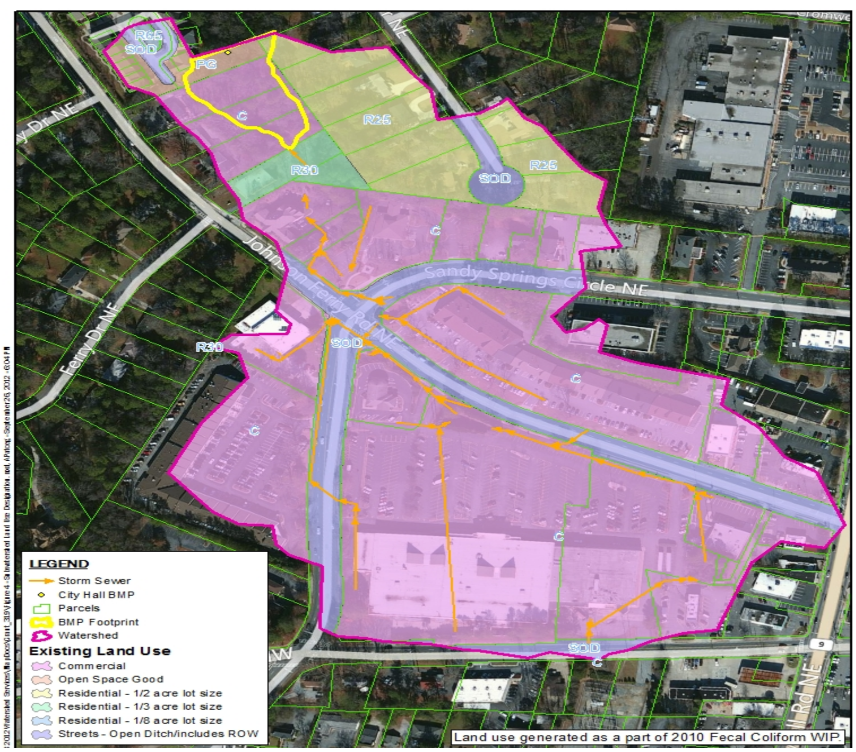
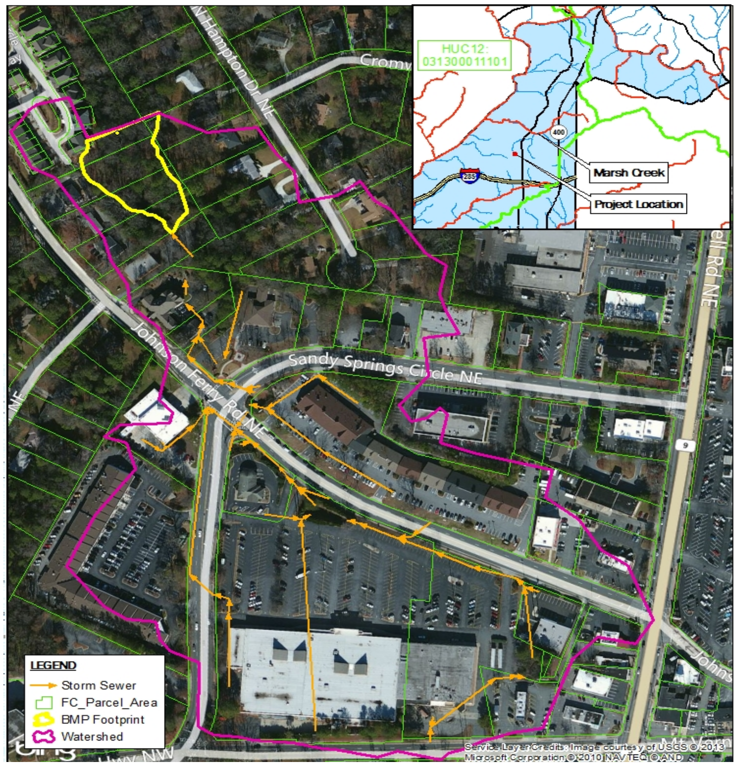


Figure 12. Marsh Creek Headwater BMP Land Use Map

Figure 13. Marsh Creek Headwater BMP Basin Map



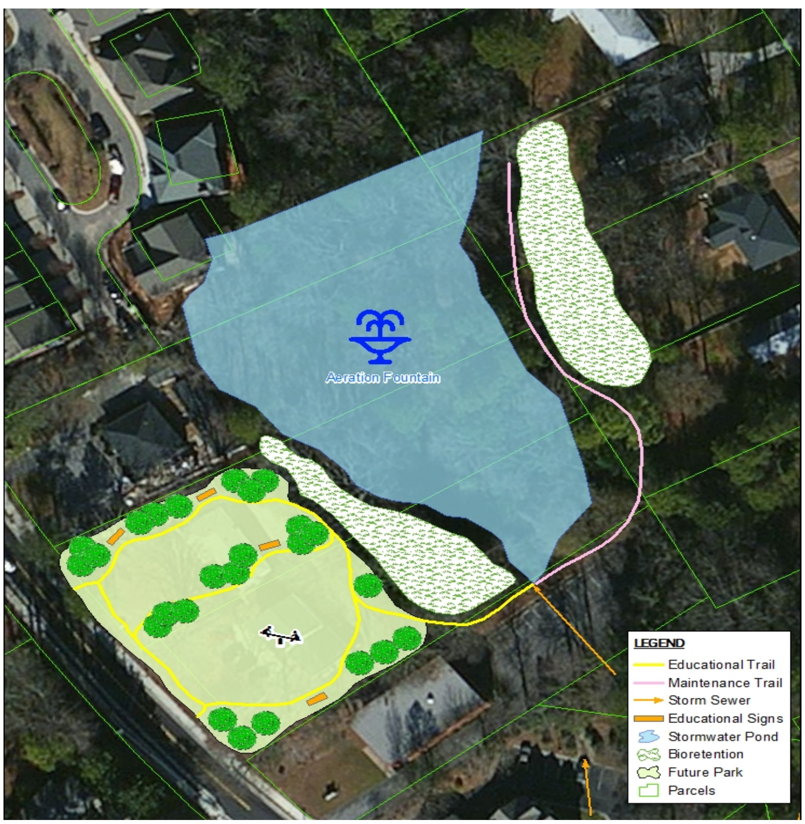


Figure 14. Marsh Creek Headwater BMP Conceptual Site Layout

The City has applied for grant funds under the Section 319(h) grant program to construct the Marsh Creek Headwater BMP. If awarded, this will provide partial funding towards the project's completion. However, it also means that construction must be completed by October 2015, but cannot begin until 2013. The timeline and estimated project costs for this project are shown below.

Timeline

Priority #1 (Marsh Creek Headwater BMP) – Project Schedule																	
Task	Months																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Property Acquisition																	
Survey																	
30 % Design Plans																	
60% Design Plans																	
Permitting																	
100% Design Plans																	
Design Bid and Award																	
Construction																	

Estimated Budget

Marsh Creek Headwater BMP - Estimated Costs			
Item	Estimated Cost	Funded	Unfunded
Property Acquisition	$ 1,300,000	$ 750,000 ($ 585,000 expended)	$ 550,000
Design & Permitting	$ 230,000	$ 230,000	$ 0
Monitoring (pre and post construction)	$ 12,000	$5,640 (319(h) GA EPD Match)	$ 6,360 (319(h) City Match)
Construction Bid and Award	$ 5,000	$2,350 (319(h) GA EPD Match)	$ 2,650 (319(h) City Match)
Construction (BMP, bioretention and park)	$ 795,000	$ 373,650 (319(h) GA EPD Match)	$ 421,350 (319(h) City Match)
Construction (Parking, Maintenance Access, Multi-Use Components)	$ 600,000	$ 0	$ 600,000
Construction Administration	$ 42,700	$ 20,069 (319(h) GA EPD Match)	$ 22,631 (319(h) City Match)
Total	$ 2,984,700	$ 1,381,709	$ 1,602,991

There are numerous steps that must be taken in order to construct the Marsh Creek Headwaters BMP. The table below represents the anticipated critical path required to meet the timelines set forth for the re-development of the City Center area.

5-YR Short Term City Center Stormwater Management Plan Schedule					
Plan Elements	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Master City Center Stormwater Management Plan	Consultant Selection, Preliminary Basin Analysis, BMP Identification, Implementation & Funding Analysis	Acquisition, Preliminary Design of BMPs	Acquisition, Consultant Selection, Detailed Design and Permitting of 2nd Priority BMP, & Monitoring	2nd Priority BMP Construction	2nd Priority BMP Construction & Monitoring
Establishment of Stormwater Regional Improvement Zones	Consultant Selection, Review of Current Regulations & Case Review of similar programs	Draft Code Revisions, Green Infrastructure/ LID Design Handbook, Develop incentives package.	Establish incentive program and develop Fund collection plan, Finalize and Adopt Codes and Handbook	Implement Codes & Handbook	Implement Codes & Handbook
Marsh Creek Headwater BMP (1st Priority BMP)	Acquisition, Consultant Selection, BMP Design, Permitting & Monitoring	BMP Construction	BMP Construction & Monitoring	BMP Maintenance	BMP Maintenance

Public Facility Needs

In 2007, Lord Aeck and Sargent conducted a Space Needs Analysis for City operations. At that time, the study called for approximately 75,000 ft^2 for general City administration functions. Currently, the administrative functions are housed in 60,000 ft^2 in Building 500 of Morgan Falls Office Park.

As a result of the City Center Master Plan process, Goody Clancy revised and updated the space estimates. The overall civic building space in the City Center is anticipated to be 95,000 ft^2 and roughly 100’ wide by 350’ long. The facility is recommended to include a 400-seat performing arts hall/council chamber, plus adjacent space and be housed in 4 or more stories.

Fiscal Considerations

Guidance is needed from Mayor and City Council regarding priorities for the Phase I construction program, including the location of the Municipal Court function. Based on recommendations from Goody Clancy, staff proposes that a public facility with administrative offices, meeting facilities, a performing arts center, structured parking and a playground facility be included in Phase I.

There are numerous budget considerations for Phase I implementation. The following below presents the current estimates as prepared by staff.

Project		Allocated Funding		Funding Needed
Land Acquisition	$	15,555,672	$	10,000,000
City Center Parking Study		75,000		0
Professional Services		212,593		3,787,407
Mt. Vernon Highway and Blue Stone Road Extension		3,825,000		5,770,000
City Center Infrastructure and Green		0		11,292,500
Utilities Program Management Design		600,000		0
Utilities Relocation (next 5 years)		1,000,000		4,530,000
Marsh Creek Headwaters BMP		1,381,709		1,602,991
Structured Parking (500 spaces @ $25,000/each)		0		12,500,000
Civic Center Facility		0		TBD
T-0014/0015 Sandy Springs Circle (Phase 1)		0		1,400,000
T-0014/0015 Sandy Springs Circle (Phase 2)		2,989,498		3,198,502
Heritage Playground		0		4,400,000
Total	**$**	**25,639,472**	**$**	**58,481,400***

**Plus Civic Center Facility Costs*

Project Management Considerations

The redevelopment of Sandy Springs' City Center area is a major undertaking with multiple, complex projects occurring simultaneously or in a prescribed order. Due to the complexity of the project, additional expertise in construction project management will be required. Stated simply, project management is the *process of planning, organizing, motivating, and coordinating resources to achieve specific goals leading to a successful outcome.* The project manager will be responsible for the ultimate outcome of the project and managing the overall project to a successful completion.

The City will solicit proposals from qualified firms who specialize in the management of large-scale redevelopment construction projects. These services are intended to ensure the City receives a high-quality Downtown City Center project on time and within budget. The selected firm will be responsible for a project that consists of a 14-acre mixed-use (public and private) development featuring a new Civic Center facility, a new Public Parking Garage, a signature City Green and associated infrastructure.

It is anticipated that the solicitation for a provider will include a scope of work including, but not limited to:

- Assisting with the development of a scope of work leading to the selection of a private partner
- Assist with the selection of an architecture and landscape design team
- Evaluate and recommend project delivery method(s)
- Assist with the selection of construction contractor
- Coordinate with developments immediately adjacent to the Phase 1 Area

- Assist with project budgets and schedules.

Public Private Partnership (PPP) Guidelines

As one of the largest, and most successful Public Private Partnerships (PPP) in the country, the City of Sandy Springs embraces the tenants of PPP like no other local government. The goal of this section is to detail the steps and tools needed to encourage private sector development in the City Center area.

Prior to beginning the selection process, it is important that the steps to successful implementation be fully understood. Specifically, the need to understand the private partner solicitation process and be prepared to provide the information needed by private sector to make decision to bid. The City must also understand the available incentive tools and level of impact those tools may have on developer decisions. Decisions will be required to modify existing City policies or regulations needed to implement best-in-class incentive programs targeted for the City Center area.

Public Private Partnerships (PPPs) are common tools for redeveloping existing areas with aging and underutilized structures. PPPs create value in real estate because they lower costs for both public and private sectors. In the City Center area, PPPs could be utilized to accelerate re-development and provide market-based development expertise. Nationally, there are numerous examples, but each is unique in its local implementation as each site is bounded by its political and legal requirements. A selection of case studies can be found at the end of this section.

There are numerous types of PPPs available for use. These include:

- O&M: Operations and Maintenance
- OMM: Operations, Maintenance & Management
- DB: Design-Build
- DBM: Design-Build-Maintain
- DBO: Design-Build-Operate
- DBOM: Design-Build-Operate-Maintain
- DBFOM: Design-Build-Finance-Operate-Maintain
- DBFOMT: Design-Build-Finance-Operate-Maintain-Transfer
- BOT: Build-Operate-Transfer
- BOO: Build-Own-Operate
- BBO: Buy-Build-Operate
- Developer Finance
- EUL: Enhanced Use Leasing or Underutilized Asset
- LDO or BDO: Lease-Develop-Operate or Build-Develop-Operate
- Lease/Purchase
- Sale/Leaseback
- Tax-Exempt Lease
- Turnkey

PPPs have been used successfully in communities across Georgia to spur redevelopment efforts. Historically, downtown developments have utilized an ad-hoc toolbox, rather than a formal PPP. The best-known examples of these include the Smyrna Market Village (land assembly, bond financing, development agreements) and Edgewood Retail (TAD). Within the state, the entities with the most experience in formal PPPs are Development Authorities (such as InvestAtlanta), the State of Georgia (State Offices South and others) and MARTA (Lindbergh).

True best practices in PPPs are difficult to specifically define. Because of each site's unique political and legal requirements, industry wide best practices are not well formed. Recently, there has been a call-to-action for more standard approaches (ULI, 2012). However, there are general lessons available nationally and in Georgia to inform our efforts.

According to the National Council for Public-Private Partnerships, there are seven key components to successful PPPs in development initiatives.

