



Public & Private Partnerships

This paper discusses the role of partnerships with public and private entities in planning for Larkspur's long-range capital improvement needs.

Larkspur has a 30-year tradition of participation in an almost unprecedented number of inter-agency cooperative projects. The most innovative example is the Twin Cities Police Department, which is jointly funded by Larkspur and Corte Madera. Since the early 1970's, the City has cooperated with Marin County in the Community Development Block Grant program. The 11 Marin cities and the County have banded together in 26 different joint powers agreements. Some of these are to fulfill state and/or federal mandates such as solid waste management, the Clean Water Act and abandoned vehicle abatement. Others are strictly local initiatives:

- The Congestion Management Agency works on region wide traffic issues, and has been a springboard for several initiatives to fund Highway 101 improvements.
- The Countywide Planning Agency oversees the development of the County General Plan and coordinates planning issues between the cities and the county. All of the cities are represented on the Agency board.
- The Marin Emergency Radio Agency is overseeing the development of a countywide radio system for most of the police and fire agencies in the county.
- The Major Crimes Task Force operates interagency crime suppression programs.

The City of Larkspur has initiated a number of interagency programs independent of the joint powers agreements. The City operates programs with three school districts – Tamalpais, Kentfield and Larkspur. In addition to the police agency, Larkspur conducts other joint programs with Corte Madera, including fire training, day care and some public works projects. Larkspur treats Corte Madera as part of its service area for recreation programs, and Corte Madera does the same.

State and Federal funding programs increasingly tie strings to loans and grants by requiring participation in interagency and regional programs. This is particularly true of transportation programs. The Library Bond Act passed by California voters in March 2000 is a recent example. The rules for distributing the funds favor joint proposals by cities and school districts to build shared library facilities.

The recent approval of bond financing for the Larkspur School District presents new partnership opportunities. The District will use bond proceeds to remodel the existing multi-use room/gymnasium at Hall Middle School into a library. In preliminary

discussions, the District has been receptive to the idea of studying a project with the City to build a joint library at Hall. The District will also build a new gym at the Middle School. The District has asked the City to consider building up to 2,000 square feet of multi-purpose space as part of the new gymnasium. This would include space for Recreation Department offices. The District proposes that the Recreation Department manage the facility under a joint operating agreement.

The City of Larkspur has not had much experience partnering with private developers. Public/private partnerships in development can take many forms. For example, a city may use its land use program to encourage development that will generate revenue. California communities often zone properties for high intensity retail development as a way to attract big box retailers, which produce sales tax. Another approach is to literally become a development partner, investing in a project for some public purpose. This is sometimes done to build parking lots and public buildings. Public/private partnerships in development have to be done carefully to be successful. Communities must decide on their land use and environmental goals first, and then develop the partnerships to maximize their goals.

With only four remaining vacant properties of any size (and an essentially built-out retail market), the opportunities for public/private economic development partnerships in Larkspur are limited. The Monahan Pacific and Niven properties are both planned for housing, which is important in its own right, but tends to generate more costs than revenues. The 10-acre Sanitary District property in Larkspur Landing is a prime commercial property. The City Council has adopted a resolution encouraging proposals for hotel development on that site, subject to satisfying the city's traffic and environmental policies. This is an important economic development opportunity because hotels pay the City a 10% Transient Occupancy Tax (TOT) on their gross receipts. The estimated annual TOT on a 150-room hotel at Larkspur Landing is between \$300,000 and \$700,000 annually, depending on the operator.

The 1+ acre Nazari property on Magnolia Avenue, in the Central Larkspur Specific Plan area, could also be an opportunity to achieve long-range capital improvement goals. The Downtown Specific Plan suggests that the City explore selling the adjacent public parking lot to join it with the Nazari property for development. The Downtown Plan states that the public parking should be replaced and the City should get fair market value for the land. The key location of this property makes it particularly valuable to any potential developer of the Nazari property. In addition to (or instead of) its cash value, the property could be traded with a developer for a contribution toward the construction of a public facility such as a library on the Nazari property. Also, the Nazari property has been studied in the CLASP project as a possible site for a 20 to 30-room hotel or B&B. The TOT yield on a small hotel would be modest, but in theory could be used to underwrite certificates of participation for a portion of the cost of a new public facility, if it were part of a public/private partnership. ***The economic feasibility of this has not been studied.***

In developing partnerships it is important to have flexible programs and to be prepared for change. For example, eight years ago there was a statewide crisis in local government funding. Revenues were down because of the recession, and the State took away a portion of the Property Tax. The State stepped away from its partnerships with local government, and cities were forced to reduce services and capital improvements. In the late 1990's conditions reversed, and in the year 2000 the City of Larkspur's revenues are up. The City must have a capital improvement funding strategy that is flexible and allows the Council to take advantage of opportunities during economic good times. This means that the City must have plans in place so that it can recognize and take advantage of opportunities when they occur. It also means that the City should consider changing its pay-as-you-go philosophy and be prepared to borrow money if the opportunities arise and the need to make immediate improvements to the City's infrastructure is apparent.