

**Downtown Working Group  
Meeting #4 – March 6, 2013  
Suite Z, 9:00 AM – 11:00 AM  
Meeting Notes**

Attendees: DWG: Bill Taylor (BT), John Vereuck (JV), Jo Bacon (JB), Mickey Brown (MB), Bruce Woodward (BW), Jim Smith (JS); Absent: Tom Cage, Jay Deinken, Dave Harvey

Public: Elizabeth Tenney (ET), Matthew Lehman (ML)

Staff: Sandra Moberly (SM), Jessica Morriss (JM), Abe Barge (AB) (by phone), Andy Plescia (AP) (by phone)

**Agenda Item 1: Meeting Agenda and Purpose**

The DWG approved the 2-12-13 meeting notes, with the addition of Bill Taylor to the list of attendees. Jessica Morriss provided an overview of the meeting agenda and purpose which is to review the draft Commercial Zoning Districts code provided by Dyett & Bhatia, the schedule for the Main Street Implementation Plan workshops and stakeholder meetings developed by Winter & Company, and to review Andy Plescia's preliminary economic analysis related to the effects of the draft commercial zoning standards on potential future development in the commercial districts.

**Agenda Item 2: Discuss Commercial Zoning Districts Use Regulations (Jessica Morriss on behalf of Dyett & Bhatia)**

Jessica Morriss provided a PowerPoint overview of the draft Commercial Zoning Districts Use Regulations (drafted by Dyett & Bhatia). She stated that the draft use regulations are based on a review of the existing code, design guidelines, a field tour, various studies and reports, and the consensus comments of the Working Group thus far.

She reaffirmed that the goal of the draft regulations is to provide a streamlined, user-friendly set of standards that communicate the types of permitted and encouraged development in each commercial zone. She stated that the use tables in the draft code are intended to encourage desired development in the desired locations through different permit review standards and use regulations, consistent with the intents of each commercial zone.

The draft use regulations reflect the following consensus input received from the Working Group:

- The original 4 zones have been consolidated into 3: MLR, D and OMR.
- The concept of separating the permitting process from Design Review has been carried forward.

The Working Group made the follow comments:

- JB – We need to make sure that the Planning Commission’s authority to perform design review is maintained. In some instances, the design review process has ended up resulting in project changes.
- JS – An important distinction we need to make is that an entitlement (Conditional Use Permit) is considered a right while zoning is not. Your CUP may approve you for 40 units, but you may be approved for less after you go through Design Review.
- BW – When the administrative or use permit for a project’s “white box” comes forward, the review authority won’t be looking at an “empty void.” There will be enough information provided in the application as to what the project is because a developer will know what they plan to fill the box with prior to review.
- JS – The approach to permitting the “white box” provides the certainty developers need and flexibility the Town wants if the code clearly bookends the maximum limits of what can and can’t be done.
- ET – Question: The draft states that less active uses should be placed above the ground floor or to the interior of the site. How does this relate to what was approved for Old Mammoth Place?
- JM – Answer: I believe it is consistent. Old Mammoth View placed its hotel lobby, restaurants and retail at ground level and moved less active uses to the interior of the site. The buildings were wrapped with retail and active uses.
- BT – “Active” should be thought to be pedestrian-friendly and “walk-in” type of uses.
- JV – Question: Based on these draft regulations, can something like an insurance brokerage be denied on a primary or secondary retail street?
- JM – Yes, the code is drafted to restrict certain less-active uses, like offices that do not typically experience walk-in traffic, from the ground floor. The draft code requires active uses on primary and secondary retail streets. For example, banks are only allowed on the ground floor if they are less than 5,000 square feet. This helps to discourage standalone bank buildings and encourage them to move “in line” with other buildings.
- ET – I am concerned with the Design Review process and not sacrificing the authority of the Planning Commission in this area. Design review has led to successful buildings in Mammoth Lakes. The difference between Dominoes here vs. the one in Van Nuys and the color scheme for the Lutheran church in town is because of our successful Design Review process
- JM – I agree. We do not plan to alter the current Design Review process. Design Review will be conducted in the same way that it is now, with some permit applications being reviewed by staff administratively and some requiring Design Committee review, and some requiring full Planning Commission review. For example, as we do now, new construction will require a Major Design Review, and a simple re-paint will just be done administratively or with Committee review. Staff will make sure that the Design Review section of the code reflects the current process and requirements and is consistent with the Commercial Zones Chapter.