1. Public Sector Champion: Recognized public figures should serve as the spokespersons and advocates for the project and the use of a PPP. Well-informed champions can play a critical role in minimizing misperceptions about the value to the public of an effectively developed PPP.
2. Statutory Environment: There should be a statutory foundation for the implementation of each partnership. Transparency and a competitive proposal process should be delineated in this statute. However, unsolicited proposals can be a positive catalyst for initiating creative, innovative approaches to addressing specific public sector needs.
3. Public Sector's Organized Structure: The public sector should have a dedicated team for PPP projects or programs. This unit should be involved from conceptualization to negotiation, through final monitoring of the execution of the partnership. This unit should develop Requests For Proposals (RFPs) that include performance goals, not design specifications. Consideration of proposals should be based on best value, not lowest prices. Thorough, inclusive Value for Money (VfM) calculations provide a powerful tool for evaluating overall economic value.
4. Detailed Contract (Business Plan): A PPP is a contractual relationship between the public and private sectors for the execution of a project or service. This contract should include a detailed description of the responsibilities, risks and benefits of both the public and private partners. Such an agreement will increase the probability of success of the partnership. Realizing that all contingencies cannot be foreseen, a good contract will include a clearly defined method of dispute resolution.
5. Clearly Defined Revenue Stream: While the private partner may provide a portion or all of the funding for capital improvements, there must be an identifiable revenue stream sufficient to retire this investment and provide an acceptable rate of return over the term of the partnership. The income stream can be generated by a variety and combination of sources (fees, tolls, availability payments, shadow tolls, tax increment financing, commercial use of underutilized assets or a wide range of additional options), but must be reasonably assured for the length of the partnership's investment period.
6. Stakeholder Support: More people will be affected by a partnership than just the public officials and the private sector partner. Affected employees, the portions of the public receiving the service, and relevant interest groups will all have opinions, and may have misconceptions about a partnership and its value to all the public. It is

important to communicate openly and candidly with these stakeholders to minimize potential resistance to establishing a partnership.

7. Pick Your Partner Carefully: The "best value" (not always lowest price) in a partnership is critical in maintaining the long-term relationship that is central to a successful partnership. A candidate's experience in the specific area of partnerships being considered is an important factor in identifying the right partner. Equally, the financial capacity of the private partner should be considered in the final selection process.

The Urban Land Institute provides key principles for successful public private partnerships which include:

- Prepare Properly for Public/Private Partnerships
- Create a Shared Vision
- Understand Your Partners and Key Players
- Be Clear on the Risks and Rewards for All Parties
- Establish a Clear and Rational Decision-Making Process
- Make Sure All Parties Do Their Homework
- Secure Consistent and Coordinated Leadership
- Communicate Early and Often
- Negotiate a Fair Deal Structure
- Build Trust as a Core Value

A copy of ULI's report is included as Appendix A to this report.

After careful consideration, staff believes that the City of Sandy Springs and its residents will be best served by the issuance of an RFP to select the best private partner(s). However, prior to the issuance of the RFP, the City must determine the specific site and dimensions to be included in the partnership. We must determine the parking possibilities and requirements, which will be informed by the Parking Study referenced in an earlier section. The City also must detail stormwater issues, identify possible public financial components, and determine the incentives the City is prepared to offer. A final decision on the scope and scale of the inclusion of public facilities (building, road improvements, park) will also need to be made.

Ultimately, prior to the release of the RFP, the City should finalize the redevelopment objectives to include mixed-use with preference for owner occupied housing, and whether or not there is a desire for programming/concierge services. The RFP should include detailed information on the City's Zoning/Development requirements (including form based code) in the City Center area, as well as the incentives the City is potentially prepared to provide such as park investment, on-site infrastructure, off-site infrastructure and financing alternatives. In order to reap the greatest degree of benefit, the City should be open to all types of partnership opportunities (O&M, DBO, etc.).

At the same time that the RFP to select a private partner(s) is under development, the City should carefully consider the evaluation criteria to be used to make the final recommendation. Some suggested criteria include:

- Proposed development vision and program
- Proven record of successful projects

- Experience of proposed project team
- Compliance with and achievement of stated objectives of City Center Master Plan
- Creativity and feasibility demonstrated in the conceptual financial structure
- Demonstrated financial capacity of partner
- Return on investment

The City is also encouraged to carefully review the current incentive structure in place. Presently, incentives are offered if a firm meets a combination of capital investment and job creation. In order to drive redevelopment in the area, the City should consider modifying the current incentive structure so that it is not heavily weighted towards job creation, but allows equal consideration for the redevelopment of underutilized land in the City Center area. At the same, care should be taken to identify development incentives that lower risk and eliminate costs for potential private partners. It is important to note that incentives must be significant to be a true enticement for developers. Examples of significant incentives include tax abatements, fee waivers (note that impact fee waivers are most the significant fee waiver for developers), collaborative financing (gap financing and/or lower cost), cost sharing, land assemblage, parking and storm water facilities, and removal of barriers to property entitlement. The City should carefully consider how many incentives we currently have in or can develop, for our toolbox.

	Program	Qualifications	Incentives Available	Incentive Type	Target Audience	City Center Eligible?
Federal	Empowerment Zone	Program ended 2011				
	EB5 Targeted Employment Areas	Rural Area OR Census tracts with unemployment 150% of national rate	Green card status for $500K investment	Financing	Investors Developers	No
	New Market Tax Credits	Census tracts with Poverty +20% and income 80% of less of statewide median	Tax credits in exchange for making equity investments in projects. Projects funded based on competitive allocation process.	Financing	Investors Developers	No
State	Enterprise Zones	Block groups with 20%+ poverty Unemployment Rate 10% higher than State Underdevelopment General Distress Blight	Tax abatement	Tax abatement	Developers Employers	No
	Opportunity Zone	Poverty, Unemployment, Blight	Job tax credit	Job tax credit	Employers (primarily large)	Yes
	Job Tax Credits (General)	Fulton County (Tier 3)	Job creation tax credit	Tax Credit	Large Employers	Yes
	Downtown Renaissance Act *(proposed for 2013 Legislative Session)*	TBD	State tax credit	Financing	Developers	TBD
Local	City of Sandy Springs	City-wide (15 new jobs & $1M capital investment)		Fee Waiver	Employers	Yes
	Development Authority	County-wide	Bond financing Tax abatement	Financing Tax abatement	Developers Employers	Yes

Through the federal and state government, as well as the City, there are existing incentive tools available as detailed in the table previous. However, limitations exist based on restrictions within the City Center area. The City also has an excellent opportunity to utilize the existing City of Sandy Springs Development Authority to provide wide-ranging development incentives.

The incentives currently in place in Sandy Springs compare favorably to other local governments' incentive programs as detailed in the table below. There are additional incentives to be considered for use in the City Center area which are currently utilized by other jurisdictions. The greatest flexibility for the creation of new incentives is available by using the City of Sandy Springs Development Authority. Under Georgia law, Development Authorities have certain legal abilities that are not afforded to local governments such as sale/leaseback agreements and other tools. These tools are discussed in greater detail later in this report.

	Thresholds	Sandy Springs	Dunwoody	Roswell	Alpharetta	Cobb County	Atlanta
Fee Waivers	Jobs	15	-	50	-	25	-
	Investment Type	Capital	-	Capital	5 year lease	Economic	-
	Investment ($M)	$1.0	-	$15.0	-	$0.5	-
	Available for Impact Fees	X	-	X	-	-	-
Job Tax Credit	Tier	3	3	3	3	4	3
	Jobs	15	15	15	15	25	15
	Credit/Job	$1,250	$1,250	$1,250	$1,250	$750	$1,250
Other incentives	Bond inducement	X	X	X	X	X	X
	OZ	X		X		X	X
	TAD					X	X
	Revolving Loan Funds						X
	Façade Improvement Grants					X	
	Enterprise Zone					X	X

In order to spur redevelopment, the City should consider additional incentives, including the removal of barriers to property entitlement and cost sharing. Through the development and adoption of a form-based zoning code, the City will have the ability to grant waivers within established criteria without going through the formal variance process. Through cost sharing opportunities, the City can identify strategic assembly opportunities, having ready-to-develop sites available, removing risk and time for developers. Through cost sharing, the City can identify and begin strategic infrastructure opportunities such as a City stormwater facility that would eliminate on-site requirements currently in place. The City may also want to consider implementing a fee waiver process to waive all development impact fees for a certain time period for large-scale projects with major impact (i.e., for the initial developers taking on the most risk), regardless of job creation.

Incentives from the state have been available in the City Center area since the creation of the City's Opportunity Zone (OZ) in 2010. Staff recommends the creation of a new "City Center OZ," rather than amending the existing zone. OZs are primarily an incentive for large employers, but could by used by a developer to market the property to office users. Prior to taking this step, the City should weigh the creation of the Zone (as specific language is required) against policy goals of retention/recruitment in other large multi-tenant office areas of City. It is important to note that the new City Center OZ would need to be in place prior to any redevelopment efforts being undertaken.

Another incentive option available through the use of the Urban Redevelopment Act and the City of Sandy Springs Development Authority is tax abatements. In Georgia, tax abatements must be done thorough sale-leaseback structure and are typically handled through a Development Authority. Tax abatements can be used as either an employment incentive (generally as a straight cost-abatement for 10 years) or as a development incentive through financing options.

Financing options are also compelling incentives for private partners. The PPP itself can be a type of incentive if City indicates it is open to considering creative financing structures. Options include revenue bond inducements that offer lower interest rates to the developer or bonds issued through a Development Authority, and paid off with revenue from the project. Property taxes can also be used to finance projects through Payment In Lieu Of Taxes (PILOT) or Tax Allocation Districts (TAD). PILOTS use a sale-leaseback structure of tax abatement, but the owner continues to pay the abatement amount into a fund which is then used to issue bonds to fund the project. This requires the payment of the entire tax amount, not an incremental share; however, jurisdictions receive no tax revenue for the life of the bonds.

In a Tax Allocation District (TAD), the City caps existing tax values in a designated area. This is not an abatement and all impacted jurisdictions continue to receive the base tax amount for duration of TAD's effective period. The City can then use the increment created by new development to pay for certain redevelopment costs including land acquisition and public infrastructure improvements. Redevelopment costs are paid out of a special fund. Payments can be "pay as you go," or TAD bonds can be issued which are revenue bonds and do not count against the general obligation bond limits. In order for a TAD to be most effective, the cooperation of all taxing jurisdictions is required, including school boards. Examples of successful TADs in Georgia include Atlantic Station and the Edgewood Retail District.

Georgia law provides local governments with two powerful tools to encourage redevelopment. The Urban Redevelopment Act (O.C.G.A. § 36-61) was adopted in 1955, and gives specific powers to rehabilitate, conserve or redevelop of any defined geographical area that is designated as a "slum area" by the City. This statute remains the most powerful, flexible and easy to use legislative tool governing bond financing to support successful public/private revitalization partnerships. Should the City elect to use a PPP to spur redevelopment, provisions of the Urban Redevelopment Act will be required to accomplish many of the financing structures of a PPP. The Urban Redevelopment Powers Act (O.C.G.A. § 36-44), adopted in 1985, provides slightly different powers to local governments. Specifically, local governments were granted the authority to sell bonds to finance infrastructure and other redevelopment costs within a specifically defined area (a TAD).

There are numerous uses for the Urban Redevelopment Act (URA), including:

- Deteriorating or underutilized sections of downtowns
- Brownfields
- Old warehouse or industrial districts
- Declining commercial corridors (grayfields)
- Deteriorating neighborhoods
- Mixed-use and neo-traditional developments
- Substandard or obsolescent mobile home parks
- Neighborhoods that might be negatively affected by facilities such as airports or water treatment facilities

The Urban Redevelopment Act (URA) provides advantages and specific powers to local governments. It provides options and a legal framework for designating the appropriate implementing entity (local government, DDA, Housing Authority or a specially created Urban Redevelopment Agency), and the development of binding intergovernmental contracts. The Act promotes Public Private Partnerships because it permits long-term intergovernmental contracts. It also permits the local government or its designated redevelopment agency to issue tax-exempt revenue bonds for redevelopment purposes. These may be secured by loans, grants, leases, and other development revenues, and do not count in the local government's general indebtedness cap. Through the URA, communities have the ability to make exceptions to its development ordinances in order to achieve stated economic and aesthetic outcomes in the redevelopment area. The Act also expands access to some state grant and loan programs and allows the community to expand incentives for private investors (i.e., Opportunity Zones). Ultimately, the URA provides local governments with expanded public financing options including revenue bonds, fees and taxes.

The URA requires that a redevelopment agency be chosen and designated by the City. The redevelopment agency can be a local government, an existing Development Authority, or a designated urban development agency. It is up to the City to specify which powers to delegate. Note that the power to levy taxes and fees cannot be delegated to the redevelopment agency. However, once delegated to the redevelopment agency, those powers no longer belong to City within the redevelopment area, but sunset provisions may be applied. Use of the URA and the appointment of a redevelopment agency is attractive because it affords local governments the ability to contract to accomplish specific purposes that the local government can't accomplish (i.e., long-term contracts).

Under the terms of the Act, in order to use the powers allocated, a local government must adopt a resolution in a public hearing with a "finding of necessity" specifying the geographic areas to which it will be applied. The area must have:

- Lower than average growth in assessed tax value
- Lower numbers of building permits than surrounding areas

- Deteriorated or poorly maintained housing stock
- Obsolescent buildings or facilities
- High crime/unemployment/commercial vacancy rates
- Visual Blight (poor quality strip commercial buildings, barren parking lots, broken or missing sidewalks and curbs, poor drainage, poorly maintained signage, distracting utility poles and overhead lines, junk, graffiti, and litter)
- Lower than average rents
- Greater percentage of the population below the poverty level
- Many bankruptcies and business closures

The government must also adopt an Urban Redevelopment Plan (URP). The City Center Master Plan can be minimally revised to meet this requirement.

Under the conditions of the Urban Redevelopment Act, local governments, urban redevelopment agencies and housing authorities are authorized to issue tax-exempt revenue bonds to pay for redevelopment projects. However, federal tax law changes in the 1980's removed access to tax-exempt financing for most types of development authority projects. Thus far, courts have held that obligations under IGAs are not "debt" as defined by the Georgia Constitution and are therefore not subject to local government debt limitation provisions. The City of Sandy Springs Development Authority is already authorized to issue revenue bonds as permitted under the Development Authorities Law (e.g. "any project that serves the essential public purpose of development of trade, commerce, industry and employment opportunities"). Case law shows that courts are most comfortable with Development Authorities when they only finance private projects, not public infrastructure.

More than 100 Urban Redevelopment Plans have been adopted in Georgia, but most have specific purposes (i.e., Opportunity Zone designation or downtown development). A sample of projects include:

- Suwanee Town Center
- Smyrna Market Village (land assembly and sales to private developers, bond financing)
- Duluth Town Center
- Ponce City Market
- Atlantic Station

It is important to note that these downtown development projects were created prior to changes in eminent domain law (2006), but redevelopment law allows many of same things to occur.

