

# Lake City Development Corp/Ignite CdA minutes – 6.17.15

## *Hagadone Hospitality asks for Ignite CdA endorsement of new tower proposal*

6. PRESENTATION: HAGADONE HOSPITALITY'S NEW TOWER – John Barlow

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Chairman Davis welcomed John Barlow to the board meeting. Mr. Barlow shared that he represents JRB Properties, which is a consultant to Hagadone Hospitality. Mr. Barlow shared that he is visiting with the LCDC Board to share an overview of a planning effort to develop a new CDA resort tower containing 200+ additional hotel rooms (the "Project"). He would also like to gain LCDC's endorsement of the planned Project. Mr. Barlow shared the following Project parameters with the Board:

- Planning on the Project began early in 2007. The Project was placed on hold due to the economic recession. The time is now right to bring the Project forward due to the improving economy.
- In order to compete for larger conventions, the resort needs to provide 500 hotel rooms in one location. The resort currently has 340 rooms. The new tower would provide an additional 200+ rooms thus exceeding the 500 room target. There will be no new restaurants associated with the Project.
- The proposed location for the Project is the Hagadone owned property located on the corner of Sherman and 2<sup>nd</sup>; the west end of the resort plaza shops. The Project would extend from Sherman Avenue to the resort's parking structure, over Front Avenue. Consultants indicate the new tower must be physically connected to the main resort footprint, not be an annex located away from the main resort building. The Project as proposed will provide a physical connection to the main resort lobby.
- The City of CDA has requested that Hagadone Hospitality approach the City with a vacation request to vacate Front Avenue from 3<sup>rd</sup> to the corner of 2<sup>nd</sup> and Sherman, then have Hagadone Hospitality grant back to the City easements for all of the public facilities and public space that now exists in that corridor.
- Hagadone Hospitality does not plan to pay the City for the requested vacated air rights over Front Avenue.
- Hagadone Hospitality plans to approach the City on July 7<sup>th</sup> to request the Front Avenue vacation. If the City approves the street and air rights vacation, Hagadone Hospitality will move forward with Project design. No planning will occur until the City grants a vacation of the aforementioned section of Front Avenue.
- Hagadone Hospitality engaged Moscow based EMSI, Inc. to perform an economic analysis of the proposed Project. EMSI's report showed the following forecasted impacts:
  - 1<sup>st</sup> year impact will be 67,000 new visitors, with a \$32 million economic impact to the city, generating 470 permanent jobs community wide.

- After years 4 and 5 there will be a \$42.2 million economic impact to the city with 635 permanent jobs community wide.
- Taxes generated annually by the new Project: income taxes: \$3.1 million; sales tax: \$25 million; Travel/CVB taxes: \$2 million; property taxes: \$700,000.

- The entire Project is located within the LCDC Lake District boundary, so LCDC will benefit from the incremental property tax revenue. Hagadone

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Hospitality does not plan to ask LCDC for any partnership funding for the Project.

- Depending upon the City approval process, the opening of the new Project could be as early as spring of 2017.

- Commissioner Goodlander asked if the Project meets the City's view corridor regulations? She recalled that no linear structures (i.e. wall-like) were allowed. Do you see the Project as taking this view corridor away?

- Mr. Barlow shared that no, he does not see view corridors negatively impacted.

- Commissioner Goodlander asked if the Project proponents feel that this building will fit within the City's design guidelines?

- Mr. Barlow shared that the Project has not been designed yet, but he feels that yes, it will meet the design guidelines.

- Commissioner Goodlander asked if there will additional parking built?

- Mr. Barlow shared that one more floor of parking will be added to the existing resort parking garage.

- Commissioner Goodlander clarified that the City told the Project proponents that it is better to vacate Front Avenue vs. obtaining some type of easement; will there be any financial benefit to the City for vacating the street and air rights?

- Mr. Barlow shared that the vacation recommendation came from the City's legal department, and that no financial payments to the City for the street and air rights vacation have been discussed.

- Commissioner Armon clarified that the Project will be built over Front Avenue. What will be the depth of the Project?

- Mr. Barlow shared that yes, the Project will be built over Front Avenue and will be 42 feet deep. All of the hotel rooms will face west.

- Commissioner Patzer asked how many permanent jobs will be created by the Project?

- Mr. Barlow shared that they do not have a definitive number of new jobs created by the Project, but feel it will be in the 635 range.

- Commissioner Patzer asked how much the Project will cost?

- Mr. Barlow shared that they do not have a cost yet as the Project has not been designed.

- Commissioner Patzer shared that air rights have value, as has been demonstrated in the past re. downtown properties, so there should be some level of financial compensation to the public for the desired air rights over

Front Avenue.

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- Mr. Barlow feels that the overall Project benefit to the community is sufficient compensation to the public.
- Commissioner Jordan asked if there will be any air space between the new Project and the existing CDA resort building.
- Mr. Barlow shared that the new Project would extend over Front Avenue and connect to the existing resort parking garage, so no air space will exist between the new Project and the CDA resort.
- Commissioner Armon shared that he thinks this is a great Project and hopes that the Project moves forward.

**Motion by Commissioner Armon, seconded by Commissioner Jordan, supporting the premise of the proposed Hagadone Hospitality expansion Project's economic impact to the community, subject to the Project meeting all of the City of CDA ordinances and City of CDA design review standards, subject to a condition set by the City of CDA requiring that all of the existing public access and public infrastructure on Front Avenue be retained, and subject to the City of CDA Council's approval.**

***Discussion:***

- *Commissioner Goodlander opposed the motion. She shared that she does not oppose the concept of the Project, but does not support that the public is not receiving any type of financial consideration for vacating the public air space above Front Avenue.*
- *Commissioner Patzer opposed the motion, sharing that he agrees with Commissioner Goodlander's statement; the public should receive a clear and defined financial benefit if the air rights above Front Avenue are vacated.*

**Motion carried.**