- BW – Design review and design guidelines will be used to make sure that building and site design is consistent with Mammoth design objectives.
- JB – A perfect example of that is Vons, DIY and Rite Aid. They all have north-facing entrances.
- BT – A common misunderstanding is that people think development review is for checking codes. That's just a part of it. It's to make sure it's workable.
- ET – Should we put in a paragraph about mountain vernacular and rugged architecture?
- Consensus: No, that's what design guidelines are for.
- JM – We'll make sure that the group checks the design review code regulations with the final set of commercial use regulations to make sure everything is consistent and that everyone is comfortable.
- JS – As we review this information, more questions will come up. We need to have a repository for comments/critiques related to but not directly regarding the draft code.

Jessica asked the Working Group to submit comments on the Draft Use Regulations to her by March 27<sup>th</sup>. She stated that the group will revisit the development standards (building envelope, massing, setbacks, stepbacks, etc.) at the next Working Group meeting.

### **Agenda Item 3: Main Street Implementation Plan Workshops and Stakeholder Meetings (Abe Barge, Winter & Company)**

Abe Barge from Winter & Company summarized the preliminary schedule for the Main Street workshops and stakeholder meetings occurring April 2<sup>nd</sup> – 4<sup>th</sup>. Abe stated that the goal for the workshops is to keep stakeholders informed and involved, and to gather enough material from the community by the end of the week to develop the preliminary draft of the Implementation Plan.

The workshops will focus on streetscape palette, parking solutions, financing and organizational strategies, etc. and will result in a draft development plan. The first workshop will focus on developing preliminary ideas, and then on Thursday, we will present the results of what we learned and how we think we will move forward. The rest of the week will entail a series of meetings happening in parallel with various stakeholders and interested parties. We also want to begin to discuss financing strategies and the realm of potential mechanisms for financing a project such as this.

The Working Group made the follow comments:

- JM – Question for Abe: How will the walk-in/drop-in open houses work?
- AB – Answer: Anybody who wants to drop-in and see what's happening can. There will be enough team members present where someone can float around and inform people about what is happening and help answer questions or record comments.
- JS – There needs to be someone who will greet the participants at the door, so that they receive a positive welcome. We should direct them to where they should go in order to have their questions or concerns addressed.

- ET – One big issue we have to address is property owners and business owner’s current pessimism and discouragement. We were all very impressed with Noré’s Planning Commission presentation that described how projects can still move forward even when some property owners don’t want to participate. The things property owners are concerned about are their “nest eggs,” incentives, the costs, etc.
- JV – In many cases, the business owners are not the owners of the property. Business owners are most concerned about the current and long-term success of their business, while property owners are more interested in the long-term value of their property.
- JM – Business owners will generally care more about the here and now, property owners will care more about the future. We need to remain focused on the long term vision, while still trying to make short term improvements to help business owners as well.
- ET – We should be focusing on competing with our peer resorts, not competing between businesses in town.
- ET – Question for Abe: This will occur the week after Easter. It’s Spring Vacation for many business owners. How do we keep people involved if they can’t physically attend the event?
- AB – Web input, make sure that the materials produced are published on the web. They can always call-in as well.
- JM – If there is a substantial turnout at the initial public workshop, we should consider showing the community the presentation of successful real world examples that Nore presented at the Planning Commission kick-off workshop. It was very valuable to see how changes have been made on similar corridors.
- JB – Question: why is Old Mammoth Road corridor not included in the newspaper advertisement?
- Answer: the workshops are primarily about Main Street, as this is the focus of the grant project, but there will be some discussion about Old Mammoth Road as well, and how the two corridors work together. Old Mammoth Road is in the sphere of influence of the project.
- ET – Problem with the term “implementation plan” being used. It sounds too much like planner-speak. Also, a problem with the verb “enhancing.” The goal is to bring about an immediate sense of something being done here and now.
- JM – Staff will work with Cheney on the advertisement, which will appear in the paper starting next week and run through the end of the month. We will also distribute through email and through the DWG.

**Agenda Item 4: Review Preliminary Economic Analysis (Andy Plescia, with Winter & Co. team)**

Andy Plescia, Winter & Company’s economic consultant, provided an overview of the preliminary economic analysis that he prepared. He stated that the analysis is a draft and he will refine it after receiving comments and input from the Working Group. The purpose of the analysis was to test the financial feasibility of the draft Commercial Zoning development standards and to assess the cost to develop in Mammoth Lakes.