The Urban Redevelopment Act (URA) provides redevelopment agencies with more flexibility for property disposal than City entities. Under the law, the redevelopment agency may "sell lease or transfer property in redevelopment areas for residential, commercial, industrial, or other uses or for public use." Additionally, the property does not need to be sold to the highest bidder. URA allows the development entity to describe the desirable uses of a parcel and choose the redeveloper who presents the most attractive "build to suit" development proposal. The redevelopment agency may also require performance or payment bonds and take the buyer's qualifications, past performance and financial capabilities into considerations in selecting private partners.

Property acquired for redevelopment by local governments must be sold at fair market value with specific conditions and use limitations (e.g., if an industrial zoned parcel is sold to a developer with the requirement that it be developed as affordable housing, the selling price should be based on affordable housing comparables). It should be noted that conditions must be attached to the deed limiting future development of the property to the uses specified in the Urban Redevelopment Plan. While the law specifies that these requirements are applicable to a sale to "private persons," it does not address sales or transfers to other public agencies such as Downtown Development Authorities (DDAs). It would appear clear from the limited case law that should a DDA acquire the property in the exercise of its powers as the redevelopment agency, it must comply with this provision in disposition of property from private citizens. However, the Act does not address what is required where the DDA acquires the property directly from the local government. It is possible that under such circumstances, the property would then be disposed of pursuant to the requirements of the Downtown Development Authorities Law.

Strictly speaking, Community Improvement Districts (CIDs) are defined areas within which businesses pay an additional tax or fee in order to fund improvements within the district's boundaries. They are used for funding certain governmental services including street and road construction and maintenance, parks and recreation, storm water and sewage systems, water systems, public transportation systems, and other services and facilities within the CID. Under Georgia law, a CID may levy taxes, fees and assessments on non-residential real property within the CID, not to exceed 2.5 percent of the assessed value of the real property. CIDs are allowed to issue bonded debt, but such debt is not be considered an obligation of the state or any other unit of government other than the CID.

CIDs are usually organized and requested by commercial property owners. They are governed by a Board of Directors and under the statute, the establishment of a CID requires written consent of the majority of the owners of the real property within the CID, and the owners of real property within the CID that constitutes 75 percent or more by value of all real property. Following this action, the next step is certification by the County Tax Commissioner that the percentages of approval have been reached. Before the CID is officially created, the City Council must pass a resolution consenting to the creation of the district; however, the County is not required to consent unless the CID area involves parcels in unincorporated areas of the County. Under the conditions of local legislation, Fulton County requires the Board of Directors for CIDs be composed of

- 5 elected by property owners
- 2 appointed by County
- 1 appointed by each municipality in the district

Should the City choose to use a PPP or components of the URA as a solution to spur redevelopment, staff recommends that a specific timeline and critical path be followed.

1. Determination of specific site and scope of work (February 2013)
2. Adopt/Amend Urban Redevelopment Plan (April 2013)
    - Determine proper Redevelopment Agency for City Center area
3. Other action items to add to timeline:
    - Form-based zoning code approved (April 2013)

- Identify public facilities and funding priorities for Phase I (storm water / parking facilities) (March 2013)
- Policy discussion/approval for: (March 2013 and ongoing)
  - Development regulation waivers (including streetscape requirements)
  - Amend Incentive Policy to waive impact fees for development
  - Using a Development Authority to support financing for private projects (revenue bonds, TADs, other)
  - OZ application to DCA

4. Marketing of City Center assets and incentives to development community (ongoing)
5. Set up tracking system for incentives and determining ROI (ongoing)

The case studies presented below represent a selection of best practices in PPPs. These projects have all been successfully implemented.

PPP Case Study 1:

- Ford Island Master Development Agreement (2003)
- **Project Location:** Pearl Harbor, Hawai'i
- **Public Sector Partner:** Department of Defense, U.S. Navy
- **Private Sector Partner:** Ford Island Properties, LLC
- The U.S. Navy conveyed and leased $84 million in property for in-kind construction from Ford Island Properties, LLC. This included 1,600 acres on five parcels of land throughout O'ahu including 1,988 family housing units.
- A Master Development Agreement (MDA) laid out the plans and expectations to develop Ford Island and the surrounding community.
  - $84 million in infrastructure
  - 231 new homes have been built on the island, which are priced at or below the military housing allowance for military families

PPP Case Study 2:

Arizona Game and Fish Dept. Headquarters (2007)

Project Location: Phoenix, Arizona

Public Sector Partner: Arizona Game and Fish Department

Private Sector Partner: Lincoln Property Company

- Used department owned land and an annual cash-flow that was guaranteed by fees generated by the sale of permits and licenses to finance construction of its new headquarters.
- The Arizona Wildlife Finance Corporation (AWFC), a private financial organization was established to own the facility, selected Sundt to build the $20.9 million facility. Lincoln Property Co., an independent property developer, secured private market financing for the project and will manage and maintain the property for the 25 years. At the end of the 25-year term, ownership of the facility is transferred from AWFC to the Arizona Game and Fish Department.
- The project was financed through the use of tax-exempt bonds on a privatized lease-to-own basis.

PPP Case Study 3:

Herryford Village at Fort Belvoir (2005)

Project Location: Fort Belvoir, Virginia
Public Sector Partner: The United States Army
Private Sector Partner: Clark Realty Capital, LLC
PROJECT SUMMARY: An infill development consisting of 171 single and multi-family units, along with 14,000 square feet of retail space.

- Financed by capitalizing the service member's market-based Basic Allowance for Housing.
- Clark Realty could not have built the homes at Fort Belvoir without the PPV program. Because the PPV allows the team to build the development without paying the land costs, the company is able to provide affordable, quality housing for these service members.
- The residential units, office, and care and shell of the retail space were financed by the RCI project through third party debt (S&P rated bonds), interest income, net operating income and partnership equity over the term of the public-private partnership (PPV). No government investment (tax dollars)go into the housing redevelopment project. Clark Realty Capital (through PPV legal entities) is the managing member of the partnership and Owner of the real property (entire Town Center), AAFES signed subleases for the retail spaces and financed the fit out through internal financing and negotiations with individual tenants. The AAFES subleases reimburse the project for the upfront investment of the core and shell space. This is a key component for the financing in that dollars for the redevelopment of housing are made whole during a 6-year pay back period so the money can be reinvented into the community redevelopment.

Support Services

Throughout the City Center Redevelopment Project, various other City departments will have a key supporting role. Chief among these will be the **Finance and Communications Departments**.

The **Finance** Department will ensure that the City's approved procurement process is followed, that all expenditures align with the approved budget, and will maintain compliance with audit requirements. Finance staff will meet with appropriate department heads and key staff members monthly to reconcile and review expenses and, where appropriate seek reimbursement from federal and state entities.

Communications will focus its efforts on providing timely updates and information to target audiences, including:

- Mayor & City Council
- Staff
- Key Stakeholders: property owners, business owners, Main Street Alliance – i.e. those within City Center area and Economic Development Advisory Committee
- Business Stakeholders: Chamber of Commerce, PCID, Council for Quality Growth, ULI Atlanta, current businesses throughout Sandy Springs
- Outside Agencies and Funding Agencies (in particular, agencies impacting Public Works projects)
- Community: Residents and those who work in Sandy Springs

- Prospective Developers
- Prospective Businesses
- News Media (Including: Reporter, Patch, Neighbor, AJC, WSB TV, Atlanta Business Chronicle)

The department will employ a number of tools to communicate this information including small group briefings, presentations, e-Newsletter, a dedicated website, informational materials and media relations.

City Center

Master Plan

Appendix A
Urban Land Institute

Ten Principles for Successful Public/Private Partnerships

Urban Land Institute

Ten Principles for Successful Public/Private Partnerships

Mary Beth Corrigan
Jack Hambene
William Hudnut III
Rachelle L. Levitt
John Stainback
Richard Ward
Nicole Witenstein

Urban Land Institute

About ULI–the Urban Land Institute

ULI–the Urban Land Institute is a nonprofit education and research institute that is supported by its members. Its mission is to provide responsible leadership in the use of land in order to enhance the total environment.

ULI sponsors education programs and forums to encourage an open international exchange of ideas and sharing of experiences; initiates research that anticipates emerging land use trends and issues and proposes creative solutions based on that research; provides advisory services; and publishes a wide variety of materials to disseminate information on land use and development. Established in 1936, the Institute today has more than 26,000 members from more than 80 countries representing the entire spectrum of the land use and development disciplines.

Richard M. Rosan
President

Recommended bibliographic listing:

Corrigan, Mary Beth, et al. *Ten Principles for Successful Public/Private Partnerships*. Washington, D.C.: ULI–the Urban Land Institute, 2005.

ULI Catalog Number: T26

International Standard Book Number:
978-0-87420-947-1

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Cover photograph: Downtown Silver Spring, Maryland—an example of a successful public/private partnership. See page 25. (Carol M. Highsmith Photography, Inc.)

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This report was conceived by the Public/Private Partnership Council (Blue Flight) with input from the Public/Private Partnership Council (Gold Flight). These principles are the result of their early work and input on the draft report.

Foreword

The use of public/private partnerships (PPPs), as this publication clearly illustrates, is a growing trend throughout the United States. But this practice is far from novel or even new.

The use of PPPs to meet a wide variety of public needs dates back centuries in the United States. One of the first examples was the Lancaster Turnpike, a toll road built by the private sector with public sector oversight and rights-of-way. It was opened in 1793, connecting Pennsylvania farmers with the Philadelphia market and drastically reducing the travel times. The Erie Canal, completed in 1825, and the first Transcontinental Railroad, finished in 1869, are two other early examples of PPPs.

Today, partnerships are used not only in transportation projects but also for water and wastewater systems, delivery of social services, building schools, and a wide range of other applications. By far the fastest-growing arena for the use of PPPs is urban economic development, which is why *Ten Principles for Successful Public/Private Partnerships* is such a valuable guide.

Cities and counties are rapidly applying the experiences with PPPs learned over the last few decades—experiences on how to most effectively combine the strengths and resources of both the public and private sectors. Significant refinements in the PPP process resulted from these experiences. Although PPPs can be more difficult to execute than other types of procurement, the reward can be worth the extra effort. As the case studies included here indicate, in many instances PPPs make possible the completion of projects that would be impossible using more traditional methods of economic development.

Many of the important lessons learned are included in *Ten Principles*. The importance of continued public sector leadership, as well as the public sector's ongoing monitoring and nurturing of the partnership, is clearly illustrated. Equally important is the clear and open process necessary for the selection of the private partner. Most important of all is that the private and public sectors build a collaborative relationship—one that requires "give and take" on both sides of the table to make the project a success.

This publication by the Urban Land Institute is a valuable step forward in disseminating that information.

Richard Norment, *Executive Director*
National Council for Public-Private Partnerships
www.ncppp.org

Introduction

Building and rebuilding cities and new communities is a complex and challenging endeavor under the best of circumstances. Among other things, it requires merging public and private interests and resources. However, the traditional process of urban and suburban development can be inherently confrontational—an arm-wrestling contest between the local government and the developer to see which will win distinctly different prizes.

ERHARD PFEIFFER

To fulfill objectives for increased convention business, the city of Charlotte, North Carolina, and private developer Portman Holdings partnered to fund and develop the Westin Charlotte, a 700-room convention center hotel.

The need to rebuild and revitalize older portions of our urban areas and the public need to monetize underused assets have dramatically changed the rules of this game. No longer can private capital be relied on to pay the high price of assembling and preparing appropriate sites for redevelopment. No longer can local governments bear the full burden of paying the costs of requisite public infrastructure and facilities. Planning and zoning controls are often either inadequate or too inflexible to ensure either appropriate control or enablement of desired private outcomes. True partnerships replace potential confrontation with collaboration and cooperation to achieve shared goals and objectives. This process requires applying far more effort and skill to weighing, and then balancing, public and private interests and minimizing conflicts.

Today, public/private partnerships are considered "creative alliances" formed between a government entity and private developers to achieve a common purpose. Other actors have joined such partnerships—including nongovernmental institutions, such as health care providers and educational institutions; nonprofit associations, such as community-based organizations; and intermediary groups, such as business improvement districts. Citizens and neighborhood groups also have a stake in the process. Partnerships around the country have successfully implemented a range of pursuits from single projects to long-term plans for land use and economic growth. Partnerships have completed real estate projects such as mixed-use developments, urban renewal through land and property assembly, public facilities such as convention centers and airports, and public services such as affordable and military housing.

Although each public/private partnership project is unique in its local implementation, most share common stages within a development process bounded by legal and political parameters. In the first phase—conceptualization and initiation—stakeholders' opinions of the vision are surveyed and partners are selected through a competitive bid process. In the second phase, entities document the partnership and begin to define project elements, roles and responsibilities, risks and rewards, and the decision and implementation process. Partners


LCOR INCORPORATED

Contributing major benefits to the citizens of Washington, D.C., the James F. Oyster School/ Henry Adams House, a public elementary school and 211-unit residential apartment complex, was constructed as a result of a partnership among the District of Columbia Public Schools, the community, and the developer LCOR Incorporated.


CARLA BREEZE

Joint efforts by the city of Albuquerque and developer Paradigm and Company to reuse the Old Albuquerque High School Campus and adjacent site have resulted in the development of new residential, commercial, and civic spaces in the downtown.

also negotiate the "deal" and reach agreement on all relevant terms. In the third phase, the partnership attempts to obtain support from all stakeholders, including civic groups, local government (through entitlements), and project team members. Project financing begins and tenant commitments are secured. Finally, in the fourth phase, the partnership begins construction, leasing and occupancy, and property and asset management. However, the process is repetitious and can continue beyond the final phase when partners manage properties or initiate new projects.

A partnership is a process not a product. Successful navigation through the process results in net benefits for all parties. Public sector entities can leverage and maximize public assets, increase their control over the development process, and create a vibrant built environment. Private sector entities are given greater access to land and infill sites and receive more support throughout the development process. Many developers earn a market niche as a reliable partner with the public sector and are presented with an opportunity to create public goods.

With declining levels of public resources to fulfill social and physical needs and pressures for more accountability in financial investments, partnerships between public and private entities will become increasingly permanent and comprehensive in nature. In 2004, $75 billion was spent by public/private partnerships on economic development and urban renewal projects, indicating that the market and the public sector increasingly support this investment approach.

Thus, this publication presents principles to guide community leaders and public officials together with private investors and developers through the development process and highlights best practices from partnerships around the country. The principles endeavor to ensure the most efficient use of public and private resources in the pursuit of mutual gains through public/private partnerships.

Ten Principles for Successful Public/Private Partnerships

1. Prepare Properly for Public/Private Partnerships
2. Create a Shared Vision
3. Understand Your Partners and Key Players
4. Be Clear on the Risks and Rewards for All Parties
5. Establish a Clear and Rational Decision-Making Process
6. Make Sure All Parties Do Their Homework
7. Secure Consistent and Coordinated Leadership
8. Communicate Early and Often
9. Negotiate a Fair Deal Structure
10. Build Trust as a Core Value

1 Prepare Properly for Public/Private Partnerships

Early and comprehensive preparation by both the public and private sectors is the key to successful public/private partnerships. The tasks of the public and private partners described here should not be perceived as sequential; all are necessary for a successful partnership.

