



Legislation Text

File #: 19-614, **Version:** 1

A Resolution Authorizing the Use of City Right of Way Known as Tejon Street and Costilla Street for Underground Public Parking.

Presenter:

Bob Cope, Economic Development Officer
Darlene Kennedy, Real Estate Services Manager

Summary:

A resolution authorizing the below ground use of city right of way known as Tejon Street and Costilla Street for underground public parking.

CS Dual Hotel, LLC ("Owner") is the developer and property owner of the property adjacent to the right of way known as Tejon Street and Costilla Street. Owner is in the process of constructing an eight (8) story, 261-room, Marriott-branded hotel on 1 acre in the 400 block of South Tejon Street. The hotel will have meeting spaces, two restaurants, and a two-level underground public parking garage with 216 parking spaces.

Owner has requested the use of approximately 5,669 square feet of below ground City-owned right of way for a portion of the public parking for a public purpose.

In accord with City Charter Section 10-60 Owner requests a ninety-nine (99) year Lease for economic development purposes.

In accord with The City of Colorado Springs Procedures Manual for the Acquisition and Disposition of Real Property Interests Chapter 10, Section 10.2 d.iii.2, Staff requests that the Lease be valued at a below fair market value for a public purpose.

Background:

The roughly one-acre site has been targeted for redevelopment for many years. In 2018 the property owner and developer submitted applications to both establish an Urban Renewal District and gain approval of a Form-Based Zone Development Plan and Subdivision Plat. The Urban Renewal District was established in December of 2018, while the development plan and plat were approved administratively in June of 2019.

The development plan illustrates an eight (8) story, 261-room, Marriott-branded hotel with meeting spaces, two restaurants and a two-level, underground public parking garage with 224 parking spaces. The plan includes a note that reads, "No privately owned structures, including but not limited to the below grade parking garage illustrated on this plan, may be constructed within the public right of way without a revocable permit, license, or lease in compliance with the City Charter and City Code."

While a revocable permit could be used to permit the proposed structure to encroach into the public right of way, a revocable permit is only valid for one year, and could be revoked at any time for any reason. Given that, the developer is pursuing a 99-year lease consistent with the City Charter and Code.

The proposed underground parking structure will serve the private vertical development on the site, but will also be open and available to the public. The S. Tejon Street corridor and the southern portion of Downtown has seen significant investment in recent years. The site is immediately adjacent to the Casa Mundi mixed use project, and roughly one block north of the Trolley Block redevelopment efforts, which includes the Denver Biscuit, Fat Sully's and Atomic Cowboy complex, as well as other popular uses, including Streetcar 520, the Coffee Exchange, and other uses that are expected later this year. Additionally, the site is roughly 3 blocks east of the United States Olympic and Paralympic Museum and Hall of Fame, and northeast of the new Downtown Stadium site - the future home of the Switchbacks Football Club. The number and scale of development projects in the area has increased demand for public parking significantly. The public parking provided in conjunction with this project will provide a significant public benefit that will help to satisfy the growing demand for parking in this area of downtown.

Previous Council Action:

On December 11, 2018, City Council approved a Resolution making certain legislative findings, and approving the Tejon and Costilla Urban Renewal Plan, and a Resolution approving a cooperation agreement between the Colorado Springs Urban Renewal Authority and the City of Colorado Springs to promote redevelopment and assist with financing of public improvements for the Tejon and Costilla urban renewal project, and to approve the amount of annual sales tax increment revenue allocated pursuant to Colorado revised statute section 31-25-107(9)(a)(ii).

Financial Implications:

The project will result in the creation of approximately 929 temporary construction jobs and 229 permanent jobs. The project will produce an estimated economic impact of approximately \$426 million over 25 years or approximately \$17 million average economic impact annually. The project is projected to generate approximately \$9.5 million in net new City revenue over 25 years, assuming that current Special Fund taxes are extended beyond sunset. In the event all Special Fund taxes sunset and are not extended, the project is expected to generate approximately \$5 million in net new revenue over 25 years.

City Council Appointed Board/Commission/Committee Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

Approval of resolution authorizing the use of city right of way known as Tejon Street and Costilla Street for underground public parking.

N/A