



THE STITCH

Implementation Plan



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DaVinci
DEVELOPMENT COLLABORATIVE, LLC



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Executive Summary

Moving from Feasibility to Implementation

This is the third and final deliverable for the Stitch Feasibility Analysis commissioned by Central Atlanta Progress (CAP) and the Atlanta Downtown Improvement District (ADID).

The first phase of the analysis was a study of a cap park precedent projects in the U.S. The second phase was an Existing Conditions and Constraints and Opportunities Report to understand and document the existing conditions in the project area and determine a reasonable approach for constructing the Stitch. This final phase of the Feasibility Study provides an Implementation Plan that builds on previously completed work and looks forward to putting planning into action.

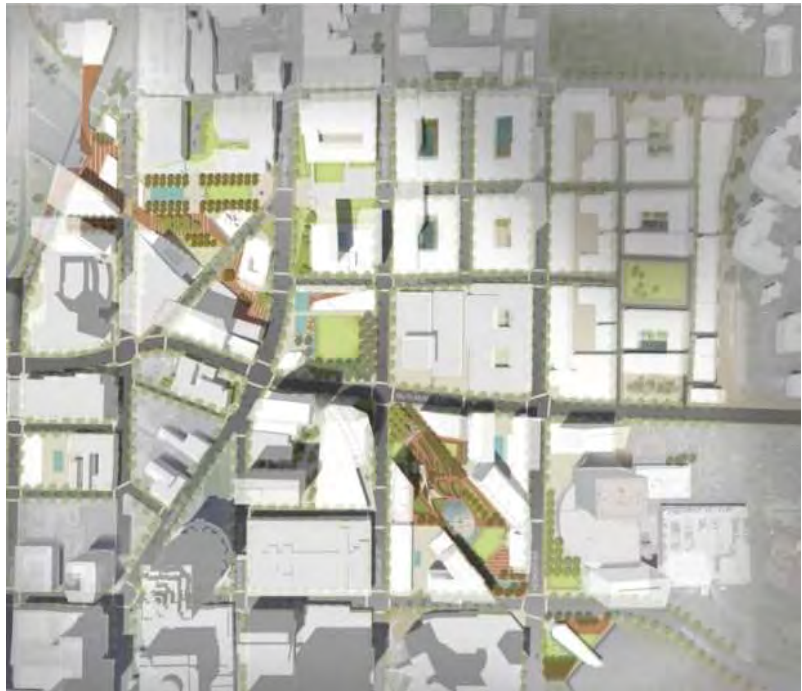


Image 1

Illustration from Jacob's Vision Plan for the Stitch.

Through the course of the study, the team considered questions about viability of the Stitch to determine if there were obstacles or challenges that could not be reasonably addressed and overcome.

As each step of the Feasibility Study was completed, questions were asked and answered. As new information was available to inform the answers, the collective response from the development team, the Stitch Advisory Committee, engaged stakeholders and the public, was that the benefits and the positive impacts the Stitch brings to this neighborhood, the City, the State and the region far outweigh any of identified challenges.

This Implementation Plan outlines a development process transitioning the project into fundraising, design, permitting and construction. It includes strategies for:

- Stakeholder Engagement
- Governance Approach
- Approval Process
- Delivery Strategy
- Financing Strategy
- Operational Sustainability

What is the Stitch?

The Stitch is a proposal to cap over the section of the Interstate 75/85 (the Connector) in Atlanta's Central Business District from the Civic Center Metropolitan Atlanta Rapid Transit Authority's (MARTA's) station at West Peachtree Street to Piedmont Avenue. The cap will be a 3/4-mile platform creating a 14-acre park that will reconnect this divided area of Downtown and catalyze real estate investment around it. In 2016, CAP/ADID released an initial Vision Plan with these goals:

- **Repurpose underutilized assets created by the construction of the interstate highway system**
- **Leverage access to transit by fostering transit-oriented development at the Civic Center MARTA rail station**
- **Create urban greenspace and new development pad sites both atop and adjacent to the platform**
- **Develop a vibrant public realm with quality civic infrastructure, interconnected open spaces**

Why is the Stitch Important?

The Stitch will attract investment, increase real estate values, and create an unprecedented opportunity to foster transit-oriented development at the Civic Center MARTA station.

The Stich has a projected real estate value impact of between \$2 and \$3 billion over 30 years.

Real estate values in the Stitch area are projected to increase between \$2 to \$3 billion. A projected 3% annual growth in value for all properties in the immediate area and a one-time value increase of 15% for properties fronting directly on the park will produce a lasting impact. Real estate values are projected to increase \$1 billion to \$1.5 billion in 15 years and between \$2 billion to \$3 billion over the next 30 years. As new residential and commercial development is attracted to the surrounding area, ridership at the Civic Center Station, one of the least utilized in the MARTA system, is projected to also increase dramatically.

The Stitch will transform this neighborhood with a new, dynamic public realm of interconnected public spaces and a vibrant new welcoming front door to Downtown and Midtown attracting jobs and adding new residents, visitors, and businesses to the Central Business District.

How will the Vision be Implemented?

In 2015, ADID commissioned Jacobs Engineering to develop a Vision Plan for the Stitch. The Jacobs Vision Plan captures the potential of Stitch and established a conceptual design and framework subsequent work has built upon. Two years later, ADID engaged the DaVinci Development Collaborative, a real estate development consulting and management firm, to lead a pre-development Technical Feasibility Study designed to test the concept and provide a strategy for its implementation. This Report is the culmination of the Feasibility Study, it lays the foundation for the pre-development work required to advance the implementation of the Stitch vision.

Recommendations

Technical Feasibility

The Stitch Technical Feasibility Study examined the challenges of constructing a cap over one of the busiest stretches of highway in the nation traversed by 350,000 cars in the course of one day. The analysis took an in-depth look at the existing physical site conditions and the implementation challenges. Some challenges were identified, but there were no fatal flaws discovered. Further study is required to better understand the proposed engineering concepts presented and the constraints that may impact implementation, but the analysis provides a basis for a reasonable implementation plan.

High-level conceptual design for constructing the Vision Plan infrastructure was part of the analysis. Through the work of an engineering team that has designed and constructed similar cap parks, the technical analysis supports the initial assumption that this area of the Downtown Connector is ideally suited for implementing a cap park. This was step one in proof of concept.

The technical analysis supports the initial assumptions that this area of the Downtown Connector is ideally suited for implementing a cap park.

With the support of an international infrastructure contractor, also with highway cap experience, an order of magnitude construction cost was developed for the proposed engineering concepts. Added to the cap costs were estimates for the park improvements and contingencies and construction cost escalation projections to get to a total capital budget of \$453 million.

Stakeholder Engagement

The stakeholder engagement strategy will solidify interest and secure support from the stakeholders required to clear the political hurdles and bring to bear the financial resources the vision requires. To this end, a stakeholder engagement strategy has been developed to include a Road Show to update partners, sponsors, supporters, approvers and funders on the work that has been completed and the implementation plan that has been suggested.

The engagement strategy focuses on the interests and mission of each stakeholder group and how their respective organizational goals align with the Stitch vision. Telling the story of the Stitch and its transformational impact requires connecting with the unique wants and needs of each stakeholder group. The engagement strategy identifies these connections and communicates with them in a way that resonates with each of the various groups. Tools for engagement include a video to illustrate the impact of the vision and a presentation of how key benefits of the Stitch align with each group. The key critical partners that are the initial focus of the engagement strategy include several departments in GDOT and MARTA, and various departments and offices at the City of Atlanta and within the State of Georgia.

The precedents prove that finding the right project champion(s) early in the development process is one of the most important strategies for moving the vision forward. A champion to serve as advocate for the Stitch is a key part of the recommended engagement strategy. Having a person (or persons) with exceptional civic leadership experience and capabilities and the respect of the community, the public, and all the Stitch stakeholder groups and partners is key to moving the vision forward.

Governance Approach

The recommendation for governance of the Stitch is a Public/Private Partnership (P3) with GDOT, primary public partner as Owner of the improvements and a newly formed third party 501(c)(3) tax exempt entity (known for now as, “Stitch Inc.”) as the private partner responsible for overseeing the project development and operating and managing the park.

A Public/Private Partnership governance structure is recommended for the construction and operation of the Stitch.

This recommendation leverages GDOT’s experience and knowledge as owner of public infrastructure improvements and leverages the ability of a private non-profit entity to efficiently and effectively manage the implementation and day to day operations of the park. The structure requires a GDOT Governance Agreement structured as a lease, easement or license agreement. An agreement with the City is also anticipated for the integration of park improvements with the adjacent right of ways and public utilities.

The establishment and makeup of the new Stitch Inc. governing board will enlist representatives of relevant stakeholder groups and other civic minded individuals that bring the requisite skills and experience for governing the nonprofit corporation that will run the Stitch. All revenue streams will be collected and retained by this private non-profit. Stitch Inc. will also control and promote programming and manage the use of the park facilities. It is recommended that independent, third party consultants be contracted for development management of the capital improvements and ongoing operations and maintenance of the park.

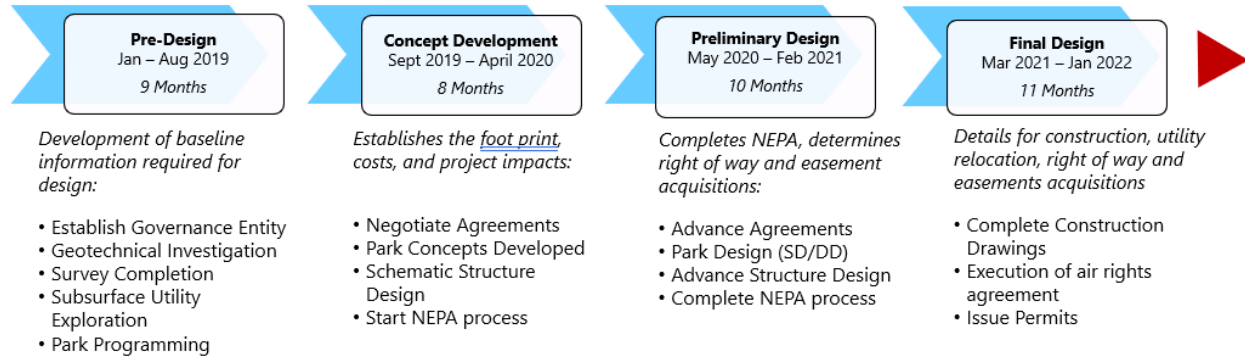
Approval Process

The strategy for moving the Stitch through the entitlement and approval process is directly connected to the governance recommendation. The recommended P3 strategy places the cap structure construction responsibility with GDOT, the public partner and gives design responsibility and construction of the park improvements to Stitch Inc., the private partner.