Public Partner Responsibilities

Preparation entails creating and constantly updating a plan for development showing specific sites for private investment opportunities. In addition, the public partner must identify development goals and resources, including commitments for inducements and incentives for prioritized projects in the plan. This specificity will enable developers to understand the true scope of the development opportunities in the community.

Assess Your Capabilities. In the early stages of the process, the public sector should assess its institutional capacity to act as a partner. Creating an entity to handle the partnerships, such as a redevelopment authority or a quasi-governmental agency, may be necessary if such an agency does not exist. The public partner needs to make sure it has the expertise to negotiate with the sophisticated private party and the authority to retain the use of one or more consultants to assist in developing the partnership. Ask whether the staff of the

A major campaign to coordinate public and private redevelopment investments has made the city of Chattanooga a destination for locals, tourists, and convention attendees.

DAVID ANDREWS

Set the groundwork for successful joint ventures through careful planning and consensus building

To design a development plan in accordance with the needs of the community, the partnership can use various tools to involve the public in its visioning and implementation process.

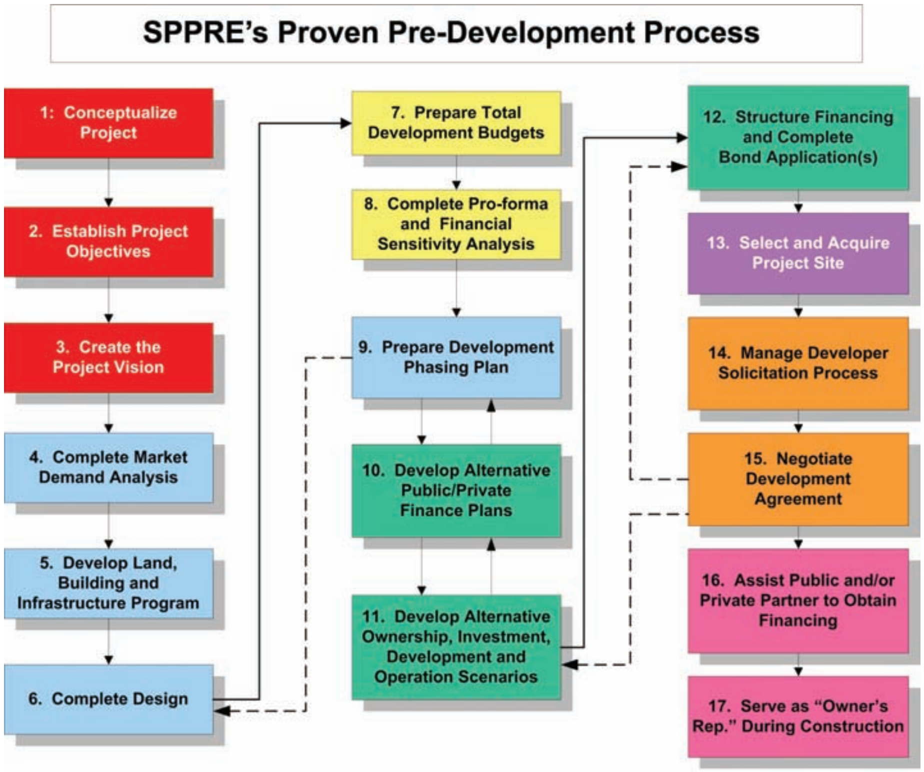
Public Participation Spectrum

Developed by the International Association for Public Participation

INCREASING LEVEL OF PUBLIC IMPACT →

INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
Public Participation Goal:	**Public Participation Goal:**	**Public Participation Goal:**	**Public Participation Goal:**	**Public Participation Goal:**
To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.
Promise to the Public:	**Promise to the Public:**	**Promise to the Public:**	**Promise to the Public:**	**Promise to the Public:**
We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for direct advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.
Example Techniques to Consider:	**Example Techniques to Consider:**	**Example Techniques to Consider:**	**Example Techniques to Consider:**	**Example Techniques to Consider:**
• Fact sheets • Web sites • Open houses	• Public comment • Focus groups • Surveys • Public meetings	• Workshops • Deliberate polling	• Citizen Advisory Committees • Consensus-building • Participatory decision-making	• Citizen juries • Ballots • Delegated decisions

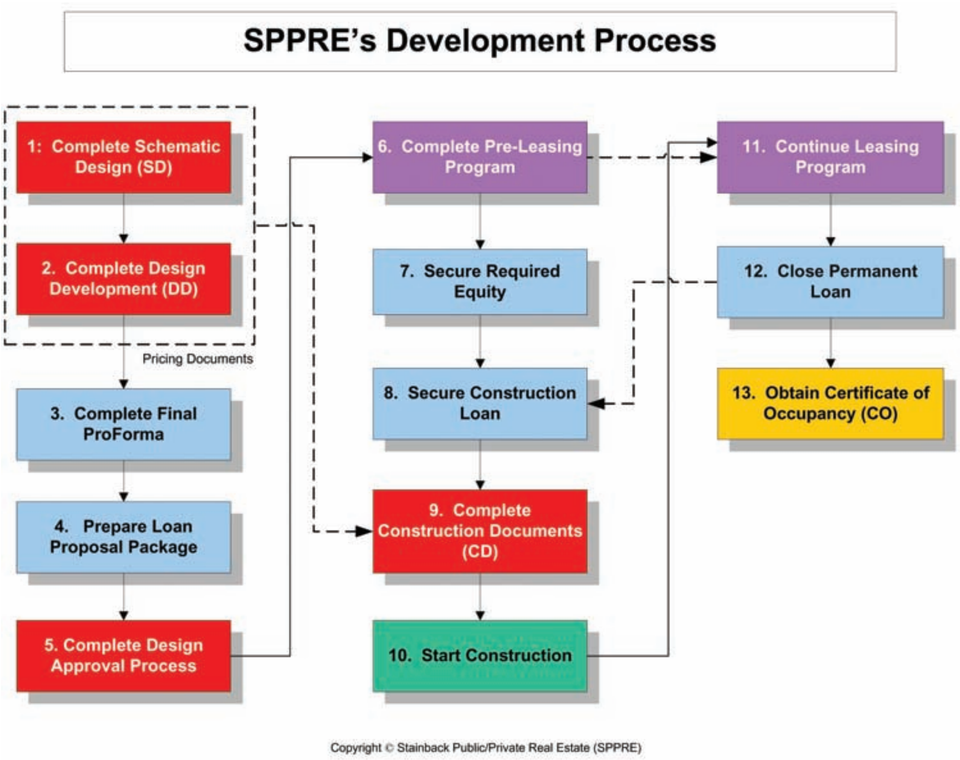
jurisdiction can satisfactorily represent the public interests. Look at housing agencies or urban renewal authorities—such as economic development corporations, public authorities, and special purpose development corporations—as potential implementation entities and project managers. Of course, state authorizing legislation should be reviewed to make sure that the public partner has the authority to create the entity. Last, does the public agency have the capital to invest in the project to ensure its economic viability? Funding for government-imposed requirements, environmental cleanup, and the like are required at times to make the project work.



Create a Public Vision. The vision for the program should be the result of a consensus-building process that identifies the opportunities, objectives, and ultimate goals for the community. The local government must consider and establish its long-range public interest goals and resolve any conflicts that it might have for the specific project in question. It is essential that the overall development strategy is described both verbally and graphically to ensure that both the public and the real estate community understand the program.

The predevelopment process establishes how the vision can be realized and indicates the public partner's level of preparedness to structure and implement the proposed project. The public partner must complete the following stages before issuing a developer solicitation: land assemblage and ownership, environmental analysis of the site, market demand and financial feasibility studies, as well as completion of alternative ownership, investment, development, and facility operational scenarios. Consultants can guide public entities through this process.

Be Legislatively Prepared. Make sure that building codes and regulations support the vision established for the development, including the potential for



Public and private sector partners should be involved in the design of public/private partnerships' physical and financial plans, as shown in this model of the development process.

streamlining building codes and regulations to remove potential obstacles to effective partnerships. Jurisdictions that have created one-stop permitting have been quite successful in attracting private investment by eliminating lengthy approval processes and overlapping regulations. Regulatory delays and loss of the right to develop pose the greatest risks to developers. Eliminating such risks makes a successful public/private partnership much more likely. The public sector must resolve the dilemma of the dual role of partner and land regulator.

Be Resourceful with Funding. With the increasing scarcity of public sector funds, the complexity of the financial package will necessarily increase. It is, therefore, essential to be imaginative and forward thinking to capitalize on all and any funds that might work. Identify public and nonprofit sector funding mechanisms, such as community development block grants, tax increment financing tools (where available), transportation funds, and local revolving loan funds.

Have the Land Ready. The public partner should examine its ability to assemble the necessary land. Evaluate the capacity for the right of eminent domain. Consider the potential for land banking to avoid any land assembly issues if the opportunity makes itself available.

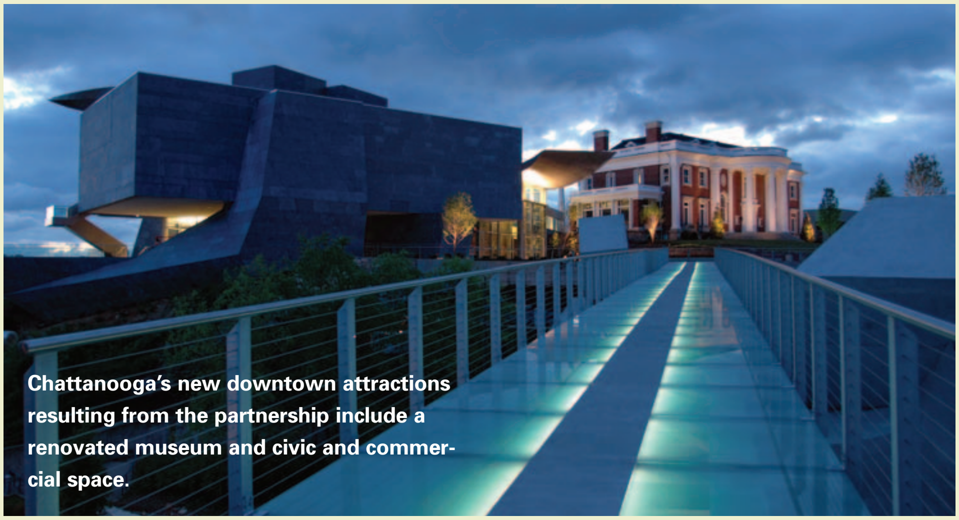
Chattanooga's Comprehensive Approach to Redevelopment

The comprehensive approach to revitalization undertaken by the city and region of Chattanooga, Tennessee, demonstrates how the public/private partnership process can support a long-term strategy for livability and sustainability. With significant air pollution problems and deindustrialization and decentralization patterns hollowing out the city and inner core of the region, the Chattanooga community implemented a master-planning process in the 1980s in an attempt to harness public and private sector resources to promote the redevelopment of the city and to improve regional growth patterns.

"The Tennessee Riverpark Master Plan," published in 1985, emerged from the "Vision 2000" community planning process, which aimed at determining how to attract and maintain high-quality growth in the region. The plan calls for a comprehensive strategy for redevelopment efforts, focused on spurring development downtown, particularly along a 22-mile corridor of the Tennessee River. Using the public and private sectors in creating, funding, and implementing the redevelopment strategy, the plan established a 20-year time frame and specific steps for implementation.

Chattanooga public authorities have supported redevelopment with new regulations, financing mechanisms, and public/private institutions. Land use regulations, such as the redesignation of land to spur reinvestment and the inclusion of community members in the planning process, have catalyzed new development. Furthermore, the creation of new revenue sources, including a hotel/motel tax and the establishment of the 21st Century Waterfront Trust, which has received more than $120 million from public and private sector funding, has resulted in the construction or enhancement of projects along the waterfront. Finally, new organizations have been established to assist in coordinating redevelopment efforts, particularly the River City Company, a private nonprofit organization managing redevelopment projects; the Chattanooga Downtown Partnership, supporting local city businesses; and the Chattanooga Neighborhood Enterprise, which has created affordable housing opportunities in the city.

Many indicators confirm Chattanooga's successful approach to redevelopment, including its current designation as one of the most livable communities in the country, downtown investment exceeding $1 billion within the decade, and the fulfillment of a majority of the original Vision 2000 goals just ten years after the original visioning process. Thus, by comprehensively coordinating revitalization efforts, Chattanooga has set in motion a cycle promoting reinvestment in the community.


DAVID ANDREWS

Chattanooga's new downtown attractions resulting from the partnership include a renovated museum and civic and commercial space.

Manage Expectations. During this stage of the process, establish a schedule that clarifies the expectations of the public decision makers. It is a good idea to craft a public awareness program to inform stakeholders of the goals of the development strategy and the specific projects that are identified.

Private Partner Responsibilities

First and foremost, the private partner needs to be prepared for a transparent process. Although parts of the process exist in which certain information is not disclosed, particularly during the competition over project bids, the developer must be prepared to make its numbers, its name, and itself open to public scrutiny. The recognition and acceptance of this basic tenet should precede all other steps that the developer will take. If such transparency is not acceptable, the developer should walk away from the project.

Establish Feasibility. While the public partner is establishing clear-cut goals and projects, the private partner can be preparing by meeting with investors to explain the nature of the public/private partnership. As in all development processes, the developer must underwrite the market and determine interest. The public partner should have provided substantial background information during its preparatory phase. The developer must also identify and assess the opportunity for the project and assess whether it is feasible. Increasingly, with the help of legislative authority the private partner submits unsolicited proposals conceptualizing and designing the use of a public/private partnership, which then is implemented with public approval.

The developer needs to make an internal assessment of the resources that are required to accomplish the project, including such items as potential staff, assessment of risk, potential deal structures (whether they will work for a fee or be partners in the venture), potential investors, and political and community leadership and working relationships with leaders.

Know Your Partners. This getting-to-know-you stage will ease the subsequent stages in the development process. During the preparatory, or due diligence, stage the developer should familiarize itself with the jurisdiction's plans, approval processes, and length of permitting processes. The developer should assess the public partner's ability to deliver and to commit its resources up front.

Get the Right Team. If the developer decides to continue with the partnership, the developer should assemble a team who brings insight and experience with the public partner. If the developer is new to the community, it would be valuable to find local expertise to assist in the process. The developer needs to be prepared to be an explorer and adapt to what may be discovered.

2 Create a Shared Vision

All successful projects start with a vision. Without a vision, the project will most likely fail. The vision is the framework for project goals and serves as the benchmark to ensure the realization of joint objectives.

