
M E M O R A N D U M

DATE: March 22, 2002
TO: City Council Members
FROM: Russell Weeks, Cindy Gust-Jenson, Janice Jardine, Michael Sears
RE: Library Block Discussion
CC: Rocky Fluhart, D.J. Baxter, Nancy Tessman, Margaret Hunt, Stephen Goldsmith, Joel Paterson

This memorandum is intended to address a number of issues raised by City Council Members at the February 28 briefing on the future of the four eastern acres of what is known as the Library Block.

The bulk of the information for the City Council's consideration is contained in seven attachments to the memorandum. The attachments are:

1. A tentative timeline for City Council action on issues involving the eastern part of the block.
2. Options the City Council may wish to consider at its March 27 discussion.
3. The Administration's response to questions the City Council raised at the February 28 meeting. It should be noted that the Administration's responses are in italics. In some cases, the responses are followed by information from City Council staff. The staff information is in bold and is preceded by "Council staff" in italics.
4. A written memo provided by the Library System and its consultant, Civitas, that addresses phasing of the eastern portion of the block, and pros and cons of phasing.
5. Diagrams of potential phasing provided by Civitas.
6. A copy of City Council housing policies.
7. A Capital Improvements Program review.

Also by way of review, Council staff has incorporated the following sections of its February 26 memorandum addressing Civitas' study titled *Library Square*.

LIBRARY SQUARE KEY POINTS

The study appears to recommend:

- That "further development of the east side of Library Square should proceed into the next level of detailed design." (Page 19.)
- That development of the east side of the block as open space will cost between \$5 million and \$5.5 million. The study notes that \$1.2 million currently is available for the project and that \$3.8 million to \$4.2 million remains to be raised. (Page 19.)

That a small-area plan may be needed as an “intermediate step” to make potential zoning changes in the area around the block “appropriate and effective.” The area contemplated for the small-area plan would be bordered by State Street, 700 East Street, 200 South Street and 600 South Street. (Pages 19 and 20.)

LIBRARY SQUARE OBSERVATIONS

The study noted that the new main library under construction “will serve as a ... year-round civic gathering place with an active public plaza and a strong relationship to the historic City & County Building.” (Page 3.)

The study also noted that the block’s eastern four acres constitute an “unresolved piece” of the block’s future development. Developing the eastern four acres as open space would help create a “common ground” that would benefit the entire city and the neighborhood surrounding it. (Pages 3, 4, 5.)

According to the study:

“Salt Lake needs a permanent, generously sized place for year-round large and small gatherings. Unlike a neighborhood park, Library Square’s cultural, educational and open space uses will appeal to a broad range of residents, valley-wide. ...

The central neighborhoods on the east side of downtown Salt Lake are dramatically under-built. Vast areas of open land and surface parking characterize the area, with an ever-diminishing supply of decent, affordable housing. Current zoning and land values encourage the razing of homes for low-rise offices, which further diminish land values while consuming large areas to meet parking demand.” (Page 4.)

The study acknowledges that City government is nearing completion of the Central City Master Plan and is working on transit-oriented zoning to apply to the light rail line on the 400 South corridor. (Page 19.) However, it suggests that the City may want to undertake a “multifaceted, neighborhood plan” for a smaller area around the Library Block. The plan would include an overlay zone that would contain “policies, tools, and incentives that would guide future neighborhood development.” (Page 11.)

DISCUSSION/BACKGROUND

There appear to remain two main issues involving the future development of the eastern four acres of the Library Block:

- Would making the eastern four acres into open space in itself promote the development of housing around its periphery?
- How would Salt Lake City pay to develop open space on the eastern four acres?

By way of background, development of the eastern four acres of the block was not included in the \$84 million bond passed by voters in November 1998. One reason for not including money in the bond for development of the eastern four acres was the proposed master plan for the block recommended for adoption by the Planning Commission in June 1998 foresaw full development of the block in 10 to 20 years. The bond election was based on that master plan.

The \$84 million included:

- \$52.7 million – design, construction and furnishing of new main library.

- \$1.95 million – expansion of the Sprague and Anderson-Foothill branch libraries.
- \$12.2 million – construction of an underground parking garage.
- \$2.5 million – demolition of Metropolitan Hall of Justice, court buildings and underground parking garage.
- \$2.2 million – construction of plaza area on western side of the block.
- \$2 million – replacement of boiler serving the City & County Building and new and existing main libraries.
- \$6.8 million – design fees and contingencies.
- \$3 million – underwriters charges, bond issuance costs and other items.

About \$1.2 million of the \$84 million was allocated to return the eastern four acres of the block to usable space after the Metropolitan Hall of Justice was demolished.

HOUSING ISSUES

Discussion of housing issues involving the Library Block first arose in 2000 when the Administration and the new library’s architect moved away from viewing the eastern four acres as a site for mixed uses including housing. A new master plan to make the eastern four blocks open space was presented to the Planning Commission on August 17, 2000, and received a favorable recommendation.