The best way to get a roadway project approved (which the cap structure element of the Stitch is in many ways) is to move it through the same process that of other roadway projects go through. There are two possible GDOT permitting alternatives for this type of project; the Special Encroachment Permit and the Plan Development Process (PDP). A Special Encroachment Permit is issued to private entities authorizing them to have privately contracted worked performed in public right of ways. PDP is the permitting and approval process that GDOT takes its large projects through where the design and construction responsibilities rest within GDOT. The recommendation is for a hybrid of the two GDOT permitting alternatives that leverages the strengths of the respective partners, using the GDOT process to review, approve and permit the cap structure and the private non-profit to manage the design process and construct the park improvements.

The approval process starts with Pre-Design and goes through the Plan Development Process approvals, leading up to the start of construction. The phases and projected approval timeframes are indicated in Diagram 1 below with the primary activities that to be completed at each step.

Diagram 1



Delivery Strategy

The total development cost for the entire extent of the Stitch vision is estimated to be \$453 million including costs for the cap structure, the park improvements and all the related soft costs for fees, consultants and permits. The rough magnitude costs by block are identified in Table 1 below:

	Ted Turner Drive to Peachtree St	Peachtree St to Courtland St	Courtland St to Piedmont Ave	TABLE 1
	Block 1 + 2 5 acres	Block 3 3 acres	Block 4 + 5 6 acres	Total Cost
Hard Costs				
Cap Infrastructure	\$76,000,000	\$31,000,000	\$82,000,000	\$190,000,000
Cap Infrastructure Contingency	\$15,000,000	\$6,000,000	\$16,000,000	\$38,000,000
Park Improvements	\$17,000,000	\$9,000,000	\$14,000,000	\$41,000,000
Park Improvements Contingency	\$2,000,000	\$1,000,000	\$1,000,000	\$4,000,000
Building Structures	\$13,000,000	\$8,000,000	\$11,000,000	\$31,000,000
Building Structures Contingency	\$1,000,000	\$1,000,000	\$1,000,000	\$3,000,000
TOTAL HARD COSTS	\$125,000,000	\$56,000,000	\$126,000,000	\$307,000,000
Soft Costs				
Architects and Engineers (12%)	\$15,000,000	\$7,000,000	\$15,000,000	\$37,000,000
Owner Direct Consultants (2%)	\$2,000,000	\$1,000,000	\$3,000,000	\$6,000,000
Municipal Fees (1%)	\$1,000,000	\$1,000,000	\$1,000,000	\$3,000,000
Other Soft Costs (2%)	\$2,000,000	\$1,000,000	\$3,000,000	\$6,000,000
Soft Cost Contingency (15%)	\$3,000,000	\$1,000,000	\$3,000,000	\$8,000,000
TOTAL SOFT COSTS	\$24,000,000	\$11,000,000	\$25,000,000	\$60,000,000
Hard and Soft Cost Total				
TOTAL COSTS	\$149,000,000	\$67,000,000	\$151,000,000	\$367,000,000
Escalation and Contingency				
Construction Escalation	\$20,000,000	\$9,000,000	\$20,000,000	\$49,000,000
Project Contingency	\$15,000,000	\$7,000,000	\$15,000,000	\$37,000,000
GRAND TOTAL-FULL PROJECT	\$184,000,000	\$83,000,000	\$186,000,000	\$453,000,000

The recommended phasing strategy for Stitch was developed based on projected cost and availability of funding, ease of construction and maximizing impacts to quality of life and real estate value. This phasing strategy is key to the financing of the Stitch.

Ideally, the Stitch would be constructed from start to finish without interruption. While this is the preferred alternative, in order to execute this delivery plan, all the construction funding would have to be available at construction start. Capital-intensive civic projects like the Stitch are often completed in phases funded by multiple fiscal year budgets that spread out the high cost of implementation in digestible funding tranches that match up with funding cycles.

The five existing Stitch project area streets that bridge across the interstate (Ted Turner, West Peachtree, Peachtree, Courtland/Ralph McGill, and Piedmont/Baker) are the suggested phasing demarcation lines.

In the recommended phasing plan, construction begins on the northwest corner at Ted Turner Drive and West Peachtree Street where the Civic Center MARTA rail station is located and extends to Peachtree Street to create Blocks 1 and 2 (as in Image 2). This approach provides for a manageable first phase capital cost of \$184 million (from Table 1 above) or 40% of the cost for constructing all sections. Thus, making for a more achievable funding raise. This option also unlocks the potential redevelopment for large tracts of underutilized real estate in new transit-oriented development connected to the MARTA Civic Center rail station.

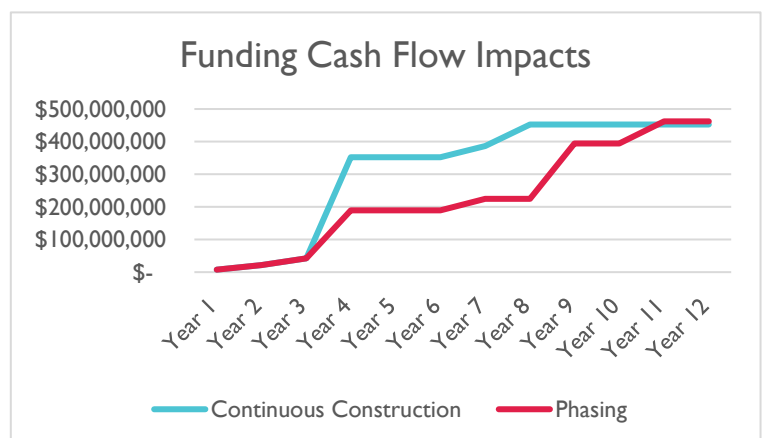
Image 2



If the \$184 million Phase One cost is evenly funded from public and private sources, \$92 million would be required from each. Assuming the high end of the feasible range of \$184M for public sources identified in the EY analysis, the projected \$92 million public funding required for Phase 1 would be half of the projected public funding.

Chart 1 illustrates the cash flow requirements for the phased versus the continuous construction approach. As the chart indicates, cash flow requirements are significantly lower in Year 4 for the Phasing alternative and remain lower until Year 11 when the costs for the Phasing Schedule begin to exceed the continuous construction schedule. The cash flow differences are a primary driver for recommending a phased approach.

Chart 1





Chapter 1

Introduction

Introduction

Feasibility to Implementation

Throughout the course of this work, ADID and its team have continued to consider questions about the viability of the Stitch. Is the project too ambitious, is it too difficult, is it too expensive? As each element of the Feasibility Study was completed, these questions were raised. At each point in the process as new information was available to inform the answers, the collective response from the development team, the Stitch Advisory Committee, engaged stakeholders and the public, was that the benefits and the positive impacts the Stitch brings to this neighborhood, the City, the State and the region far outweigh the challenges identified.

The data reviewed, the options considered, and the technical and financial feasibility proven, this final phase of the Feasibility Study provides an Implementation Plan that builds on completed work and looks forward to putting planning into action. This Implementation Plan outlines a development process transitioning the project into Fundraising, Design, Permitting and Construction. It includes strategies for:

- Stakeholder Engagement
- Governance Approach
- Financial Strategy
- Delivery Options
- Permitting and Approval Process

Financing Strategy

Funding for the Stitch will come from a variety of public and private sources. The estimate of public capital sources available for Stitch is a range of between \$112 million and \$184 million. Public sources include several federal, state, local, and regional options and a value capture strategy for deriving revenue from both a Tax Allocation District and a Special Assessment District. This estimate was updated based on new agreements approved between the City of Atlanta and the Atlanta Public School Board in 2019 that reduced the value of a potential contribution from the Eastside TAD. The balance of funds will come from private and philanthropic sources.

The list of potential federal, state and local sources includes the Better Utilizing Investments to Leverage Development (BUILD) program (which replaced TIGER Grants), Federal Surface Transportation Block Grants (STBG), Congestion Mitigation and Air Quality Improvement program (CMAQ), Georgia Transportation Infrastructure Bank (GTIB), and More MARTA funds.

The largest public funding source is tax increment financing from the existing City of Atlanta Eastside Tax Allocation District (TAD) and Special Assessment District bonds funded by increased real estate value and new development in the immediate area of the Stitch. Increased real estate values of \$2 to \$3 billion highlighted above are projected to generate funds of up to \$100 million for development of the Stitch.

The balance of the funding will come from private sources. Privately generated dollars will fund design activities, park improvements and the balance of the hard costs for the cap structure not covered by the public sources. Indeed, aggressive fundraising will be needed at to fund each of the Design Phases (Pre-Design, Concept Development, Preliminary and Final Design). To jump-start securing initial private funds and the search for a Champion, engaging a Fundraising Consultant may be considered.

Operational Sustainability

Long term sustainability of the operations and maintenance of the park once it is up and running is another important financial consideration for the Stitch. Annual operating costs and revenues for the Stitch were estimated based on the conceptual preliminary park program envisioned in the 2015 Jacobs Vision Plan and data from precedent projects. The annual operating expenses were estimated at \$10 million with potential annual park revenues generating about \$8 million. The annual funding gap would have to be filled by either an endowment or private donations and philanthropic gifts.

Next Phase Funding Requirements

Recommended immediate next steps are a series of targeted conversations with a key constituents and influencers who will support, approve, and fund the project. Other activities are focused on preparing for the detailed design work necessary to start the approval process. These activities include advancing due diligence, public engagement related to programming of the park spaces, and establishing the new governance entity. The budget for these recommended activities as listed below in Table 2 and will serve as an initial starting point for preliminary fundraising conversations. This phase of work is estimated for a 6-month duration.

