



GOLDEN URBAN RENEWAL AUTHORITY

Memorandum

To: GURA Board of Commissioners
From: Mark Heller, Executive Director
Date: 9/22/04
RE: Measuremint Inc and cash in lieu of parking/OPA proposal

Measuremint Inc. is doing business as Café Touché and Rhapsody's, and is owned and operated by Petra and Kurt Schramm. To maximize their business, they added 45 seats to the deck alongside the Creek, thereby triggering the need for 9 additional parking spaces per City code. Because there is no room for actual parking spaces, the City requires \$2,925 per year as cash in lieu of parking spaces (2004 would be prorated to \$975). Petra and Kurt had not originally planned for this expense, and are seeking ways to defray it.

They have proposed that GURA increase the 60% rate for payments under the Clear Creek Commons OPA to cover some or all of the annual cash in lieu of parking expense. The OPA obligates GURA to reimburse \$152,120.55 through September 26, 2008 for the following expenditures incurred during the project:

- fill/landscaping/screening/drainage
- streetscape
- optic fiber relocation
- bike path/retaining wall
- tap fee reservation

Policy Considerations

This proposal raises the issue of whether partially or wholly subsidizing cash in lieu of parking fees is appropriate action for GURA. Unlike a physical parking space, cash in lieu cannot be shared between public and private use, as was done in the Golden Hotel and Clear Creek Square projects, so GURA would not have public parking as a justification for assistance. However, GURA has historically been more flexible in supporting projects when TIF is the tool for support, as opposed to grants. If the Board desires to consider adjusting the

OPA, it might also want to consider whether an increase in the OPA should be matched by increased sales from the additional seats and parking, or whether the additional expense to GURA would come from general funds.

This proposal is also problematic because Measurement is a tenant, not the property owner, and the property owner would not be the party who will bear the expense of the cash in lieu fee. GURA has historically worked with the property owner and declined projects with tenants. A recent creative exception is the Miners Alley grant.

Practical Considerations

Since Measurement Inc has been in business for less than two months, we have no firm basis with which to estimate the business's revenue over the term of the OPA, and therefore no way to estimate its ability to cover an increased percentage. Since a cash in lieu agreement with the City would not add value to the property itself, any increase in the OPA would have to be funded either out of the increased sales tax revenue from Measurement, or from GURA's general fund. To justify an increase in the OPA sufficient to cover the \$2,925 annual cash in lieu fee, Measurement would have to generate an additional \$243,750 in sales annually, which seems unlikely. The Schramms do not regard the new seating as additional sources of revenue; they argue that patrons who normally sit inside will sit outside when the weather is nice, and that overall seating will remain near the inside seating amount.

The general fund could support the annual cash in lieu fee if the Board decides on that path.

Procedural Considerations

The funding method for this request could take a similar form as the pass-through GURA used for the Miners Alley grant where Mesa Meadows was reimbursed by GURA for its public purpose expenditures in building out the theater space. In this case, GURA's increased payment under the OPA would be passed through from Clear Creek Commons LLC to the City as payment for the cash in lieu fee charged against Measurement Inc, all of whom would have to agree to this under contract.

Recommendation

I recommend that GURA not amend the OPA to provide the support requested. The increased tax revenue from the new seats would likely not cover the cash in lieu fee. Cash in lieu of parking in this case functions essentially as an intangible tenant improvement which is not of a physical nature, not required by code, and does not provide a public benefit. In contrast, GURA's OPAs are all with property owners and are based upon projects of a physical nature that relate to code compliance and public benefit.