The analysis was prepared based on information provided by members of the real estate development community (Mickey Brown, Dave Harvey, Jim Smith, Hector Caldera, and Matthew Lehman), and on the hypothetical development projects prepared by Dyett & Bhatia for three of the seven opportunity sites identified by staff. The opportunity sites were Sites A, D (2 options), and E.

We modeled development proformas for each of the sites to test the draft standards, and analyze whether the hypothetical projects could “pencil” and what the limiting factors were.

The Proformas were built off of a stipulated set of cost/revenue assumptions:

- Land Costs: based on interviews with developers and a review of reports and studies provided by the Town.
- Direct Construction Costs: broken down into: public improvements, site work, tenant improvements, Hotel FF&E, surface parking and structured parking based off of interviews with developers, prior experience and prior studies and reports provided by the Town.
- Indirect Construction Costs: broken down into: predevelopment costs, architecture, engineering, permits/fees (DIF (including recent work done by EPS), affordable housing (based on current interim policy), outside agency fees, etc.), taxes, legal, title, closing, marketing, leasing commissions, administration/overhead, developer fees and contingencies.
- Financing Costs: based on current construction loan fees/interest for different types of development.

Andy summarized his preliminary conclusions:

- Returns don't get to developer targeted Return on Investment (15%). Reasons for this include:
  - High cost of parking (particularly as shown with sites A and D that include significant understructure parking). Parking presents one of the largest economic burdens.
  - Fees also drive the indirect cost numbers high. They're usually 35% of construction costs in other comparison communities, but here they are between 35-45% based on the development scenarios studied.
- The Main Street plan and the update to the Commercial Zoning Chapter should focus on how to achieve economic productivity, and part of that includes the building designs that are encouraged in the corridor.
- District-wide solutions need to be considered, particularly for parking. Being able to provide parking at a district level, removing some of the burden from each property owner that requires them to provide all of their parking on their site, will allow them to increase their development capacity and therefore the economic productivity of their land.

The Working Group made the following comments:

- JM – For the group’s knowledge, the information that Andy is collecting and the economic proformas he is preparing are important for a number of reasons, including the following:
  - First, the Town has never had an independent 3<sup>rd</sup> party prepare development-specific proforma analysis before. Though some of the information may be seen as some to be telling us what we already know, it is important that we have independent analysis completed.
  - Second, and most importantly, the analysis that is being done tests the draft commercial zoning development standards, and tells us what works from a financial perspective and what doesn’t. We are also creating a baseline now from which we can test various physical alternatives for Main Street and how they may impact the overall financial picture for property owners.
- JS – There have been many people who have said that the Zoning Code is impractical and infeasible for development. The financial analyses are now providing the proof that this is the case. Codes are only as good as the ability to build to/from them. Some developers decided to go through a “Specific Plan” process because the current code would not allow for or support a project that would be financially feasible, nor result in the type of development that the community wants.
- JS – the financial analysis is also telling us that the development fees are impractical and are discouraging development. The analysis says that approximately \$57 per square foot goes to development fees, which is a significant amount.
- JM – This economic analysis also shows that we need to solve our parking problems on a district basis.
- MB – The Working Group needs to review the list of assumptions with you in more detail before this information is presented to the broader public in order to make sure that it is accurate.
- JS – In some instances, the stated cost assumptions may be underestimated. For example, I believe the parking construction cost is too low and that overhead costs related to such things as snow removal and being in a remote location are not fully factored in. This all factors into the cost of construction. A recent project of mine took \$450/sq. ft. to construct, and this is much higher than the numbers included in the preliminary analysis. We should revisit this information.
- JM – I think it would be appropriate for the group that has been working with Andy on the economic analysis to meet and discuss the assumptions used in the analysis. We need to feel comfortable with the information moving forward. A face-to-face meeting with Andy during the April workshops will be scheduled.

### **Agenda Item 5: Next Steps/Meetings**

Jessica summarized the next steps and scheduled meetings:

- a. March 13, 2013 – Staff Update to Planning and Economic Development Commission regarding Commercial Zoning Chapter and DWG Progress.
- b. April 2, 3, 4th – Main Street Implementation Plan public workshops and stakeholder meetings.
  - o Downtown Working Group meeting – April 3rd 9:00 AM, Suite Z

### **Agenda Item 6. Upcoming Topics for the DWG**

Jessica described the upcoming topics that will be considered by the Working Group:

- a. Results of the April public workshops and stakeholder meetings
- b. Continued discussion of building envelopes: height, mass, setbacks, stepbacks, etc. and filling the box (density/intensity)
- c. CBIZ
- d. Review of complete draft chapter