Table 2:	
Pre-Design Activities (6 months)	Budget
Establish Governance	\$ 75,000
Topo and Boundary Survey	\$ 300,000
Subsurface Utility Exploration (SUE)	\$ 125,000
Geotech Exploration	\$ 50,000
Park Community Engagement and Planning	\$ 500,000
Economic Impact Analysis	\$ 175,000
Public Relations/Public Engagement	\$ 100,000
Administration/Staff	\$ 150,000
Contingency	\$ 147,500
Total	\$ 1,622,500

Once the Pre-Design work is complete, the Concept Development work begins. This phase of work is estimated for an 8-month duration. The costs associated with this phase of the work are indicated below in Table 3.

TABLE 3:	
Concept Development (8 months)	Budget
Architects and Engineers	\$1,386,000
Owner Direct Consultants	\$231,000
Other Soft Costs	\$346,000
Soft Cost Contingency	\$294,000
Administration/Staff	\$200,000
Total	\$2,457,000

Conclusion

The Stitch has the potential to change the fabric of Downtown and Midtown and to significantly catalyze real estate investment around it. It also has the potential to be the most significant transformation that Atlanta has seen since the Olympics. A long-lasting legacy will be created by the Stitch that will serve the City by not only increasing real estate values by up to \$3 billion and fostering transit-oriented development around the Civic Center MARTA station, but also by creating a new neighborhood and welcoming front door to Downtown and Midtown. With the creation of the Stitch will come new jobs, residents, employers, employees, and visitors to the Central Business District. The Stitch will require dedication of resources, championship, political will, and key public and private stakeholders committed to seeing the vision through. Atlanta has done this before and can do it again.

The work to date to advance the Stitch vision is substantial. Existing conditions have been studied and engineering concepts and costs to construct the vision have been developed by team members with cap park design and construction experience.

Recommendations for immediate next steps include a series of targeted conversations with a variety of key constituents and influencers who can support, approve and fund the project. These suggested conversations fall primarily in the category of political, financial, technical, and operational. Immediate dialogs are recommended with critical contacts at the City, State, transportation agencies, neighboring stakeholders, and potential early champions.

Additional next step activities focus on preparing for detailed design work necessary to start the approval process. These activities include advancing due diligence, public engagement related to programming of the park spaces, and establishing the new governance entity. A budget for these recommended activities will serve as an initial starting point for preliminary fundraising conversations.



Chapter 2

Stakeholder Engagement

Stakeholder Engagement

Telling the Story and Securing Commitments

A project of this scale requires consensus and commitment from a broad range of stakeholders. A single entity can be the catalyst, but execution requires a broad coalition of public and private stakeholders focused on realizing the vision.

Moving towards implementation, communications activities will center on identifying critical stakeholders for preliminary funding and support. Each audience will be carefully considered so that messages can be crafted to address the interests, needs and concerns of each audience group. The primary means of initial engagement will be a variety of Road Shows using the messaging, PowerPoint, visuals, and video developed in a collaboration of Jackson Spalding, Cubic, Jacobs and HGOR. Stakeholders to be engaged include neighboring property owners, advocacy groups, agency officials, government officials, nonprofits, private stakeholders, and ultimately, the public at large.

As ADID prepares to move the Stitch from conception to execution, a Champion is needed to engage public and private supporters and funders necessary to move the project through to the pre-design phase. A project champion - or better still a group of champions - are individuals who are passionate about the Stitch and will take on the cause of raising the necessary funds by investing their name, time, personal money, company money, and be committed to securing donations from their peers.

Targeted Conversations

While it is likely that public funding and dollars will follow private commitments and dollars, there are several critical conversations with key public representatives and agencies that should be “first stops” for the Road Show. These conversations need to be in place before a Champion is further defined and pursued in earnest.

The Stitch has received much press (international, national and local and there is an opportunity to continue to raise awareness for the project and to focus on the public benefits as well as generating excitement in elevating the Stitch as Atlanta’s “next big thing”. These conversations are recommended to occur in the next 30-60 days. These initial conversations are with City, State, and transportation agencies and concern a variety of topics as illustrated in the following charts and explored in the detail further in this section.

City & State Conversations

	Potential Funder	Tech. Input	Design Input	Dev. Input	Process Input	Key Support	Key Advisor
Mayor's Office						X	X
Parks & Rec.		X	X		X	X	X
Public Works Dept.	X	X			X		X
Invest Atlanta	X						
Office of Resilience							X
One Atlanta							X
Renew Atlanta	X						
Watershed Mgmt.		X					
Planning Dept.		X	X	X		X	X
City Council	X				X		
Ga EPD		X					
Ga EPA		X					
Legislature	X					X	
Governor's Office	X					X	X
Econ. Dev.	X						

Transportation Conversations

	Potential Funder	Tech. Input	Design Input	Dev. Input	Process Input	Key Support	Key Advisor
MARTA	X	X					
Megabus		X	X				
Atlanta Reg. Commission	X				X		
FHWA	X	X	X		X		
SRTA							
GDOT	X	X	X	X	X	X	X
Bicycle Coalition		X	X			X	
PEDS (walkability)		X	X			X	

Stakeholder Engagement: Gaining Commitments

Complex public projects such as this require a disciplined process for execution and the same discipline should be applied to obtaining the necessary stakeholder support. Initial communications strategies surrounding the Stitch will focus on raising project awareness and educating audiences on aspects of the project most relevant to their interests (or concerns).

Stakeholder Engagement is a critical task that will run concurrent with and across all design phases (Pre-Design, Concept Development, Preliminary Design, and Final Design). Without engagement and funding, there are not the means or support to execute the Implementation Plan.

Initial Road Show

Following is a summary of stakeholders with whom to engage. It should also be noted that the recent Urban Land Institute's Advisory Assistance Panel highlighted the Stitch and provided an opportunity to share the Stitch story and ask questions of more than 150 different including city and state officials, thought leaders, trade associations, health organizations, neighborhood groups, property owners, park associations, real estate developers and investors, equity groups, contractors, project partners, transportation organizations as well as potential private funders.

Stakeholders Who will Support and Advocate

Neighboring Stakeholders

ADID has well prepared the neighboring stakeholders to the Stitch – St. Luke's, Georgia Power, United State General Services Administration, Emory University Hospital Midtown, etc. Revisiting this base group and starting the Road Show with this group of constituents will ensure they are among the first to have the latest project updates. Neighboring property owners will likely be among the first to received calls from elected officials to solicit feedback about the Stitch. It is critical that they are aware (and supportive) of the project's current status and progress and not surprised by hearing news from other sources.

Should they be contacted by an official, having secured their support early on will increase the likelihood that they will support the Stitch publicly. As the Stitch directly impacts this audience due to their proximity, it is also vital to seek not only their support but where appropriate, their input into design and programming. Their input will ensure their continued support and ambassadorship to their constituents. At a minimum, the goal with this audience is to neutralize or mitigate any potential opposition. At best, this is a fertile ground to find strong allies and ambassadors. Finally, as ADID has an existing relationship with the audience, they will prove an ideal and friendly testing ground for the Road Show's messages and tools.

It should be noted that while key neighboring stakeholders have already been identified, it is a good practice to engage a Surveyor to conduct a Deed search and produce a map of all the adjacent properties surrounding the park perimeter. While Geographic Information System (GIS and ADID data have produced much detail, a thorough Deed search will provide up to date information on all adjacent owners. As part of Stakeholder Engagement exercises, properties owners can be targeted for potential donor support.

Key Messages for Neighboring Stakeholders

- Initially, neighbors will be concerned with project updates and will want to understand how and when the Stitch will engage with their property and effect their uses and can be re-engaged through formal stakeholder engagement and outreach activities.
- Later, this audience will be interested in having input into high-level design and amenities. For example, neighbors may be concerned about how the Stitch construction and operations will impact traffic and safety. They will also want to make sure it uses and features are complementary with the needs of their employees and visitors. As the Implementation Plan progresses, local businesses may also be potential funders and interested in sponsorship opportunities for amenities from park benches to water features.

Suggested Tactics for Neighboring Stakeholders

- Initial Road Show meetings will provide opportunities for project updates and answering questions. These meetings will also solicit input for topics for future meetings and how and when to engage their employees or constituents.
- As plans progress and the project becomes more public-facing, neighbors such as St. Luke's or Georgia Power may be further engaged by offering the opportunity to host a public informational session about the Stitch. Such a forum will allow the public and influencers to engage in a two-way dialogue about the project while in its early stages and therefore potentially avoid the backlash that other projects have suffered by not engaging the public before updates were announced in the press.

Advocacy Groups

Other key constituents to be addressed include those with interests in the environment, social justice and equity issues (such as affordable housing), urban planning, historic preservation, etc. Identifying and engaging these groups early on can turn potential adversaries into important allies and advocates. Residential neighbors are also key to engage at this junction and along with advocacy groups, can be leveraged to become vocal ambassadors in the community and partners in establish grass roots support.

Providing opportunities to engage advocacy groups in the next stages of implementation of the Stitch will be key to securing their input and support. When engaging such advocacy groups, research should be conducted to understand the potential interests and concerns of each groups so that messages can be appropriately tailored. Public forums will also provide opportunities for the Stitch team to engage the media and press in a proactive environment.

Examples of potential advocacy groups include the Georgia Conversancy, Park Pride, Trust for Public Land, Partnership for Southern Equity, The Atlanta Food Bank, etc.

Public Stakeholders who will Support, Approve and Fund

City, State and Federal Officials

Local city, state and federal officials are also critical to engage during early stops of the Road Show and support should first be built among elected officials who know and trust ADID and who can form introductions to other officials. Meeting attendees should include elected officials such as the Mayor and relevant City Council members, as well as, appointed officials such as the City Planning and Parks and Recreation Commissioners. State officials will be important in approving and even expediting environmental review, regulatory relief and ultimately, funding. Federal support may be sought after securing approvals at the City and State level. As the Implementation Plan progresses, a trip to Washington, D.C. to meet and update federal officials may be scheduled.