Creating a vision: Creating a vision is not always easy, and it is crucial that the vision is shared. Ideally, property owners, residents, and area anchors such as churches, colleges, hospitals, homeowners associations, and other stakeholders will have "buy-in" because they have a stake in the outcome. Creating a vision involves building consensus and including all the stakeholders, even those who may be naysayers. By casting a wide net and giving all the stakeholders—including potential partners—an opportunity to help craft the vision, less possibility exists for opposition to a project. Public hearings, charrettes, visioning exercises, and other tools for involving stakeholders in the visioning process should be used to ensure the broadest outreach. Involving the media is another key factor for two reasons. First, it helps get the message out about the visioning process, and second, it helps form an alliance with the media, which will be crucial in articulating and publicizing the vision once it is created.

The Durham partnership formalized a plan to fulfill the community's collective economic, physical, and social needs within the city's historic urban framework.

CHUCK YOUNG

Sustaining the vision: A vision is not just pretty pictures depicting the ultimate outcome. It involves a strategy for implementation, which includes funding mechanisms (public and private), potential partners (and their responsibilities), and an agenda or time frame for achieving the vision (making the project a reality). These components are all critical for realizing the vision and ensuring that it gets off the boards and onto the ground.

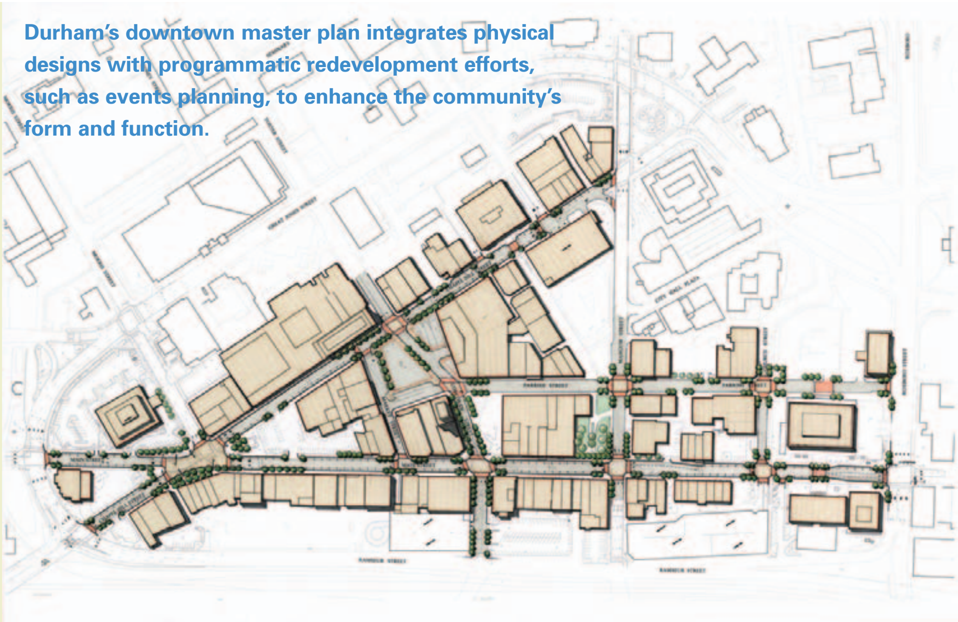
Partners should make a practical analysis of market conditions and demographics to ensure that the vision is neither too grand nor too small. An important component of the vision is specifying the scale of the project or projects that provides people with an understanding of what is going to happen. If the

Facilitate a vision and establish strategies for its implementation

Durham, North Carolina

Seeking measures to attract people and development to the community, public and private leaders in Durham, North Carolina, formed a partnership to initiate a community master-planning process in the 1990s. The partners established a process enabling the community to collectively envision and then implement a desirable new future within a region affected by dynamic local and external economic and social conditions.

To organize revitalization efforts in the community, Downtown Durham, Inc. (DDI), a public/private development organization, directed the formation of the new city master plan and implementation process, a 20-year, $1 billion revitalization effort. To ensure wide support and buy-in for the initiative, Durham stakeholders were invited to identify and formalize their vision of the city's future through meetings, interviews, and focus-group discussions. Stakeholders and public and private partners identified the downtown as the pivotal activity center within which vibrant communities could be established and suggested measures for improving the city's livability—such as creating and maintaining more pedestrian-friendly streets, enduring neighborhoods, attractive spaces, public services, and social outlets.



Durham's downtown master plan integrates physical designs with programmatic redevelopment efforts, such as events planning, to enhance the community's form and function.

DOWNTOWN DURHAM, INC.

In addition to a shared visioning process, the plan identified mechanisms to include both public and private partners and nonstakeholders in the implementation of the plan. DDI with the assistance of the city's Office of Economic and Employment Development, has acted as the "engine" to implement the master plan and as the "accountability mechanism" to ensure that the community continues to move ahead with the recommendations of the plan. Furthermore, a five-year joint DDI and city-funded review of the downtown master plan identified accomplishments and deficiencies and developed a list of priorities for the next five years. By designing a shared vision and implementation process, the community is facilitating the creation of a "downtown that sees the future and understands how to take advantage of it."

vision calls for building new housing, for example, it is important to talk about the density of the residential portion of the vision. Some may think the new development will be ten units to the acre when the vision is really intended to accommodate 40 units to the acre.

Moreover, involving the stakeholders will help bring reality to the plans by establishing a collective vision and creating community buy-in for the project. The most important component of a vision is ensuring that it can endure the test of time. Most development or redevelopment projects are long term and may span several political administrations. Thus, the vision that is created is not just the whim of the current administration, but represents key community and stakeholder buy-in that will help it endure. A shared vision that is created and embraced by key stakeholders will stand the test of time and will persevere through implementation.

3 Understand Your Partners and Key Players

The beginning point of any successful partnership is for all prospective partners to invest the time and effort necessary to gain a full appreciation of, and respect for, their counterparts in a deal—their background, reputation, experience, needs, financial strength, motivations, expectations, and goals. Choose wisely, because you want partners who will work with you, not against you. Everyone is not in the deal for the same reasons, and without such understanding, trust will never be built, and distrust may cause the deal to unravel.

Each partner supports the efforts of the partnership and its long-term objectives.

Public/private partnerships are a four-legged stool. They involve government, nonprofit organizations, for-profit interests, and stakeholders. Each sector plays a different role. Government should understand, for example, that the private partner needs a positive bottom line, while the private partner should understand that government does not move fast, is not necessarily profit driven, and has broader constituencies to deal with. Any deal has to answer two fundamental questions: (1) Is it financially feasible? and (2) Will it be approved?

Public partner: Government often sets the table. Typically, a government agency must validate a project's public purpose before that agency can even consider participation. However, once this validation is affirmed, a government can acquire land, write down its cost, prepare the site, grant permits, expedite processing, build public facilities, and undertake necessary infrastructure improvements (sewers, roads, bridges). It has tools—such as tax abatement, tax increment financing (TIF), fee waivers, zoning, and even eminent domain—that it can bring to the table to incentivize the private sector and help make sure the project is financially feasible to the capital markets. Local governments can make grants, access pools of money and resources at the state and federal levels, float bonds, and raise long-term (patient) capital. And, of course, government has to approve a deal through zoning boards, commissions, city councils, mayors, and county officials, to say nothing of state and federal officials. This development approval process often comes down to political will and standing by and behind a negotiated deal in spite of public opposition. It also requires flexibility. If the public sector cannot make necessary compromises with its partners, the deal may be lost. Consultants and lawyers can help facilitate the decision-making process during negotiations.

Private partner: The for-profit part of the private sector can put together a development, layer in the financing, bring design and marketing expertise, construct a project, and operate it. Local banks can finance loans and work with credit. Developers can access short-term capital, but being in business to make money, they generally need a quicker and significantly higher return on their investment than government, for whom time is not money. However, the public partner may be limited to debt ceilings and the annual appropriation process, restricting its ability to access large, long-term financing. The private partner, if it can see a

Identify the actors in the process along with their needs and perspectives to ensure effective collaboration

The Williamsburg Neighborhood in Brooklyn, New York

"We've learned that the job is too big to tackle alone; we couldn't have achieved what we did without strong partners—community organizations, government agencies, and other companies." The speaker was Hank McKinnell, current CEO of the Pfizer pharmaceutical company, addressing the White House Business Roundtable on June 5, 1998. He was describing a revitalization project in the Williamsburg neighborhood of Brooklyn, New York, where Pfizer was founded 150 years ago.

When Pfizer moved its headquarters to Manhattan in 1960, it retained a manufacturing facility at the original site, although the neighborhood had lost its industrial base and was becoming blighted. In the 1980s, Pfizer convened partners to develop a comprehensive community reinvestment plan. Pfizer committed extensive private resources to the project (almost $25 million), which resulted in a new public charter school in a renovated Pfizer building, about 300 new homes (all doubles), 400 apartment renovations in neglected buildings, improved public safety, new light industrial space, and, of course, more jobs.

Pfizer was the leader, but Pfizer had partners. The company spent long hours meeting with community stakeholders represented by the St. Nicholas Neighborhood Preservation Corporation and the Los Sures Community Development Corp. as well as the local community boards. The Beginning with Children Foundation created the new school in cooperation with the city's Department of Education. Three intermediaries (the New York City Housing Partnership, LISC, and The Enterprise Foundation) assisted with low-income housing rehabilitation and new construction. The federal government's Urban Development Action Grant and Low-Income Housing Tax Credit programs provided part of the financial package. City agencies, including the Public Development Corporation, the Department of City Planning, and the Department of Housing Preservation and Development, participated in order to designate the urban renewal zone, demolish vacant buildings, and clean up and fence in lots, and the Police Department and Metropolitan Transit Authority worked with Pfizer's private security staff to implement public safety strategies. Two utility companies (Brooklyn Union Gas and Consolidated Edison) coordinated renovations and alterations and arranged low-interest loans for low- and moderate-income housing through their Cinderella Project and Renaissance Program, respectively.


PFIZER INC

In Brooklyn's deteriorating Williamsburg neighborhood, Pfizer and partners rehabilitated the company's original business headquarters building, adding housing units and a public school.

return on its investment over a protracted period, can often be interested in financing that covers a longer term (up to 99 years in one recent case).

Nonprofits: Nonprofit organizations, such as neighborhood organizations, community development corporations, faith-based institutions, task forces and advisory boards, intermediaries such as the Local Initiatives Support Corporation (LISC) and the Enterprise Foundation, and philanthropic foundations, can act as brokers between public and private for-profit interests. They can help private investors find opportunities to participate in community development projects and often assist with closing the gaps in a financing package. They can also access sources of funding that might not otherwise be available to a project.

Stakeholders: Stakeholders have a right to be heard. They want to know that their voice counts and that their views are considered; however, they also need to understand that all possible objections to a project cannot be removed. Citizens must feel they can influence the course of a project, which means being made aware of plans for a project at the front end of the process and being given a chance for input throughout, through private meetings, public hearings, or both.

When each partner understands the others and cooperates with them in a respectful, productive manner, the outcome will be win-win-win-win for everyone.

4 Be Clear on the Risks and Rewards

"Nothing ventured, nothing gained." This old proverb captures the essence of the risk/reward relationship inherent in public/private partnerships. Key to having such a partnership produce tangible, positive results is for each partner to understand and appreciate the nature and scope of the opposite party's potential risks and rewards, as well as its own, so that mutual success is achieved.

Preparing for Mutual Success

A public/private partnership is more than just a real estate deal. The responsibilities of the principal parties in the basic scenario of a real estate deal can be complex, time consuming, risky, and ultimately rewarding, and the public approval process can be controversial and difficult. Significant obstacles must be overcome and challenges met through joint efforts because the resources and responsibility are distributed differently between the sectors, particularly during project implementation. What distinguishes a public/private partnership is the mutuality of effort and investment required to accomplish an outcome that is unattainable without such collaboration.

CBT/CHILDS BERTMAN TSECKARES; NEOSCAPE

Public and private partners are collaborating to share the risks and rewards for the development of the Columbus Center housing/hotel complex.

Stakeholders and nonprofits similarly share in the risks and rewards created by these projects. In the public/private partnership process, they may be affected by changes to quality of life and revenue or tax streams. The table summarizes the nature of the risks and rewards likely to be encountered by the public and private parties to a public/private partnership.

Using the "balance sheet" of factors specific to the project and its participants, as outlined in the table, is an effective way of understanding risks and rewards across the public/private divide. Where feasible, values should be quantified. Otherwise, just stating the expectations regarding relative gains or losses will suffice.

Dealing with Conflicts and Uncertainty

The process of stepping beyond rigorous standard procurement and developer selection procedures is fraught with the danger of creating real or perceived conflicts of interest for public officials. Often, it is absolutely necessary that state-mandated procedures be followed in selecting the developer for a particular project before a real public/private partnership can be formed. In other instances, the local government will have broad discretion. Beyond a concern for conflicts of interest, the public partner faces an array of rich opportunities for public controversy and bad publicity associated with property acquisition or charges of misuse of public funds and other resources. The ultimate concern of the public partner is that the developer partner might fail—just drop the project, lose its financing, or even go bankrupt—and leave the community "holding the bag" for substantial additional costs and performance commitments. However, if the selection process for the private partner is conducted properly and appropriate bonding is included in the contract, this outcome will be avoided. Most successful economic development public/private partnerships are the result of a selection process that includes verification of the technical and financial capability of the private partner.

FRAMEWORK FOR A RISKS AND REWARDS BALANCE SHEET

Risks		Rewards	
Public	**Private**	**Public**	**Private**
Conflicts of interest, perceived or real	**Excessive costs of development, unprofitable**	**Greater community wealth, tax base, public infrastructure**	**Resources to sustain organization**
Use/misuse of public funds, resources, perceived or real	**Time-consuming process required; time is money**	**Increased taxes, other revenue**	**Profitability**
Controversial impacts on those directly affected: • **Land use conflicts with adjacent property owners** • **Dislocation by condemnation** • **Relocation costs and procedures** • **Disagreements on fair market value**	**Failure to create long-term value**	**Promote, advance city image**	**Value, wealth creation**
	Accusation of being unfairly enriched at public expense	**Job creation**	**Enhanced reputation, experience to get next project**
	Change in key public, political, or staff leadership that derails partnership	**Community betterment, enhanced quality of life**	**Market niche**
	Market shortfall, failure	**Reelection (elected officials)**	**Community betterment, enhanced quality of life**
	Loss of invested equity	**Job retention, advancement (staff)**	
Developer fails to perform or goes out of business	**Untimely public airing of critical project details, especially financing**		
Public opposition, NIMBYism	**Liability impacts**		
Liability impacts			

The private partner also has its partners, stockholders, equity investors, and lenders to satisfy. They must believe that their resources are being deployed effectively. Although many of the developer's risks are the same as in a straight private deal—sufficient effective market demand, attracting necessary debt and equity financing, and so on—certain risks are unique to a public/private partnership. The counterpoint to the public partner's concerns regarding potential conflicts of interest is the developer's fear of charges based on ignorance of business terms and conditions that are harmful to its reputation and ability to do future deals, for example, that it is taking unfair advantage and "profiting at public expense." Perhaps most risky to the private party is the danger of the process taking far longer than anticipated and becoming a "black hole" for unanticipated costs. The fact that "time is money" for the developer is aggravated by the reality that a key public partner can quickly change its position or be voted out of office as a result of bad publicity, leaving the project without a necessary champion before it is fully entitled by public action.