A key point of the new plan was that attractive open space would encourage housing development around the periphery of the block. However, some members of the City Council saw the use of open space as a net loss of 121 housing units because at one point the new library’s architect had designed a series of garden apartments on the eastern four acres as a possible use for the site.

A December 6, 2001, memorandum from the Mayor to the City Council included a discussion of zoning around the Library Block. (Please see Attachment No. 2.) The document and a March 2, 2001, City Council staff memorandum contain the following information about zoning in the area around the block.

Downtown-1 Central Business District: “Although the D-1 District allows multi-family housing, there is no limit on the development of non-residential structures, nor are there provisions to force a mix of uses.”

CC Corridor Commercial: “The Administration intends to replace the CC District along 400 South with a new Transit Corridor District that will allow greater building heights, ... encourage mixed-use development and restrict certain auto-intensive uses such as drive through operations.”

R-MU Residential Mixed Use District: “The R-MU zoning in the East Downtown planning area has not been overly successful in attracting mixed-use residential projects that take advantage of the additional building height. Even though the R-MU District allows 75 to 125 foot mixed-use buildings, the provision to allow up to three stories of non-residential uses has proven to be a disincentive for developers to provide housing. Developers are able to generate a sufficient return on their investment solely from the commercial use of the property.”

RO Residential/Office District: The RO District encourages the preservation of exiting residential development by requiring a minimum lot area of 20,000 square feet for new

commercial construction. However, this district does not force new development to include a residential component. If a developer can assemble 20,000 square feet or more of property, the RO District allows enough commercial density to provide a sufficient investment return without adding a residential component.”

D-3 Downtown Warehouse/Residential District: The D-3 District includes language that strongly encourages the mix of commercial and office uses with residential dwellings, but there is not an absolute requirement to force the mix of uses. Because of the number of multiple story warehouses and the mixed-use controls contained in the D-3 regulations, a number of mixed-use projects exist.

Earlier presentations by the Administration to the City Council also included three other options to encourage housing around the Library Block.

- Rezone the block faces on 300 East and 500 East streets to a high-density residential district such as RMF-75 High Density Multi-family Residential District. The Administration noted that all existing commercial development in the rezoned area would become non-conforming uses.
- Create a hybrid similar to a Residential Mixed Use District that would require commercial development to include a housing component.
- Create a “civic overlay” along block faces surrounding the Library Block that would require a residential component in all new development. The overlay would extend to a depth of 300 feet from the block face. The overlay also would contain a process similar to one used by the Historic Landmark Commission in which a developer of a solely commercial project would have to prove that a significant economic hardship would result if a residential component were included in the development.

FINANCIAL ISSUES

An Administration transmittal in 2001 suggest three options for funding development of the eastern four acres of the Library Block:

- A fund raising campaign could generate a significant amount of funding for needed improvements on the Library Block.
- The City could generate money through a bond election.
- A special improvement district could be created to generate money. This process would generate funds by assessing property owners within the SID over a 5 to 10 year period. However, the City would need to demonstrate that the improvements generate a direct benefit for the property owners within the SID. The most common use of special improvement districts is for street improvements.

However, the City Council may have several options for developing the Library Block’s eastern four acres. Some of the options may be contingent on other events. Other options may have to be explored more fully. All options probably will have to be weighed against other priorities or issues involving the City.

Options include:

1. Using some of the estimated \$6.45 million in potential revenue generated by the 2002 Winter Olympics. The City Council placed \$5.8 million of the potential revenue into fund balance for the 2002-2003 fiscal year. The council also discussed allocating at least a portion of the money to developing the eastern four acres. However, the sum remains an estimate contingent upon how the Winter Olympics fared.
2. Another potential Olympics related revenue source might be the return of Salt Lake City's share of sales tax revenue diverted to help build Olympics facilities. State Law 63A-7-113 titled *Disbursement of the Olympic Special Revenue Fund* mandates that Salt Lake City should receive its share of sales tax diverted to help build Olympic facilities no later than May 5, 2003. The City also would receive interest on the diverted money. Off-the-cuff estimates generally place the amount Salt Lake City should receive at about \$5 million. However, the diversion may be contingent upon the success of the Olympics and the Legislature's willingness not to change the law.
3. There may be another method of bonding for developing the eastern four acres besides seeking another general obligation bond. The City might issue bonds under the Municipal Building Authority. That would have to be researched.
4. The RDA Board of Directors also might appropriate funds in budgets between 2002 and 2008. It also might issue bonds. However, the bonds would have to be paid off by the 2008 expiration date of the CBD Project Area, according to RDA staff.
5. It might be possible to use some of the interest earnings on the bond to help develop the eastern four acres. However, there are two *caveats*. The first is that it is City Council staff's understanding that the bulk of the interest earnings from the bond is earmarked to pay for the construction of the new main library. The second is, according to a telephone voice mail to Council staff in December, the counsel for the bond issue said that using interest earnings to develop a formal green space is a gray area that might require legal research.
6. Another possible method of generating money to develop the area is a special improvement district in which the Salt Lake City Library System pays the assessment as the adjoining property owner. That method has not been researched, and neither the Library Board of Trustees nor the library administration has been approached about the possibility.