These meetings will serve to update the officials about Stitch progress, educate them about plans, answer questions, ameliorate concerns and seek their input about park design and/or programming aspects that are synergistic to their goals. Engaging in dialogue with officials early on will also solidify a relationship of trust that will be critical when vocal support and approvals are needed.

Ultimately, to move the project along, support from federal, state, and city officials is key in securing not only project approvals but in funding the Stitch. Commitments from the State (for GDOT / transportation funds) and the City (for bond monies) are critical in funding the project. Public funding is complex, and its strategy will impact not only financial support but later potential delivery strategies. This topic is discussed in detail later in this Report. A seasoned lobbyist at the state and city level is an effective strategy in achieving public support and funding and should be carefully considered as part of the Implementation Plan.

Agency Officials

ADID and the Stitch team have a positive relationship with GDOT. As pre-development planning has progressed significantly since the last meeting, updates to GDOT Board and staff will be important. GDOT and later, FHWA support and approvals are critical and frequent meetings will allow the team to update officials as well as to gain information on GDOT synergistic or competing plans or initiatives while understanding and addressing any concerns. In these discussions, possibilities to coordinate with existing GDOT plans should be sought as the potential to have a multi-purpose project may increase support and funding.

Time spent nurturing a strong relationship with officials and having preliminary conversations regarding applications and approvals will be well spent when it is time to seek commitments from the State regarding GDOT/ transportation approvals and later, funding. MARTA officials should also be re-engaged during this time. While updating agencies about the Stitch progress and seeking ways to partner, input can be sought for future meeting topics to address.

Private Stakeholders who will Champion and Fund

While public support is key for project success, private funders and key champions may prove even more critical in securing the necessary funding. Champions are likely to be influential individuals (or a close-knit group of like-mind, wealthy individuals) who are committed to and feel passionate about the Stitch. These people will invest their personal time, money, and will commit to securing funding from their companies, other individuals, companies and foundations. The champions will likely see the Stitch as a legacy project and will work tirelessly to campaign for their peers to fund the cause as well. In addition, the champions will become a voice for the Stitch and will be the key advocates with public and private officials. Finally, the champions will also provide key input into the governance structure (and finding initial board members) and will likely be influential in setting the strategy for informing the conceptual design.

Early funding and enthusiastic champions will help grow a groundswell of donors and investors necessary to complete the Conceptual Design and subsequent steps of the Implementation Plan. Indeed, aggressive fundraising will be needed to fund each of the Design Phases (Pre-Design, Concept Development, Preliminary and Final Design). To jump-start securing initial private funds and the search for a Champion, engaging a Fundraising Consultant may be considered.

Central Atlanta Progress (CAP) and ADID's membership and Board provide a fertile ground from which to initially search for support and championship and individual Road Show sessions should be tailored to key members. Organizations such as the influential Atlanta Committee for Progress (a public-private

partnership comprised of the City’s business and civic leaders who serve as counsel to the Mayor on issues of economic development, infrastructure, transportation, etc.) and leaders from Atlanta’s largest public and private companies should also be targeted. Influencers who may become passionate about the Stitch may be sought by examining personal interests and/or corporate social responsibility reports for similar themes.

Supporters Who Will Champion and Fund

As it is anticipated that roughly 60% of the funding for the Stitch will come from private sources, aggressive fund raising is again a critical element on the path to execution. Identifying and engaging support from corporate and civic leaders will be crucial in creating an upsurge of funding from larger businesses in the community, government entities and non-profit foundations.

Initial Road Show stops will be with property owners and neighborhood advocates who will be asked about the project by elected officials, approvers and later, potential philanthropic supporters. Setting early awareness, understanding and engagement among this group will bode well for garnering their advocacy and support.

Private and Philanthropic Funds

CAP/ADID’s membership list and Atlanta’s FORTUNE 1000 are excellent starting points from which to build a database of potential private and corporate donors – as well as potential champions. Identifying individuals and organizations who may become passionate about the Stitch based on Corporate Social Responsibility practices and personal interests (as indicated by board service, etc.) will also provide sources for the solicitation database.

The philanthropic community of family foundations (such as the James M. Cox or Arthur M. Blank) and corporate (such as the Home Depot or Coca-Cola) foundations and nonprofits (such as Trees Atlanta or Park Pride) is a critical stakeholder target group. Research should be conducted to determine foundations and nonprofits with similar interests and who offer grants (and/or time and expertise) for park planning, design, and other related areas. Examining funds and initiatives local foundations and nonprofits have recently supported for initiatives similar in theme to the Stitch (such as the Beltline or PATH Foundation) is also important. A professional fundraising firm and grant writer will be very beneficial during this phase.

Public Relations and Public Engagement

As the Stitch moves towards more public-facing activities, it is also important to plan a broad-based public relations and engagement strategy. The recent adverse press and public outcry over the Gulch illustrates the negative effects of not generating awareness, engagement and support for a large-scale project early on¹. Gaining support by public outreach and engagement via strategic and controlled storytelling in the media is therefore critical not only in mitigating opposition and in securing approvals and funding, but in making sure the resulting project truly reflects the priorities of the community and is presented in a positive light.

¹ <https://www.ajc.com/news/local/torpy-large-gulch-giveaway-wonder-equal-opportunity-outrage/lfZas35mGe4eGbAhgBY4KJ/>

Such proactive communications will strategically open the door for meaningful community input to design. In addition, expanding the Stitch message will increase the exposure to likely champions.

A Public Relations/Communications firm(s) should be engaged to set a proactive strategy for messaging, media relations, as well as, for community and public engagement. The CAP/ADID marketing team, where their schedule allows, can implement tactics for robust media relations campaign (traditional and social) and community engagement activities. However, a marketing and public relations partner will be beneficial for advising upon a strategy for the CAP/ADID team to implement. Additional communications activities may include a pro-active community engagement strategy to include tactics such as Town Halls, Forums, Charettes, or other innovative means such as Civic Dinners to involve the public. A communications partner will also be able to advise on the best course of action to conduct a park designer solicitation process and how to best promote this activity.

Going forward, it will be necessary to educate and gain the support of public officials as well as the community to approve key elements of the Stitch and outside counsel will again be a strong sounding board for such exercises. Audiences will need to be educated on the key benefits (social, health as well as economic impacts, timing and public support of the Stitch. A sound strategy for engaging the public in the early stages of planning will secure support, funding and help identify key issues among various constituencies as well as mitigate concerns.



Chapter 3

Governance Approach

Governance Approach

ADID engaged the services of DLA Piper (DLA) to recommend a governance strategy for the Stitch. The key components of the governance strategy are ownership of contracts for implementing design and construction and operations of the facilities once they are completed. DLA reviewed best practice governance precedents for cap parks that illustrate successful similar projects have originated from proactive coordination and partnerships between the private sector and relevant public agencies. A full copy of the DLA recommendation is attached in Appendix IV of this document. The information in this section of this report pulls from the DLA work.

There were three governance options considered for the Stitch; a single led entity, a joint powers authority, and a public private partnership; there are cap park precedents for each of these options. The recommendation for the Stitch is a Public/Private partnership (P3) structure with the improvements owned by GDOT and the park operated by a newly formed, third party 501(c)(3) tax exempt entity. That entity is called “Stitch Inc.” for the purposes of this report. The DLA Piper recommendation is summarized here:

The interstate highway cap project upon which the park is to be developed will be owned by the Georgia Department of Transportation (GDOT). In addition to serving as the foundational platform for the park, these core improvements will also result in a tunnel type environment for the interstate highway below. GDOT will maintain control, ownership and management of these elements of the project.

The design, development, operation and management of the park itself will be administered by a newly formed, non-profit, 501(c)(3) tax exempt entity (referenced in this report for convenience as “Stitch Inc.”).

Fundraising and financial capital needs to realize and operate the park will also be coordinated by Stitch Inc.

The relationship, delegation of responsibilities, as well as, the coordination of interconnected issues with the improvements and operations of the park and the highway below will be documented in a written agreement between GDOT and Stitch Inc. (GDOT Agreement).

The GDOT Agreement will reserve in favor of GDOT certain key rights to ensure the structural integrity of the cap and the safety of the public, including highway driver safety.

Furthermore, the GDOT Agreement will underscore the tax-exempt purpose of Stitch Inc., memorialize its authority to manage and operate the park, and encourage private donations through the documented legal arrangement. Similarly, the GDOT Agreement will enhance the perception that the public’s interests are being protected and promoted.

The governing board of Stitch Inc. will include representatives of relevant stakeholders as well as civic minded individuals dedicated to the success of the park. The board will otherwise operate in a traditional nonprofit corporation model.

Stitch Inc. may contract with third party vendors for elements of project management, ongoing operations (including programming) and maintenance of the park.

ADID will continue to serve in an advisory role to Stitch Inc. and its board to ensure effective and broad base communication with governmental agencies and officials as well as enhancing the benefits of the park for all stakeholders, including the public.

All revenue streams—including user fees, operator licenses and rents, fundraising, sale of naming rights, advertising and similar revenue—will be collected and retained by Stitch Inc. The objective is to create a platform by which park operations and maintenance can be self-funded in perpetuity while allowing maximum flexibility and efficiencies in reaching this objective.

Stitch Inc. will control and promote park programming and the use of park facilities.

Public roads located within or adjacent to the park will be owned and maintained by the City of Atlanta. Depending on the final design and layout of the park and intended park programming, an agreement with the City is anticipated concerning the integration of park design elements with the adjacent right of ways (and the right of Stitch Inc. to coordinate on their maintenance and upkeep) as well as the location or potential relocation of public utilities.

Because of this, the recommendation is that Stitch Inc. hold all design contracts. Design work will be phased with each design phase being released as funding is available. This provides some flexibility with cash flow, the benefits of this are illustrated in the alternative phasing plans described later in this report.