Various types of risk are potentially encountered in public/private partnership projects:

- Market risk: Will the projected demand for space actually be realized?
- Construction risks: Will the project meet the budget and schedule?
- Ownership risks: Will all the risks of owning and operating a development, such as tenant leasing, be overcome?
- Interest-rate risk: Will the interest rate increase?
- Performance risk: Will the project achieve the public purpose for which government justified its participation?

To minimize risk, consultants have created tools for public partners to develop financial and development safeguards that are negotiated and can be included in the development agreement between the public partner and the selected developer.

Public/Private Partnership Rewards

On the reward side, strong, compelling reasons exist for both public and private partners to take the necessary risks and soldier on to build the partnership and implement the project. Most obvious for the public are the net economic and fiscal benefits—jobs, infrastructure, community wealth and tax base, taxes, fees—that can be produced by joint action to overcome obstacles. Less tangible is the message that the city is on the move—it is progressive in advancing the welfare of its residents. Public officials, who are only human, also seek ego gratification and recognition for their good works.

The benefits to the private developer are perhaps the most obvious and readily measured: the deal must be profitable after paying all associated costs of investment of time and resources. However, developers have a reputation to protect

Columbus Center, Boston

In 2000, public leaders adopted the "Civic Vision for Turnpike Air Rights in Boston" to plan for and promote the development of underused land and air rights parcels over the Massachusetts Turnpike traversing the downtown. Following the plan's adoption, the developer, Columbus Center Associates, an affiliate of the Winn Development Company, submitted a proposal for the Columbus Center, a 1.3 million-square-foot housing, hotel, and commercial complex in the city's Back Bay and South End neighborhoods. Given the city's market conditions, which have made redevelopment costly, and the social environment, which constrains the development of projects that affect existing residents' quality of life, the public and private sectors involved in the project's construction engaged in extensive negotiations to minimize financial and legal risks and to maximize benefits such as public revenues and services.

Columbus Center's development process took place over four years, and the proposal was evaluated according to its financial, physical, and social effects on the community. The city and developer pursued an open development process and were flexible on the final plan and construction timeline, reducing the risk to all parties. Independent consultants conducted financial feasibility analyses to determine the economic return on alternative development proposals in terms of design, scale, and areawide effects. To address public concern over the effect of the project, the Boston Redevelopment Authority and Turnpike Authority established the Citizens Advisory Committee, which had the opportunity to review and comment on the development proposals, and hundreds of biweekly meetings were held to discuss the project.


NEOSCAPE

To accommodate the scale and needs of the neighborhoods in Boston, the Columbus Center project was negotiated and designed within an extensive public process.

The developer's final plan for the complex, which includes approximately 200 hotel rooms, 500 residential units, daycare and health club facilities, and commercial and restaurant spaces, reduces the project's height and scale from the original proposal and includes an added public benefits package of $40 million, which includes the rehabilitation of the MTA's transit entrances on the site, the creation of open space or parkland, and the installation of groundwater recharging mechanisms. Furthermore, the city projects that the complex will create significant revenues and services for residents, including approximately $6 million from new annual real estate, hotel, and sales taxes. According to developer Roger Cassin, the approval process, although lengthy and complex, "has led to a better development for everyone."

and build if their business is to do other deals and continue to prosper, as well as the nonfinancial returns to ego and self-esteem satisfied by a successful project.

Although the risks and rewards of a particular public/private partnership may be more easily measured in the private sector, the public concerns are no less important, and a disciplined accounting of expected rewards and risks, or benefits and costs, will go a long way in demonstrating to key stakeholders and the general public alike that the deal is worth doing and is being made with all relevant factors in mind—that risks are being carefully defined and considered and steps are being taken to offset or mitigate them. Clearly, the objective of this accounting should be to show that the ultimate outcome of the partnership will be a win-win for the public and private partners as a result of their respective investments and risk taking. Conversely, if an accounting of risks and rewards fails to show such a positive outcome, good reason exists to reconsider the undertaking.

5 Establish a Clear and Rational Decision-Making Process

All parties need to articulate and agree upon the process to be followed and the rules of engagement to be used to structure a deal with public and private dimensions as early as possible. Agreement on process helps ensure that partnerships establish effective policies and implement them efficiently and collaboratively. Furthermore, a documented decision-making process increases transparency and facilitates the sharing of information about the project.

Create a road map: At the beginning of the partnership, after a developer has been selected, entities must define the process by which decisions are made, implemented, and reassessed. The most important step is creating a road map for decision making, with a timeline to schedule project implementation. The road map should delineate a plan of action that is maintained throughout the process, particularly during the implementation of entitlements, deal terms, financing, design and planning, and the environmental review phase. The road map formalizes joint action and party commitments to the project, consequently promoting the sharing of information, such as studies and plans, and resulting in more rational decision making. Furthermore, by establishing milestones and deadlines, the partners can assess the project's implementation status and each party's activities.

Define roles and responsibilities: Entities within the partnership should also define the relationships for engagement and the various actors' roles in the implementation of the project. In many cases, the public partner defines the expectations for private partners, particularly in terms of their role and capacities. If the proposals are clear and accurate, they provide a strong framework by which actors can jointly implement a public/private partnership. One tool many partnerships have used is the memorandum of understanding, which documents (in a succinct and summary fashion) decision-making processes and relationships between partners.

Project roles and responsibilities should also be assigned to entity representatives. Project leaders and "go to" people should be targeted to handle specific tasks. To clarify expectations and ensure accountability, partnerships should adopt documentation measures, such as performance standards and clear metrics, for each position. To ensure collaborative decision making, dispute resolution mechanisms should also be incorporated into a contract.

"We made a miscalculation, but it's consistent with our over-all strategy."

CLEVELAND CITY PLANNING COMMISSION

Central to the goals for a revitalized Cleveland, a partnership has facilitated the creation of new housing and civic spaces downtown.

Connecting Cleveland

The city of Cleveland's river and lakefront resources have long been considered integral catalysts for new development in the region, and a new partnership is working to target financial and political resources to these areas. The public, nonprofit, and business communities have collaborated to establish a comprehensive redevelopment framework for Cleveland's waterfront district to coordinate investment efforts and community development objectives.

The Waterfront Initiative, which is part of the larger planning process "Connecting Cleveland 2020," integrates transportation and land use objectives in the area and establishes steps to implement the goals. The initiative established districtwide planning objectives, including enhancing the lakefront neighborhoods, the area's natural resources, and the built environment and attracting people and jobs to the city. The plan set out a road map delineating the timeline for project implementation and structuring redevelopment into phases to build in flexibility for shifting needs and demands. The framework created provides a baseline for evaluating projects according to their fulfillment of the plan's objectives and strategies.

The five partners of the waterfront redevelopment include the city; the Port Authority; the Ohio Department of Transportation; the business community, represented by the regional chamber of commerce—the Greater Cleveland Partnership; and the neighborhoods, represented by the nonprofit association Cleveland Neighborhood Development Corporation. Their relationship was formalized through a memorandum of understanding that identified each partner's roles and established consensus on the redevelopment framework principles and strategies. The partners have provided support for the framework's implementation, hiring consultants to create land use plans for the district and initiating the extensive public process to obtain input on visioning goals and final projects.

The mutuality of the partners' objectives for the area and the comprehensive approach of the planning framework for the eight miles of city waterfront property have led to significant improvements and more will continue to emerge in the area. Thus far, developed and online projects include additional housing, development over former brownfields, parks, and roadway improvements to increase the accessibility of the waterfront to nearby neighbors and the city's downtown.

A widely supported and collaborative process can be achieved through the inclusion of mechanisms to ensure sufficient and appropriate involvement of stakeholders, such as task force committees, involving input from many actors, and the use of facilitators and intermediaries to build bridges between "cultures." The formalization of the public's role in the process also reduces the likelihood of insurmountable opposition to the partnership and its project.

Create checks and balances: Finally, partnerships must create and use mechanisms to allow continuous assessment of the effectiveness of decisions and implementation procedures. To resolve constraints, such as funding source requirements and bottlenecks in the process, partners must have the opportunity to modify the process. Furthermore, to incorporate new information and reassessed goals into the process, parties must allow for incremental "baby step" decision making. To overcome changing conditions, time frames, and conflicts, the process must be inherently flexible.

6 Make Sure All Parties Do Their Homework

For any public/private partnership to be successful, all parties must do their homework—at the onset as well as throughout the project. The partners need to understand that they will have to invest time, energy, and resources at all phases of the project.

Continue due diligence: Although due diligence is part of the preparatory stage of a project, all partners must continue to understand all the issues—technical, social, and financial—of a project. By "doing their homework," the partners maintain an understanding of the technical aspects of the project and can anticipate change. In other words—don't drop out of the process and do stay invested. Public/private partnership projects will fail when both sides do not continue to invest the resources needed to keep the project going.


ACP VISIONING AND PLANNING

Collaboration to redevelop downtown Fort Wayne has succeeded in part due to the consistent flow of information, which helps to create consensus and assure partners and stakeholders that goals are being achieved.

Share information: The development process can be complicated and involves many moving parts. Clearing title for the land, environmental planning and permitting, meeting local land use codes and requirements, proper design and site planning, and complying with design standards and guidelines are just a few of the many details that need to be attended to when completing a project. All the parties need to know the status of each phase and aspect of development. All consultant work needs to be shared—and shared early. Information needs to be presented in a clear and transparent format so that everyone knows what is happening at all phases.

Adopt scenario planning: Doing your homework also includes understanding your partners' limitations. For example, if part of the deal depends on long-term public investment, having a backup plan may be important in the event that the funding falls through because of budget cuts, changes in administrations, or emergencies.

Pursue creative public/private finance plans: One of the great qualities of the public/private partnership approach to development is the tremendous creativity available to solve financial and development problems. The public partner, its public/private finance and development adviser, and the selected private partner must structure the financing plan for each of the public and private building components; the plan often includes some combination of the following eight elements:

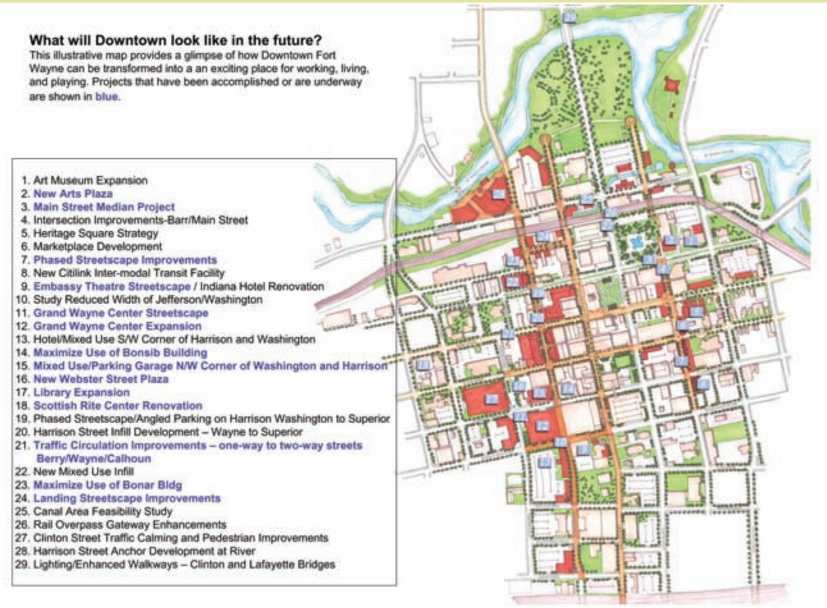
1. Multiple sources of public and private financing from the primary and secondary public and private partners or other related entities, such as county, state, and applicable federal agencies; local Business Improvement District (BID); and other public entities. Potential secondary private partners include construction companies and facility operators.

Create tools and methods to secure ongoing commitments from all parties

Downtown Fort Wayne: Blueprint for the Future

Seeking to bring development to the region and to reestablish the vibrancy of the city in a modest market environment, public leaders of Fort Wayne, Indiana—the second-largest city in the state, with close to a quarter-million residents, have created a planning process to support, coordinate, and institutionalize revitalization efforts within the city's downtown. The process aims at addressing the current deconcentration of growth from the city's historically compact and once-thriving central city to the metropolitan area outskirts.

In 2001, to incrementally and comprehensively effect downtown revitalization, the Fort Wayne Downtown Improvement District, city and county officials, and private consultants Development Concepts initiated a planning and implementation process that was formalized a year later with the adoption of the "Downtown Fort Wayne Blueprint for the Future." The blueprint sets a five-year action plan with mechanisms that promote the sharing of information, decisions, and resources between public and private redevelopment activities. Redevelopment projects are monitored by a Blueprint Implementation Team, which meets once a month with project leaders to discuss the status of activities. This communication mechanism creates the synergy needed to coordinate multiple projects with common goals and provides incentives for partners to stay involved. The blueprint also outlines priority projects, many of which have been already completed, to catalyze redevelopment, such as adoption of urban design guidelines, execution of market feasibility studies, and appropriation of public investments for infrastructure projects and wayfinding systems. Priorities have also been established through community workshops that allow public input into, and the communication of information about, downtown development alternatives.



CITY OF FORT WAYNE REDEVELOPMENT COMMISSION

The Downtown Coordinating Council, which was formed through a memorandum of understanding in 2003 and consists of local civic, governmental, and business leaders, provides overarching leadership for implementing the blueprint. The council's responsibility is maintaining support for redevelopment efforts, for example, by identifying and advocating for financial resources to support revitalization projects and by ensuring that the blueprint's goals are achieved. The role of the council, according to Fort Wayne Mayor Graham Richard, is to "ensure that the work gets done and that the Downtown Blueprint will not sit on a shelf and gather dust, but will guide the future of downtown development."

2. Public/private financing instruments, such as revenue bonds, general obligation bonds, and soft second mortgages.

3. Long-term lease obligations by the public partner.

4. Government-owned land.

5. Credit enhancement, bond insurance, or both.

6. Development, investment, and operational incentives from different levels of government.

7. Techniques to reduce development costs; for example, the public sector can reduce the parking ratio required by the private partner.

8. Techniques to enhance cash flow, such as tax abatements, surcharges, and lease naming rights.

7 Secure Consistent and Coordinated Leadership

Any public/private partnership deal needs a champion, whether it is an individual or a small group. Why? To define clear goals; to build broad constituencies; to bring the right parties around the table; to coordinate process; to bridge private project management with political leadership; to provide stakeholders who are not financially involved but have an interest in, and expectations about, a project, with a forum to express their views; and to keep everyone on point and not let a project languish.