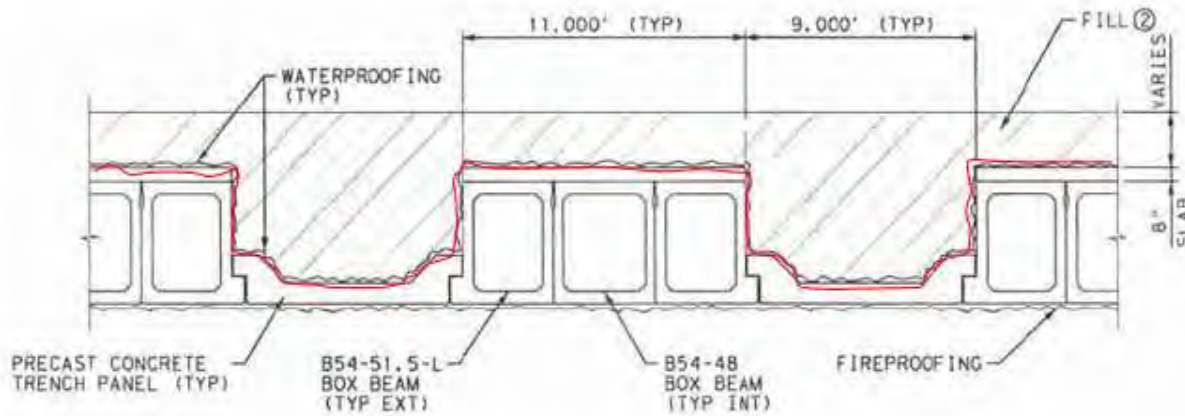
Public/Private Contract Responsibilities

The public/private partnership governance structure adapts well to the cap park model. There is a natural separation of responsibility between the public partner and the private partner; the public partner having responsibility over the structure supporting the cap with the private partner implementing the park improvements above and having responsibility for ongoing park operations. Working in the heavily regulated environment of interstate highway requires designers and contractors with relevant experience and expertise. This type of work is highly specialized and is only done by certain designers and contractors. The regulations will require that the structure meet all the typical standards for any structure spanning an interstate highway.

The park improvements constructed on top of the cap structure will be implemented by the private entity established to operate the new park. This work is also specialized in that its design and construction require a very different skill set than the structure below. It will require a design team that understands the constraints of creating a park on top of a concrete bridge and the opportunity to create positive social and economic impact through the park design.

The convenient separation between public and private responsibilities is the waterproofing that protects the structure below from park improvement water infiltration above. The line is as illustrated in red in the figure below.

Image 3



Procurement Strategies

There will be a need to procure a range of consultants for the implementation phase of the Stitch. The newly created governance entity will set strategy for and administer the procurement solicitation and selection process.

Funding of the Stitch work completed to date has been sourced from ADID. Future funding for the Stitch will come from a variety of sources, public and private; with public funding expected from city, state and federal sources. This acknowledgement impacts the procurement strategy for next phases design and construction work for the Stitch. With public funds as a source, procurement of any future services must adhere to a public sector procurement process with fair and open competition that can stand up to public audit. The most stringent requirements come with federal funds. Federally funded procurements are regulated by the Code of Federal Regulation (CFR) Part 24 Section 85.36.

Additional consultants to be engaged include structural and civil engineers, an environmental consultant well versed in the National Environmental Policy Act, legal counsel, surveyors and geotechnical experts. In addition, a consultant to prepare an economic impact analysis will also be engaged. Finally, there will be need for a communications agency to offer strategy for the next phases of community engagement, public relations and media outreach as well as for preliminary branding and marketing efforts.

The timing for the procurement of all the required development team members is indicated in the Overall Project Schedule. There is overlap in the required engineering disciplines between the cap structure and the park improvements. Though the respective design teams will likely be contracted separately, they may include team members in common.



Chapter 4

Financial Strategy

Financial Strategy

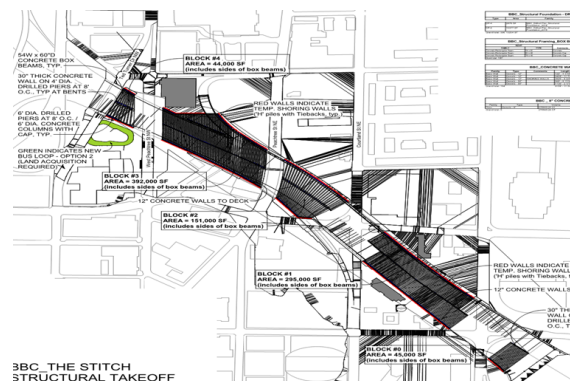
Consultant Team

Three team members helped define the sources and uses required to implement the Stitch vision; Balfour Beatty, Bjerke Management Solutions (Bjerke), and EY Infrastructure Group (EY). Balfour Beatty, a large international infrastructure contractor that recently completed the cap above I-395 in Washington, DC for the Capitol Crossing project, provided construction cost and scheduling input for the cap. Costs for constructing and operating the park improvements was provided by Bjerke, who managed the development of Klyde Warren Park. EY was engaged to research available public funding sources available to fund the Stitch.

Cap Structure Costs

Using the engineering concepts, as shown in Image developed by the Jacobs and Kimley Horn design team, Balfour Beatty developed a conceptual construction approach for the cap structure and a conceptual construction schedule considering management of traffic and logistics for placement of construction cranes and available lane shutdowns. From this information they were able to estimate material and labor costs for the construction of the cap. The estimate includes preconstruction services, management of traffic, and general conditions for the construction contractor.

Image 4



Park Improvements Costs

Using the Jacobs Vision Plan and a similar level of programming to what was included in the Klyde Warren Park improvements, Bjerke estimated the capital costs for Stitch park improvements including hardscape, landscape and amenities. The amenities include pavilions, dog parks, children’s parks and water features. The costs are based on the other cap park precedent numbers with consideration for escalation to get to today’s value.

The detailed estimates for the cap structure and park improvements are included as part of Appendix I of this report. Below is a summary of the costs:

	Ted Turner Drive to Peachtree St	Peachtree St to Courtland St	Courtland St to Piedmont Ave	
	Block 1 + 2 5 acres	Block 3 3 acres	Block 4 +5 6 acres	Total Cost
Hard Costs				
Cap Infrastructure	\$76,000,000	\$31,000,000	\$82,000,000	\$190,000,000
Cap Infrastructure Contingency	\$15,000,000	\$6,000,000	\$16,000,000	\$38,000,000
Park Improvements	\$17,000,000	\$9,000,000	\$14,000,000	\$41,000,000
Park Improvements Contingency	\$2,000,000	\$1,000,000	\$1,000,000	\$4,000,000
Building Structures	\$13,000,000	\$8,000,000	\$11,000,000	\$31,000,000
Building Structures Contingency	\$1,000,000	\$1,000,000	\$1,000,000	\$3,000,000
TOTAL HARD COSTS	\$125,000,000	\$56,000,000	\$126,000,000	\$307,000,000
Soft Costs				
Architects and Engineers (12%)	\$15,000,000	\$7,000,000	\$15,000,000	\$37,000,000
Owner Direct Consultants (2%)	\$2,000,000	\$1,000,000	\$3,000,000	\$6,000,000
Municipal Fees (1%)	\$1,000,000	\$1,000,000	\$1,000,000	\$3,000,000
Other Soft Costs (2%)	\$2,000,000	\$1,000,000	\$3,000,000	\$6,000,000
Soft Cost Contingency (15%)	\$3,000,000	\$1,000,000	\$3,000,000	\$8,000,000
TOTAL SOFT COSTS	\$24,000,000	\$11,000,000	\$25,000,000	\$60,000,000
Hard and Soft Cost Total				
TOTAL COSTS	\$149,000,000	\$67,000,000	\$151,000,000	\$367,000,000
Escalation and Contingency				
Construction Escalation	\$20,000,000	\$9,000,000	\$20,000,000	\$49,000,000
Project Contingency	\$15,000,000	\$7,000,000	\$15,000,000	\$37,000,000
GRAND TOTAL-FULL PROJECT	\$184,000,000	\$83,000,000	\$186,000,000	\$453,000,000

Soft Costs, Escalation, and Contingencies

The soft costs were estimated as a percentage of the hard costs, accounting for design team, consultant, and municipal fees, estimated to be 17% of the hard costs, as shown in Table 4 to the right. The uses include several layers of contingency including a contingency in the hard costs for the cap structure. The assumption is that these costs have the potential to change significantly, hence a higher contingency for these elements. The park improvements include a 10% contingency. These elements are more easily defined, so this contingency is lower than that for the cap structure. The soft costs include a 15% contingency, these costs are less well defined, so the selected contingency level is more conservative. There is an additional 10% project contingency added to the hard and soft costs to account for gaps that have yet to

Table 4

Contingency/Escalation Summary

Item	Contingency	% of Item	% of Base TDC*
Cap Infrastructure Contingency	\$ 38,000,000	20.00%	12.10%
Park Improvements Contingency	\$ 4,000,000	10.00%	1.27%
Building Structures Contingency	\$ 3,000,000	10.00%	0.96%
Soft Cost Contingency	\$ 8,000,000	15.00%	2.55%
Project Contingency	\$ 37,000,000	10.00%	11.78%
CONTINGENCY TOTAL	\$ 90,000,000		28.66%
Escalation	\$ 49,000,000	18.25%	15.61%
CONTINGENCY/ ESCALATION TOTAL	\$ 139,000,000		44.27%

* Base TDC equals Total less all Contingencies and Escalation

be identified. There is also an escalation factor applied to the overall hard and soft costs to cover cost increases and inflation over time. Assuming 3% escalation per year and projecting a construction start in six years, the compounded escalation is slightly more than 18%.

Public Funding

The EY public funding analysis establishes a baseline for public financing and funding information to help determine the financial feasibility of the Stitch. The EY analysis examined precedent projects to establish comparative approaches, funding and lessons learned that could inform the Stitch and developed a list of likely funding sources and possible financing tools to deliver the project. The result is a summary of public funding sources, highlighting potential opportunities for further analysis and provides details for selected sources, along with an estimation of funding potential. In addition, EY analyzed the potential for deriving revenue from both a Tax Allocation District and Special Assessment District. The following chart identifies the sources EY considered to be the most viable.

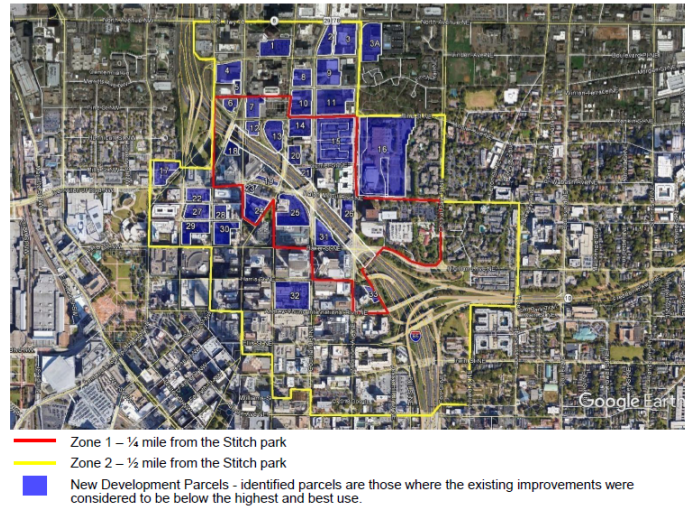
Funding Source	Description	Eligibility	Potential Value	Impediments / Risks
BUILD Program	Competitive grant program for funding transportation projects that can achieve benefits against long-term outcomes.	Any public entity at federal, state or local level	\$5m-100m <\$150m spent in any state	Meeting the criteria - All projects so far include a direct surface transportation element; Social element to most projects
Surface Transportation Block Grant (STBG)	Federal funding to support state projects including transit capital, recreational trails, pedestrian and bicycle.	State governments receive lump sum. Internal allocations based on relative share of state population	\$388m available for Georgia	Possible restriction to "non-recreational" bicycle projects. Project must be in the Metropolitan Planning Organization (MPO) current transportation plan
Congestion Mitigation and Air Quality Improvement (CMAQ)	Program for transportation projects to help meet the requirements of the Clean Air Act, reduce congestion and improve air quality.	State and local governments; public-private partnerships	\$70m available for Georgia	Project must be in the MPO current transportation plan or current state transportation program (if no MPO).
Georgia Transportation Infrastructure Bank (GTIB)	Motor fuel tax eligible innovative, mobility enhancing projects. Looking for matched funding, near construction, initiated by government units, and add economic value.	"Government Units" including Community Improvement Districts (CIDs)	\$2m with no matching. No limit if 67% match	N/A
MARTA	Projects that increase mobility for workers to and from job centers; create layered, integrated transportation network; enhance safety and access to transit centers and MARTA stations.	Projects on MARTA's network	\$2.5b available over 40 years	Competing priorities for use of tax revenues. Funds must only be spent on "rapid transit projects".
Tax Allocation District (TAD)	Planning, designing and development of Downtown housing for mix of incomes, pedestrian improvements, including streetscapes and open space, public parking garages and class A office spaces.	Projects within Eastside TAD / Westside TAD	\$16-22m	Competition among other projects seeking TAD funds. Potential constraints on use of GDOT right of way for commercial purposes (to be investigated).
Special Assessment	Various infrastructure projects and facilities, including parks and recreational facilities.	Municipality or County may create CID/SSD	\$66-78m	Legislature did not approve "SID" for Atlanta Beltline to include residential

Value Capture Funding

The EY value capture analysis estimates potential revenue from Tax Allocation District and Special Assessment District sources based on projected new development in the immediate area of the Stitch and increases in real estate values.

There are 33 parcels within a one-half mile of the Stitch identified for potential new development, as depicted in Image 4 to the right. The type of development and density was calculated for each parcel and the development for each parcel was categorized as occurring in either short-term, near-term, or long-term timeframes; 5, 10, and 15 years respectively.

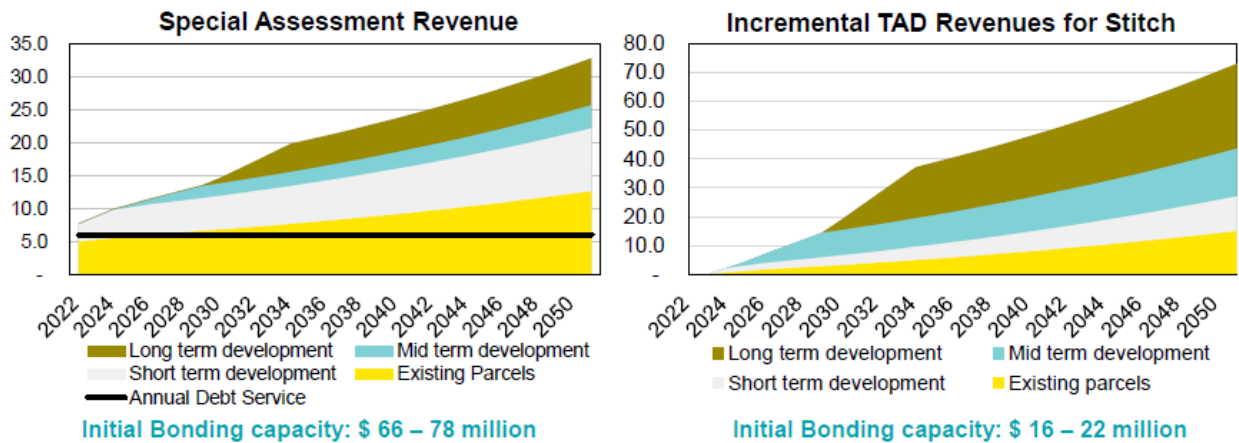
Image 5



The blocks are identified in this image, the spreadsheet recording the results of the parcel analysis is included in Appendix II of this report.

Based on the anticipated future redevelopment in the area, an assumed 3% annual value growth of all properties and a one-time value increase of 15% upon the park opening, the increase in assessed value from 2022 to 2051 within the immediate area (Zone 1) was calculated as \$2 to \$3 billion in total nominal dollars over the period, as shown in Chart 2. The charts below summarize the revenue potential associated with the value capture through an assessment district, along with the annual debt service for the initial bond capacity. At a projected high of \$100 million of revenue, the value capture strategy is a key public funding strategy.

Chart 2



For each of the sources EY identified, a range of potential funding amounts that could be generated by each was estimated. The following chart identifies the expected range of each source and key details that should be considered for each.

	Federal	State	Local	Total
Build Program	\$5m - 25m			
Surface Transportation Block Grant (STBG)	\$1m - 5m			
Federal Congestion Mitigation and Air Quality Improvement (CMAQ)	\$1m - 10m			
Federal non-CMAQ funds	TBD			
Georgia Transportation Infrastructure Bank (GTIB)		\$2m		
GA Logo Sign Program		\$1m - 2m		
GDOT Support		TBD		
State General Obligation (GO) Bonds		TBD		
Lease / Sale of Public Land		TBD	TBD	
MARTA (Sales Tax)			\$20m - 40m	
TAD Revenues / Invest Atlanta			\$16m - 22m	
Existing CID (ADID) / New SAD/SSD			\$66m - 78m	
Total	\$7m - \$40m	\$3m - \$4m	\$102m - \$140m	\$112m - \$184m

The EY analysis lays out a baseline that will be further studied to determine the more detailed amounts of funding that can be expected from the various public sources. While it is likely that public funding and dollars will follow private commitments and dollars, there are several critical conversations with key public representatives and agencies that should be “first stops” for the Road Show.

While public support is key for project success, private funders and key champions may prove even more critical element of the Stitch financing strategy. As stated above in the Stakeholder Engagement section, aggressive fundraising targeting private donors and philanthropic investors will be needed.

Sixty percent (60%) of the funding for the Stitch will come from private sources. Identifying and engaging support from corporate and civic leaders will be crucial in creating an upsurge of funding from the businesses and philanthropic community. Aggressive fundraising directed toward the private sectors is again a critical element on the path to execution.

Operations Sources and Uses

Park operations must be sustainable long term. With the Jacobs Vision Plan as the model, operations and revenue data from precedent projects was applied to develop a projected annual operations budget and projected potential annual revenues for Stitch. The details of the expenses and revenues are included in

Appendix III of this report. These expenses are for the fully realized 14-acre park at full capacity. Operations of the Phase 1 park improvements would be less to start.

The annual operating expenses were estimated at \$10 million with potential annual park revenues generating about \$8 million. The annual funding gap would have to be filled by either an endowment or private donations and philanthropic gifts. The annual operating expenses and projected revenues summary is listed below:

Park Expenses		Potential Park Revenue	
Description	Budget	Description	Budget
General & Administrative	\$2,565,000	Sponsorships	\$1,000,000
Operations	\$3,035,000	Venue Rental	\$1,000,000
Development/Fundraising	\$745,000	Food Truck	\$500,000
Park Programs & Events	<u>\$1,325,000</u>	Concessions rental	\$2,000,000
Total Park Expenses	\$7,670,000	Private Contributions	\$2,000,000
Tunnel Expenses	<u>\$2,500,000</u>	TIF/PID	\$1,500,000
Total	\$10,170,000	Foundation Grants	\$500,000
		Endowment Interest	\$250,000
		Fundraising Events (Galas)	<u>\$1,250,000</u>
		Total Revenue	\$10,000,000



Chapter 5

Delivery Options

Delivery Options

All things considered, the best strategy for constructing the Stitch is to go from start to finish without interruption; however, because of the high cost of implementation, catalytic projects such as this one is often completed in phases. A phasing recommendation for Stitch was developed based on three considerations; cost and availability of funding, ease of construction, and potential for positive impacts to quality of life and real estate values.

Cost and availability of funding - One advantage of phasing is having the option of multiple funding years and cycles. This could be advantageous for public and some private sources. Phasing also allows for value capture from early phases to be used as a source for subsequent phases.

Ease of construction - Some areas of the Stitch are more accessible than others. The least impact will occur where existing shoulders are wider and there are no existing retaining walls at the outside edges of the interstate right of way. In these areas, there is better access, more room for operating heavy equipment, and more laydown space for construction operations. Where there are no existing structures near construction limits, operations will be much easier than in the areas where there are structures close to existing retaining walls.