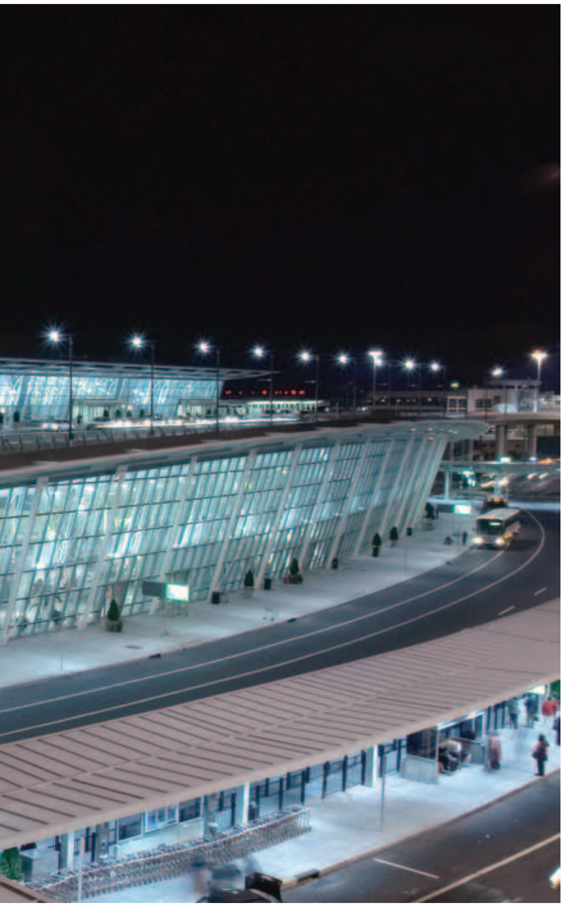
Leadership creates positive change. It makes a visible difference. It has to do with creating a vision, motivating others to support it, and implementing it. Therefore, leaders must be committed to realizing the final goals. The leadership paradigm has changed considerably in the last 20 or 30 years, from a top-down command-and-obey pyramid to something more flattened out, more democratized. A good leader is a facilitator, a coach, an orchestra leader, an enabler. He or she brings people around the table and helps them move in a given direction. In a sense, the sign on a leader's desk reads "the buck starts here," not "the buck stops here." Such a person takes the initiative and does not wait for some-

LCOR, INCORPORATED

one else to do it, and then follows through, tirelessly, patiently, painstakingly, to see the project to completion.

Leadership has to be sustained. Successful leadership persists. It does not grow weary in the middle of a project. It keeps all the parties at the table, coordinating their efforts. Many political leaders have a short lease on life—two years, four years, two terms, maybe longer—and often their successors have other ideas and undo what has been started. So, transcending administrations and political change by maximizing opportunities for putting a deal together with one set of public officials makes good sense, as does passing the baton to new leadership in both the public and private sectors, that is, to people who have the same commitment and goals. Just handing off a project will not work.

A decade ago, Max DePree, the well-known chairman of Herman Miller, Inc., came up with a checklist of leadership attributes for the book *Leadership in a New Era* (John Renesch, ed. San Francisco: New Leaders Press, 1994) that are significant to the successful realization of public/private partnerships. They are:



- **Integrity** ("Behavior is the only score that's kept!")
- **Vulnerability** (Trust in the abilities of others, letting them do their best.)
- **Discernment** (What kind of antennae do you have? Can you detect nuance and perceive changing realities?)
- **Awareness of the human spirit** ("Person skills always precede professional skills.")
- **Courage** (Face up to tough decisions, resolve conflicts, define and carry out justice, and say what needs to be said.)

Direct involvement of political leaders and management staff effectively facilitated the redevelopment of the JFK Terminal 4 Gateway.

JFK Terminal 4 Redevelopment, New York

Upon completion of the redevelopment of JFK's Terminal 4 in 2001, the project was the largest public/private infrastructure venture in the nation. The success of the project demonstrates the significance of leadership in the management of public/ private partnerships and the realization of a broad array of objectives. The project, which cost $1.4 billion, serves as a catalyst for a comprehensive $10 billion airport revitalization program and supports economic development efforts in the region.

The terminal's redevelopment into a 1.5 million-square-foot, 16-gate terminal with a four-block retail concourse was administered by the JFK International Air Terminal LLC Consortium (JFK IAT). The consortium, which was formed to manage the existing terminal and to develop plans for its revitalization, is composed of LCOR Incorporated, a national real estate developer; Schipol USA, LLC, an affiliate of Schipol Group, the airport developer and manager; and Lehman Brothers, Inc., the investment bank partners. In 1997, the consortium submitted a terminal redevelopment proposal to the Port Authority of New Jersey and New York and, following 11 months of negotiations, the agreement, lease, and financial structure were finalized and more than $900 million in bonds were issued for the project.

The leadership structure and dynamics between the consortium, public agencies, contractors, and the public provided a framework to coordinate the demands of such a complex project. The JFK IAT provided an institutionalized structure in which communication, decisions, and activities were coordinated between JFK IAT's full-time staff, senior project managers such as executive project directors, and public officials. Furthermore, Governor Pataki's leadership provided major support for the terminal's joint redevelopment and a consistent message about the benefits of the project.

Overall, the project's efficient leadership permitted coordination of private and public resources. As Claire Shulman, Queens Borough president, stated at the terminal's completion: "Today's opening marks the culmination of an endeavor by the public and private sectors to provide air travelers with an efficient, modern, and 21st-century facility, welcoming millions of passengers from around the world to the greatest city in the world. It is also an investment in the future of JFK and Queens County, Gateway to New York City. I thank Governor Pataki, the private developers, the Port Authority, and all those who helped make Terminal 4 a reality."

The coordination of Terminal 4 partners' efforts has provided the resources for the design, construction, and operations of a high-quality public service facility.

LCOR INCORPORATED

- **Compassionate sense of humor** (It is “essential to living with ambiguity.”)
- **Intellectual energy and curiosity** (Accept “the responsibility for learning frantically.”)
- **Respect for the future, regard for the present, understanding of the past** (“The future requires our humility in the face of all we cannot control. The present requires attention to all the people to whom we are accountable. The past gives us the opportunity to build on the work of our elders.”)
- **Predictability** (Leaders “are not free to follow a whim”; they are “especially responsible for the vision and values of an organization.”)
- **Breadth** (“Leaders are people large enough to contain multitudes.”)
- **Comfort with ambiguity** (A leader makes sense out of chaos.)
- **Presence** (“Leaders stop—to ask and answer questions, to be patient, to listen to problems, to seek the nuance, to follow up a lead.”)

In short, “Leaders stand alone, take the heat, bear the pain, tell the truth.”

8 Communicate Early and Often

The more open the communication channels and the more they are used by each partner, the greater the prospects for a successful project outcome and lasting public/private partnership. Regular communication within the partnership assists in the recognition of joint interests and ensures a more efficient decision-making and implementation process.

Internal communication: Communication is essential to the internal dynamics of a complex partnership structure, allowing distribution of information and implementation of compatible efforts. Initially, the partners should communicate overarching project objectives, such as downtown revitalization or increased real estate values, to find common ground within the partnership. After obtaining consensus on project goals, partners should discuss and agree on strategies to reach those objectives. Communication is essential to the public/private partnership process for many reasons, including ensuring a more efficient decision-making process by facilitating the exchange of information, ideas, and needs and creating opportunities for public involvement.

PETERSON COMPANIES

Vibrant new office, commercial, civic, and housing spaces have contributed to the revitalization of Silver Spring's city center.

External communication: Consistent communication with a broad array of actors external to the partnership is integral to ensure widespread support and diverse perspectives within the process. Partners should reach out, listen, and respond to stakeholders and the community, elected and appointed officials, the media, and investors. The partnership should develop a clear and concise concept of the project that can be communicated in a consistent, cohesive voice to these actors.

The designation of a project spokesperson from the public and private side can help deliver a consistent message about the partnership and its objectives. Leaders can also shepherd the project through the development process by acting as negotiator in securing political and financial support. Finally, the most

Communicate regularly with partners about goals, decisions, and activities

Silver Spring, Maryland, Downtown Redevelopment

Communication among public/private partnership entities was crucial to the successful redevelopment of downtown Silver Spring, an inner-ring suburb outside Washington, D.C. Communication provided the link among the three groups involved in the redevelopment plans—the public partner, real estate developers, and nongovernmental actors.

Spearheaded by public investments and plans to spur private development, the county created a comprehensive urban renewal plan and sought a long-term partner to initiate redevelopment. Ten years later, the county's partnership with the Foulger-Pratt and Peterson development companies has resulted in the successful creation of the Downtown Silver Spring Revitalization project. This project redeveloped the city's commercial core through construction and rehabilitation of the existing spaces into a mix of office, retail, housing, and civic uses and has proven to be successful in the market as the suburb again becomes a destination area in the region.

The partnership's comprehensive approach to communication resulted in the creation of an effective relationship and widespread benefits. Notable features of the partnership's effective communication efforts include the use of Montgomery County's Silver Spring Regional Services Center as a liaison between the partners and a primary point of contact representing the public sector to coordinate negotiations and project implementation. The leadership of Montgomery County Executive Doug Duncan was integral in communicating redevelopment goals and generating the political and financial support to implement the project. Furthermore, the partnership established regular communication with nongovernmental organizations, particularly civic associations, and established a Citizen Advisory Task Force, thus creating an opportunity for input and involvement in the process and generating project support from existing neighborhoods and local businesses.

PETERSON COMPANIES

The revitalization of the downtown of Silver Spring, Maryland, a suburb of Washington, D.C., emerged from ongoing communication between public and private partners.

The significant energy and resources devoted to communication among the partners and other actors enhanced the bonds between the private and public partners, as articulated by developer Bryant Foulger: "We have a deep and long-term commitment to this community and county. The future strength of our county depends on a vibrant town center in Silver Spring."

informed actors, the principals, should be directly involved in communicating partnership objectives.

A transparent process, achieved through open communication, information-sharing, and participation in the decision process, increases the potential for broad support for public/private partnership projects, particularly from nonstakeholders. Community outreach should include public involvement or notification of the project's planning, design, and construction stages through ongoing meetings and news updates. Sharing information with the public, however, must be timed to occur strategically in order to protect the deal from market overvaluation; for example, a partnership's disclosure of intent to purchase property may affect land prices as well as the outcome of the overall project.

9 Negotiate a Fair Deal Structure

"Fairness" is a value subject to judgment by both sides in any negotiation. Legal documentation provides evidence of the terms that all parties agreed to at closing, but fairness is often determined by subsequent changes in fact. Because we cannot anticipate all future changes, fairness will often remain an elusive goal.

What Is "Fair"?

Fairness in negotiating a deal structure means that all parties are reasonably satisfied, at the point of closing, that they will receive the outcomes that were important enough to include in the transaction documentation. In public/private partnerships, it is widely acceptable that the private side, in exchange for taking significant financial risk, will accrue proportionate future financial returns. The public side, in return for providing the infrastructure, entitlements, or other public resources that allow the private activity to advance, will receive sufficient tangible and intangible public benefits—such as improved public infrastructure; increased property, employment, or sales tax base; provision of needed services; clearing of blight; and nontax income and tax revenue generated by the project—that justify the required investment.

Tax increment financing over the last 30 years has facilitated the development and renovation of Portland's downtown.

South Waterfront Central District Project, Portland, Oregon

Public/private partnership projects are currently serving as catalysts for urban renewal in Portland's downtown waterfront area. In August 2003, the Portland Development Commission entered into a development agreement creating a partnership to transform the 31-acre South Waterfront Central District from an underused riverfront industrial area to a vibrant, sustainable, mixed-use central city neighborhood. Partners in the agreement include the city, Oregon Health and Science University, and local investors and developers. Their objectives include the construction of affordable and market-rate housing, leasable university research space, open space and public greenways, and transit facilities to link the district with the downtown.

The development agreement structured the project in three phases to generate momentum through TIF funding and early private investments; establish contingencies for public and private commitments by requiring their fulfillment based upon the satisfaction of certain obligations within an established timeframe; ensure responsiveness to real world and market conditions; and secure risk management for all parties by minimizing financial exposure and establishing remedies for noncompliance.

Furthermore, the agreement established a funding plan specifying the sources, responsibilities, and time frames for financing the $1.9 billion project. The agreement established the city's share of financial responsibility at approximately 50 percent of the total cost, 30 percent for the private sector and the university, and 23 percent from federal and state sources. During the agreement negotiations, the partners projected that three-quarters of the phase one project benefits will be spread to the whole district, while the project area will receive the balance of the financial benefits.

Portland's waterfront revitalization will connect the downtown with the rest of the city through the development of a proposed mixed-use residential neighborhood with civic spaces, a renovated plaza, and a new waterfront park.

Getting to "Fair"

Negotiating a fair deal structure does not begin at the point attorneys begin documenting the transaction. It is a cumulative process that begins with some of the principles previously outlined. By the time the transaction is documented, a clear understanding of the deal structure should already be in place. Both parties should have already done their homework and evaluated their respective risks and returns. All parties critical to the transaction should already be informed of the evolution of facts as the deal proceeds to closing. Above all, mutual trust established over time will go a long way in bridging difficult negotiating issues as they invariably arise.


CARTER

Some general rules to follow in achieving a fair deal structure include the following:

- Principals should spend sufficient time preparing or reviewing a detailed term sheet. The term sheet should be circulated and agreed to by all parties before documentation begins. A well-thought-out term sheet will assist in surfacing issues that need to be discussed, and it allows legal counsel to reasonably determine the intent of the parties.

- Do not let legal counsel or the documentation process drive the outcome. Only the principals retain the shared vision, understand the risks they are willing to take, and generally are able to keep the transaction on track when the inevitable unforeseen conditions arise. Transactions fail because the principals either ignore or abdicate their responsibility for supervising the negotiation.

- When possible, build in objective measures of the expected outcomes that can be used to determine the ultimate fairness of the transaction. For example, asking the private partner to spell out the expected time frames of future development and the consequences if conditions change significantly is reasonable. The same is true for public partner commitments.

CARTER

Transit-oriented development is emerging at Atlanta's Medical Center rail station through land leased by MARTA to St. Joseph's Hospital for the construction of two new medical facilities.

- Both sides need to hire competent legal and technical counsel. If you are negotiating the terms of a tax increment financing, for example, you need counsel experienced with transactions subject to your particular state statute.

- Allow sufficient time for final negotiations and documentation. If you are faced with an immovable deadline, forced compromises may result in lasting resentment by one or both parties. On the other hand, too much time can also result in an unsatisfactory outcome and will usually mean larger legal bills.

- Understand the long-term nature of the partnership. The public sector is not going away anytime soon, and private developers, even those with short- to intermediate-term investment horizons, are still creating assets in the built environment that should last for generations. The difference in time horizons may require compromise.

- Understand that compromise is a necessary requirement for achieving a fair transaction. It is not a sign of weakness. Principals are the only parties that can keep the ultimate objectives in mind and know when compromise is appropriate.