Positive impacts to quality of life and real estate value - In terms of quality of life and real estate value, primary importance is for the enhancement of the Peachtree Street Corridor, the unification of Downtown and Midtown and the importance of unlocking potential transit-oriented development at the Civic Center MARTA station.

Cap Section Designations

With the above considerations in mind, and once sufficient funding has been secured, the recommendation is for a phased construction of the Stitch development.

Existing bridges in the Stitch project area are natural breaks for a phased construction plan. Each one of the blocks has been numbered from 1 to 5 as indicated to the right in Image 5. The numbering starts with Block “1” at the West Peachtree Street, Civic Center Station and Ted Turner Drive intersection moving southeast to Block “5” at the intersection of Piedmont Avenue and Baker Street.

Phasing Recommendation Schedule

The phasing recommendation is for the first phase of construction to include Blocks 1 and 2. These blocks unlock the TOD opportunity connected to the Civic Center Station, catalyze large tracts of undeveloped land, and enhance the Peachtree Street corridor.

Image 6



These are also some of the easier blocks for construction logistics, the shoulders are generous and the there is ample space to construction the cap structure at the right-of-way edges.

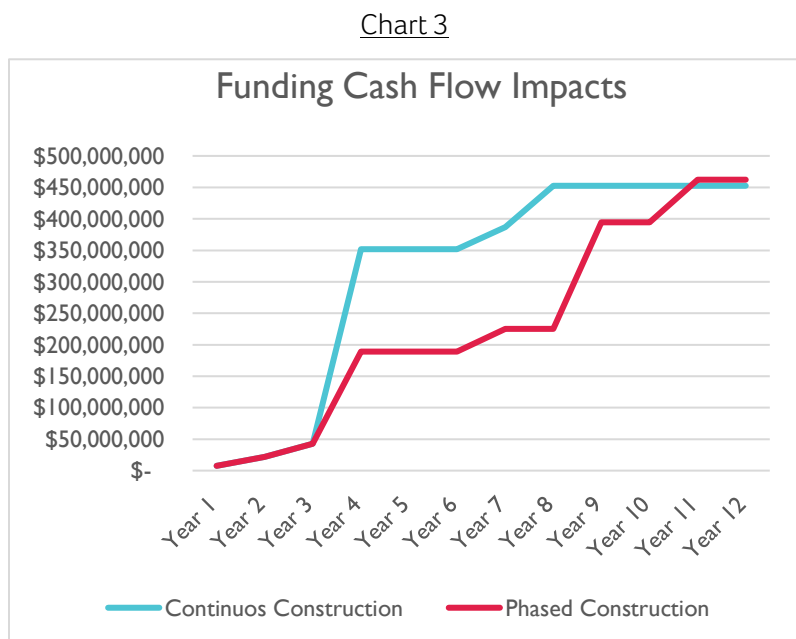
The schedule below illustrates a phased construction with Blocks 1 and 2 being completed first starting in Year 4 and the remaining sections constructed later. In this scenario, the cap construction contractor demobilizes after completion of Blocks 1 and 2 as the park improvements for Blocks 1 and 2 are completed. The cap structure contractor remobilizes in Year 9 (or whenever the funds are secured) to begin Blocks 3 thru 5. Once the cap structure is completed for those blocks, those park improvements begin.

Phasing Construction Schedule

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13
Design/Approvals														
Blocks 1+2														
Cap Infrastructure														
Park Improvements														
Block 3														
Cap Infrastructure														
Park Improvements														
Blocks 4+5														
Cap Infrastructure														
Park Improvements														

Cash Flow Impacts

Cash flows were modeled for the Phased approach to understand the funding impacts, as shown in Chart 3. Design and Approval activities in years 1 thru 3 are assumed to have the same schedule and cash flow whether the construction is phased or not. The cash flow assumes that design services are funded incrementally, but construction contracts are funded 100% at the start of construction. The assumption for 100% funding of construction holds true for both the public and the privately funded construction contracts.



The cash flow indicates the lower cash requirements for the Phasing alternative compared to a continuous construction schedule. The difference between the cash flow requirements for the phased

versus the continuous construction is illustrated in below. This indicates the significantly lower cash flow requirements for the Phasing alternative in Year 4 and remain lower until Year 11 when the costs for Phasing Schedule begin to exceed the continuous construction schedule. The \$10 million increase in the total costs for the phased approach is due to the construction cost escalation associated with the later construction start for the second phase. If the second phase start is delayed for more than one year, that delta would increase. A large-scale version of the cash flow is attached as Appendix VII to this report. The cash flow analysis and the significant difference in the cash requirements is a primary driver for recommending a phased approach.

The annual cash flow requirements from the public and private sources are illustrated here. As indicated in the cash flow, 100% of the public funding is required in Year 4 if all construction is completed in one continuous phase. With the phased construction reflected in the schedule above, the cash flow requirements are much lower in Year 4 and remain lower until the end of the construction period.

	Continuous Construction			Phased Construction		
	Private	Public	TOTAL	Private	Public	TOTAL
Year 1	7,586,588	-	7,586,588	7,586,588	-	7,586,588
Year 2	14,460,572	-	14,460,572	14,460,572	-	14,460,572
Year 3	20,657,959	-	20,657,959	20,657,959	-	20,657,959
Year 4	125,044,633	184,000,000	309,044,633	17,607,646	129,000,000	146,607,646
Year 7	34,944,639	-	34,944,639	35,804,974	-	35,804,974
Year 8	65,835,695	-	65,835,695	-	-	-
Year 9	-	-	-	114,619,672	55,000,000	169,619,672
Year 11	-	-	-	67,456,564	-	67,456,564
	<u>268,530,086</u>	<u>184,000,000</u>	<u>452,530,086</u>	<u>278,193,975</u>	<u>184,000,000</u>	<u>462,193,975</u>



Chapter 6

Permitting & Approval Process

Permitting and Approval Process

Recommended Stitch Approval Framework

The Georgia Department of Transportation (GDOT) will be the primary agency to review, approve and permit the Stitch cap structure, with the Federal Highway Administration (FHWA) also involved. The development team civil engineer, Kimley-Horn, has provided an outline of the approval process to move the Stitch cap structure through the GDOT design and approval process. There are two possible permitting alternatives: the Special Encroachment Permit (SEP) and the Plan Development Process (PDP).

The SEP process allows private entities to perform construction activities inside of the GDOT right of way. The SunTrust Park pedestrian bridge is an example of a project permitted under this process. SEP is typically used for projects implemented by entities other than the GDOT, and usually with no federal funding.

The other alternative is the GDOT PDP process, which is the permitting and approval process for all internally managed and executed GDOT projects. Typically in PDP, designers, engineers, and contractors are procured and managed directly by GDOT. The process is well documented in the GDOT “Plan Development Process” document dated April 21, 2017, Revision 2.13.

The recommended process for the Stitch is a hybrid of the Plan Development Process and Special Encroachment Permit where GDOT would control the construction of the cap structure and the private non-profit would be responsible for the design of the cap and design and construction of the park improvements above the cap. A similar process was followed for the Hartfield-Jackson Atlanta International Airport 5th Runway over I-285 project in south metro Atlanta.

Approval Process Schedule and Development Phases

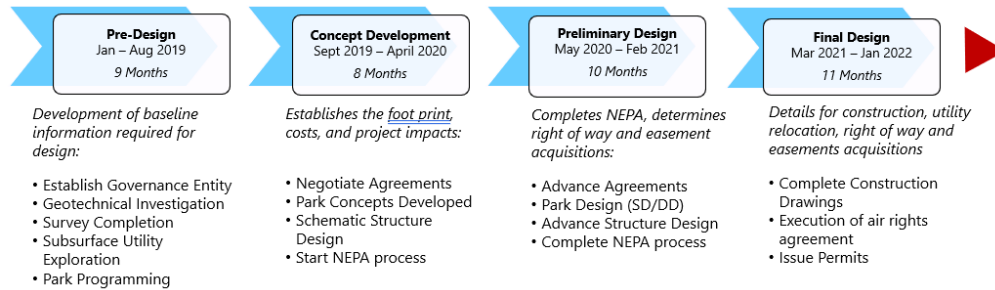
With input from team members and stakeholders, an overall project schedule has been developed that lays out the progression of activities leading up to construction. The schedule is intended to be a dynamic planning tool that will be updated as new information is available.

The organization of the schedule aligns with the recommended governance strategy. Pre-Design activities lead to the designation of GDOT PI number, the point at which the project is officially recognized by GDOT and entered into the Project Development Plan (PDP) process. Pre-Design is also the time for collecting due diligence items necessary for the beginning detailed design work and getting a governance structure in place. The development phases for GDOT approval are; Concept Development, Preliminary Design, and Final Design. Stakeholder buy-in should be confirmed in the Concept Development phase. The Preliminary Design phase establishes the project footprint, completes the NEPA document, and determines the required right of way and easements acquisitions. The Final Design phase is the time when detailed structural drawings are complete, utility relocation plans are incorporated, right of way and easements are acquired, and an air rights agreement is executed.

In Diagram 2 below, the major phases are summarized starting with Pre-Design going through the three phases of the GDOT Plan Development Process for approvals, all leading up to the start of construction.

The diagram indicates the primary activities to be completed at each step.

Diagram 2



A more detailed description of activities occurring in each phase is included below. There is also a detailed Overall Project Schedule included in Appendix VI of this report.

Phase 1 Pre-Design

Duration - 6 Months

Phase 1a - Governance Activities

Establishing the ownership and implementation entity is critical at this juncture to ensure there is an organizing body with whom to solicit, negotiate and authorize procurements for designers, engineers, and other consultants. The services of a legal consultant will be important for this phase of work.

Primary governance activities during this phase will be drafting and executing agreements for establishing the non-profit private implementing entity; Stitch, Inc.