10 Build Trust as a Core Value

Trust is one of the overarching values to be realized from the beginning and throughout the public/private partnership process. To endure, partnerships require a foundation of trust in each partner's commitment to the project and its objectives. Given the complex public/private partnership process and structure, trust is required between the multiple actors and entities to enable shared decision making and taking of financial risks. Partners must also ensure that other stakeholders, such as financial investors, as well as the public are dedicated to and trust the project and the partnership.


THE WELLINGTON NEIGHBORHOOD

A strong relationship between public and private partners in Breckenridge led to the development of the Wellington Neighborhood with its sense of place and affordable housing units.

Building Trust

Trust is tangible and can be earned through work and commitment to the project. Building trust incrementally through small efforts within the partnership creates a record of small successes that support bigger strides. In other words, success breeds confidence, and confidence breeds trust.

Parties begin to build trust in each other's interests, capacity, and diligence toward the project during the selection process. Many approaches exist for selecting appropriate private partners that provide opportunities to verify their qualifications. The Request for Qualifications (RFQ) is submitted by the public partner to evaluate references, track records, and resource capacity. The RFQ provides the public sector with the ability to choose a partner in which it can trust and also helps narrow the list of competitors, particularly if the public partner chooses to invite development proposals by issuing a Request for Proposals (RFP).

Maintaining Trust

After partner selection, trust is reinforced through each partner's realization of expected responsibilities. Reasonable performance schedules for deliverables help document the commitments of parties and ensure consistency in the implementation of the project.

Partners can communicate more effectively by building personal relationships with each other. Formal and informal forms of communication between entities create opportunities to build a more open and trusting relationship. Parties must act honestly and in good faith and work under the assumption that the other partners are doing the same. The practice of reciprocity also increases the co-

The Wellington Neighborhood, Breckenridge, Colorado

Increasingly, resort communities with hot housing markets have partnered with private developers to create affordable housing for local employees. One successful example, the Wellington Neighborhood, designed as a traditional neighborhood development and located one mile from downtown Breckenridge, Colorado, demonstrates the necessity of trust between public and private partners and stakeholders to create dense, below-rate housing in a predominantly luxury-home community.

Trust emerged between the private partners and the public members and their representatives through fulfillment of agreed-upon project objectives, including affordable housing, open space preservation, community development, and alternative transportation opportunities. Currently, 80 percent of the 122 housing units in the 85-acre development are deed-restricted affordable for low- and middle-income local workers and range in housing types from single, detached units to two-unit residences. Twenty acres in the neighborhood have been permanently preserved as open space in the form of "community greens," and the grid-based neighborhood design and community spaces promote pedestrian mobility and public gatherings. Future neighborhood improvements are projected to include commercial and office space as well as a transit center allowing residents to travel to the city's downtown and service and recreation areas by a local shuttle bus.


THE WELLINGTON NEIGHBORHOOD

A Wellington Neighborhood festival.

Trust has been sustained throughout the four-year development process by the cooperative nature of the partnership between the local developer and public authorities and their honest and transparent communication. Addressing the considerable environmental damage caused by historic mining required the assistance of the U.S. Environmental Protection Agency, the Colorado Department of Public Health and Environment, the developer—Poplarhouse LLC, and a design team from the nearby city of Boulder. To increase the feasibility of constructing affordable housing, the public sector implemented regulatory incentives, such as impact fee waivers, and adopted deed restrictions on the purchase of the neighborhood units that require owners to work a minimum number of hours per week in Summit County and place a cap on the amount of appreciation per year to maintain units' affordability. An extensive public involvement process was used to obtain community support to authorize rezoning the site for higher-density development. The partners' commitments to mutual objectives and reciprocal deeds have resulted in the creation of an all-season community with benefits to the larger region. Although many intangibles contributed to the success of the Wellington Neighborhood, according to developer David O'Neil, "trust was important because there were no upfront guarantees. Trust allowed each party to take a risk that they would not otherwise have taken. Without trust, the parties would not have taken the risk and nothing would have happened."

operative nature of the partnership. Finally, to overcome misperceptions and differences impeding the emergence of trust, partners should work to understand the perspective and needs of actors involved in the process.

Building trust with other stakeholders and the public requires a high degree of transparency and the realization of promised objectives. Although parties may feel compelled to overpromise to secure support, good faith and reliability may be tarnished by lack of follow-through.

Overall, partners must understand that people rely upon trust to protect their interests. By pursuing mutual goals, trust can emerge among partners if the process includes mechanisms to encourage honest communication and dedication to the project. Because change is likely and reinvention becomes necessary, trust underlies the partnership's ability to stray from the prescribed path and yet continue to collaborate to realize mutual project objectives.

Conclusion: The Future of Public/ Private Partnerships

Many of the nation's major developments are so complex that neither a private developer nor a public entity alone can finance, design, develop, construct, and operate them. Structuring genuine public/private partnerships can substantially enhance the ability to implement these projects. The key to success is to structure a genuine partnership based on mutual respect, understanding, and strong leadership. Also important is a fair and reasonable sharing of costs, risks, responsibilities, and economic return.

The story of the renovation and restoration of the U.S. Customs House and Post Office in St. Louis, Missouri, commonly known as the Old Post Office (OPO), illustrates the main principles of public/private partnerships. It includes all four partners—"the four legs of the stool"—for-profit private sector, nonprofit independent sector, public sector, and stakeholders (Principle 3). Also, it displays the kind of vision, perseverance, and trust among partners that is essential for success (Principles 2, 7, and 10).

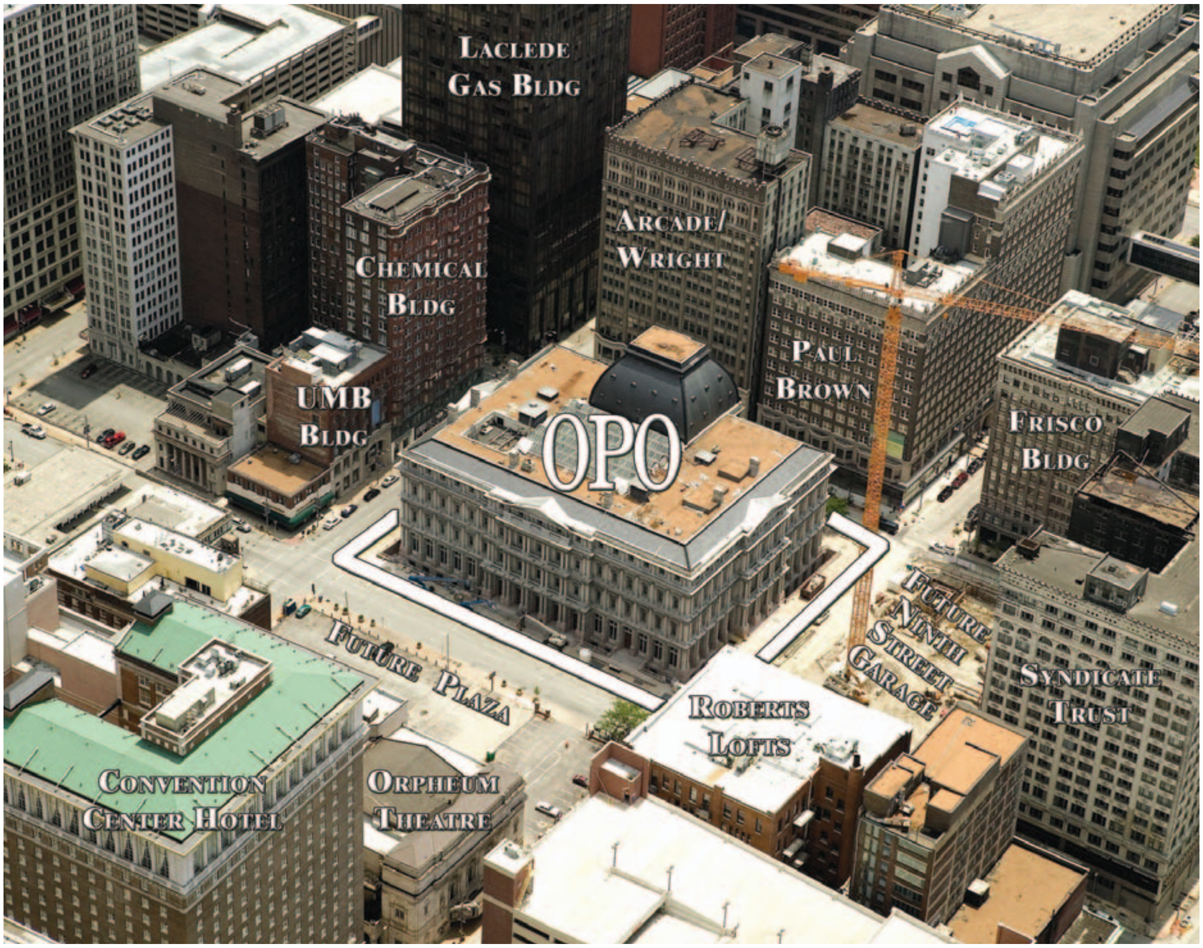
Partnership Financial Contributions to the Old Post Office Redevelopment

Sources of Funds	Old Post Office	Ninth Street Garage	TOTAL
Corporate Contributions to Missouri Development Finance Board (MDFB)*			
MDFB provided Second Mortgage Loan to the project	$12,356,800		
MDFB utilized as equity for construction of the garage		$15,793,200	
TOTAL CORPORATE CONTRIBUTIONS	12,356,800	15,793,200	$28,150,000
First Mortgage Debt			
Enterprise Social Investment Corporation Community Development Entity utilizing New Markets Tax Credits	8,200,000		8,200,000
Bond financing credit-enhanced by Bank of America		16,500,000	16,500,000
MDFB Equity		500,000	500,000
Federal grant (administered by HUD) for public improvements (sidewalks, street lights, etc.)"	1,479,500	1,479,500	
General partner equity	15,000		15,000
Limited Partner federal historic tax credit equity **	7,488,600		7,488,600
State historic tax credit equity **	7,929,000		7,929,000
Limited Partner new markets tax credit equity **	7,471,100		7,471,100
TOTAL SOURCES	$44,940,000	$32,793,200	$77,733,200

* Contributors received 50% State Contribution Tax Credits.

** Subject to adjustment at cost certification. Limited Partners are two CDEs (National Trust/US Bank and Bank of America affiliated entities).

Source: The DESCO Group, Inc. (October 2004).



THE DESCO GROUP, INC.

Tax credits and public grants funded the preservation, renovation, and reuse of the Old Post Office, thus supporting the revitalization of the rest of St. Louis's CBD.

Designed in the Second Empire style and patterned after the Louvre in Paris, this 125-year-old building containing 242,000 gross square feet located in the heart of the St. Louis Central Business District is ranked sixth in historical significance and seventh in architectural significance by the U.S. General Services Administration (GSA) in its inventory of more than 2,200 buildings.

GSA announced its intent to vacate the building in 1997, adding to the already 1.8 million vacant square feet in the OPO District, thus beginning a process that took seven years to arrive at construction. In October 2004, GSA transferred fee title of the OPO to the Missouri Development Finance Board (MDFB). The $77 million redevelopment of the OPO and the demolition of an adjacent building to make way for a new parking structure were financed by assembling various public, private, and civic sources (Principles 4, 6, and 9).

Numerous public hearings were held (Principle 8) at the federal, state, and local levels. Input was sought from various federal, state, and local government agencies (including GSA, the Advisory Council on Historic Preservation, the National Park Service, the State Historic Preservation Office, the Missouri Department of Natural Resources, the MDFB, and the city of St. Louis). Concerned not-for-profit groups (including the National Trust for Historic Preservation) were also consulted (Principles 1, 5, and 10).

Webster University; the Missouri Court of Appeals; Eastern District; the St. Louis Public Library; the St. Louis Business Journal; and the Pasta House full-service restaurant will occupy the building, which is nearly 70 percent leased. As a result of this project, ten surrounding buildings (seven of which were previously vacant, deteriorated historic buildings) either have been renovated or are in various stages of redevelopment. It is pleasant to contemplate that the entire Old Post Office District in the heart of downtown St. Louis will be thriving once again as a result of this project.

The long-term and widespread benefits of this project demonstrate the future potential for public/private partnerships to redevelop and establish vibrant communities. After nearly 25 years, there are hundreds, maybe thousands, of examples of successful public/private collaborations. The successful projects demonstrate joint planning, mutual trust, persevering leadership, open communication, and a reasonable sharing of costs, risks, responsibilities, and economic return. Now is the time to continue to refine this approach to real estate development and use public/private partnerships to complete complex projects successfully.

Ten Principles for Successful Public/ Private Partnerships

Mary Beth Corrigan, Jack Hambene, William Hudnut III, Rachelle L. Levitt, Richard Ward, Nicole Witenstein

Combining strengths and resources, the public and private sectors are working together to achieve common goals. By partnering and sharing the risks and rewards, they are able to revitalize urban and suburban communities by developing projects—such as mixed-use communities, affordable housing, convention centers, and airports—that might otherwise have been impossible to develop using more traditional methods.

This publication presents principles to help community leaders and public officials together with private investors and developers navigate the public/private development process and get the job done, whether it is a single project or a long-term plan. Examples and case studies highlight best practices from partnerships around the country and describe how they were used to make cities more livable and sustainable, while meeting the financial goals of the developer.

You Will Learn to:

Lay the groundwork for a successful joint venture.

Develop a shared vision and strategies for implementation.

Understand the role of each player and the potential risks and rewards for each.

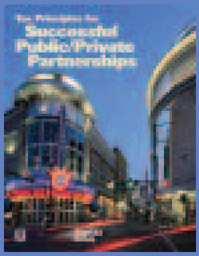
Identify leaders and establish a process for making decisions.

Create tools for gaining commitment throughout the project.

Establish ways for all parties in the partnership to communicate.

Negotiate a fair deal that meets the needs of each partner.

Build and maintain trust.



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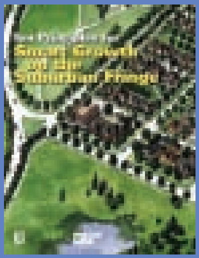
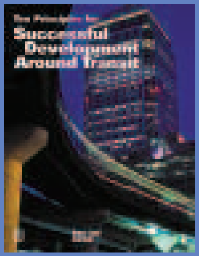


Ten Principles for Smart Growth on the Suburban Fringe



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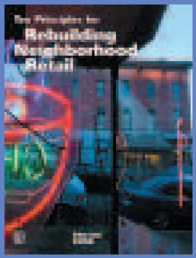

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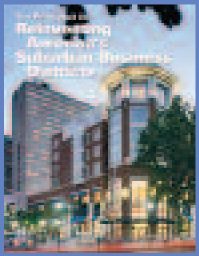
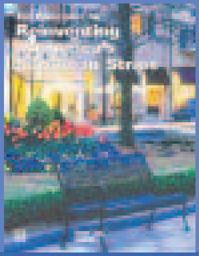


Ten Principles for Reinventing America's Suburban Business Districts



Ten Principles for Reinventing America's Suburban Strips

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ULI Order #T26

ISBN 0-87420-947-1