Development of baseline information required for design:

- Establish Governance Entity
- Initiate the PDP process
- Geotechnical Investigation
- Survey Completion
- Subsurface Utility Exploration
- Park Programming

Establishing the governance entity also sets the stage for private fundraising efforts. Setting up the bylaws and Board structure will happen quickly, the authorization from the Internal Revenue Service to be recognized as a Georgia non-profit entity can take as much as 6 months. However, once the entity is established, the non-profit can begin receiving funding donations.

Phase 1b – Due Diligence Activities

Before the detailed design work can begin there are several activities that should be completed to lay the groundwork for a successful design process.

Survey and Sub-surface Investigations

During earlier feasibility analysis, as-built documents from GDOT for the I-75/85 road widening, MARTA documents for the Civic Station construction, City records of existing utilities, and County topographic maps were reviewed. That analysis produced a good understanding of the current conditions. This next phase of work requires an accurate survey for detailed design work. The survey will capture topography, parcel boundary information, and locations of existing structural elements. Current techniques use

drones and LIDAR technology to capture detailed three-dimensional survey information. We expect this will be the case the Stitch.

The underground elements of the site will also be studied in a Subsurface Utility Exploration (SUE) and geotechnical investigation. The level of information requires that the SUE be completed to quality level C, this will provide a good assessment for what area utilities exist underground. This subsurface investigation will provide information about soil and groundwater conditions that may impact the design of structural foundations. With this information, the design team will have what they need to start the detailed design work in later phases.

Phase 1c - Cap Structure Approvals

To begin the Plan Development Process, a non-binding Memorandum of Understanding (MOU) between all parties should be drafted outlining project requirements, milestones, and responsibilities. Early engagement of key stakeholders and agreement and understanding about roles and responsibilities will help establish the project as real and viable and allow it to move through the Plan Development Process. Once a common understanding of the project is established through a MOU, the Project Development Process can begin.

A request would be made to GDOT to assign a PI number and project manager (PM) to the Stitch. The P.I. number is the first step in establishing a schedule for review tasks internal to GDOT to properly prioritize the submittals. The GDOT project manager will be the primary point of contact for the design team. GDOT may request funds of ADID/Stitch, Inc. at this point for review time in support of the project.

Phase 1d - Park Improvements

During the Pre-Design phase, a program of park amenities and recreational uses will be developed with input from key stakeholders and strategic partners. An important part of the Pre-Design work is continued stakeholder engagement to solicit input and support from a variety of audiences. A community engagement strategy will be developed and implemented for the programming exercise to effectively establish a two-way dialogue with key audiences. Channels may include town halls, open forums, road shows, community charettes, etc.

From the stakeholder input, the design team will further define specific uses and amenities for the park which will directly inform the detailed design work in later phases. Recommendations from the March 2019 ULI Advisory Services Program will also be taken into consideration. A priority will be the creation of local design guidelines and guiding principles to ensure that planning for the Stitch is grounded in ideologies that celebrate and honor Atlanta's unique values and aspirations and create an equitable development and parks district. Development controls will be suggested, and connectivity issues for street connecting to Stitch.

Phase 2 Concept Development

Duration - 8 Months

Phase 2a – Governance Activities

The non-profit entity established during the Pre-Design phase should begin the process of developing and socializing agreements for the operation and maintenance of the cap structure and park. This phase is anticipated to begin in October of 2020. The programming work will help to establish the operational requirements that need to be included in the operations agreement. The recommendation is that the parties of the agreements will be the State as Owner and the non-profit as Operator. Since the development and execution of agreements may require State legislation, the process should begin at this early stage of development. The newly created governance entity will set strategy for and administer the procurement solicitation and selection process. The procurement strategy will be established detailing how development team members will be solicited.

Establish the footprint, costs, and project impacts:

- Negotiate Agreements
- Park Concepts Developed
- Schematic Structure Design
- Start NEPA process
- Subsurface Utility Exploration
- Park Programming

Phase 2b - Cap Structure Approvals

The Concept Development stage of the cap structure approval has two-steps, the Initial Concept phase and the Concept Refinement phase. Solicitations for the procurement of an engineering team will have been completed during the Pre-Design phase and these partners will be in place as Phase 2 begins. Once the MOU described above has been executed and a PI number has been assigned, the designated GDOT PM can schedule a meeting with the key decision-making offices for an Initial Concept Team Meeting. The concept development team (including the engineers and architect) will prepare a Concept Report to address and answer potential GDOT questions.

The Initial Concept Meeting is the venue to begin discussing the critical elements of the project with the key offices of GDOT and FHWA. The key goal for the meeting is to bring all the critical issues to the project team and stakeholder agencies so the final concept can address the issues.

During the Concept Phase, the Stitch will require extensive coordination including all the following:

- **Office of Planning:** Currently GDOT is carrying out a planning study for I-75/85 to determine improvements that can be made to improve the functionality of the freeway. The Stitch will need to coordinate closely with the planning study so that the long-term vision of the Stitch is reconciled with transportation plans on I-75/85 and the surrounding road network. Traffic studies done for the Stitch will need to be coordinated with the GDOT Planning study (especially ramp changes, traffic pattern changes on surface streets, and additional traffic growth) so that new structures are designed to accommodate the long-term plans. Any changes GDOT is planning to the transportation system in the area helps inform the appropriate phasing of the Stitch.
- **Office of Bridge and Structural Design:** The Stitch project limits involves very difficult conditions including how to address retaining walls owned by GDOT, what type of structures are acceptable, foundation types, and drainage relocation. The Office of Bridge and Structural Design will provide

the GDOT subject matter experts (SME) to weigh the various options for these critical issues. The office will also need to determine if any of the existing structures that are planned to remain need maintenance or replacement.

Future maintenance activities of any of the structures needs to be considered with the Office of Bridge and Structural Design during the Concept Development phase. Once the Stitch is constructed, maintenance of the structures will be more challenging. Special design criteria will need to be discussed at this phase as well such as fire protection, life safety systems, or loadings not typical of highway bridges.

- **Office of Roadway Design:** The GDOT engineers in the Office of Roadway Design are the SMEs on non- structural roadway elements. Their concurrence is critical to decisions on lane width, shoulder width, ramp lengths, drainage requirements, signage, etc. These decisions are needed during the concept phase before detailed design begins. The potential need for a design exception or variance will be determined during the Concept Development phase.
- **Office of Traffic Operations:** I-75/85 contains extensive infrastructure for the Intelligent Transportation System (ITS) hardware including cameras, message boards, signs, detection, and communication lines connecting the metro area. As this infrastructure is critical to incident response and event management throughout metropolitan Atlanta, consultation with the Office of Traffic Operations must begin during the concept phase. GDOT will need to provide input as to what criteria is expected to maintain the desired level of ITS coverage or if there are future improvements planned that must be accommodated. The section of I-75/85 currently has extensive signage which requires direction from the Office of Traffic Operations.
- **Office of Environmental Services:** The Concept Development phase is the time to determine the expected type of NEPA document that will be required and to devise the public involvement plan. Special Studies required for a NEPA document must be reviewed and approved, and the Office of Environmental Services will advise during the concept phase what the limits of the studies should be.
- **Office of Utilities:** The GDOT Office of Utilities will verify which utility owners are within the right of way during the concept phase including any known plans to add or modify the existing utilities.
- **Office of Materials:** The bridge foundations and complicated retaining walls for the Stitch require careful review by the Geotechnical Bureau in the Office of Materials working closely with the Office of Bridge and Structural Design. The Office of Materials will also need to provide input on the pavement structure.
- **Office of Maintenance:** Working with the Office of Bridge and Structural Design, the Office of Maintenance will be critical in assessing the maintenance needs of the structures that are part of the Stitch or impacted by the Stitch. The Office of Maintenance will also make recommendations involving pavement and drainage maintenance.
- **GDOT District 7 Traffic Operations:** Permit documents will originate from the GDOT District 7 Traffic Operations office. As stated before, the Stitch does not follow a typical encroachment permit process. The staff within the district need to be engaged at the concept phase process for permitting the Stitch.
- **GDOT District 7 Construction:** Construction methods and maintenance of traffic in a very tight

urban environment with many high rises, vital utilities, and heavy traffic need careful consideration. The GDOT Construction staff will provide early guidelines for these items during the concept phase to guide the decision making later in project development.

- **GDOT District 7 Utilities:** Permit documents for utilities will originate from the GDOT District 7 Utilities Office.
- **FHWA:** Since the Stitch will be on Interstate right of way, FHWA will have to concur. They are the ultimate decision maker for permitting the Stitch. FHWA concurrence is a federal action that triggers the need for a NEPA document. FHWA approves the NEPA document, design criteria, design exceptions, and design variances. Bringing FHWA in during the concept phase for early partnering reduces the risk of unexpected mandates late in the project development that would adversely impact the schedule or budget.

Once the initial Concept Development phase ends with the Initial Concept Team Meeting, refining the concept can begin. The Concept Refinement Phase will include multiple meetings with different subject matter experts to resolve any critical issues brought up during the Initial Concept Meeting. The follow up meetings will be scheduled through the GDOT PM to maintain accountability. The GDOT PM is also the resource to elevate unresolved issues to upper management in a timely manner to meet the project schedule.

The Concept Refinement Phase concludes with a Final Concept Team Meeting and an approved Concept Report. The concept team meeting will involve a larger group than the initial concept team meeting. The additional attendees will include stakeholders such as utility companies to answer questions and establish expectations on future activities. The Concept Report establishes the expected footprint, costs, and impacts of the project.

Phase 2c – National Environmental Policy Act (NEPA)

A project that requires FHWA approval or federal funding constitutes a federal action and therefore a NEPA document. As part of the approval process there will have to be a NEPA action. The study area designation and NEPA scan already completed would need to be reviewed and approval by GDOT and FHWA. The magnitude of the project will warrant a robust public involvement process. The Lead Agency, likely FHWA, will determine the Class of Action for the study. The specific requirements will depend on the type of NEPA document that FHWA determines is appropriate for the Stitch.

Previously completed work on the project indicated that an Environmental Assessment (EA) or an Environmental Impact Statement (EIS) will be necessary. There is also the possibility that FHWA could require a Categorical Exclusion if the impacts are determined to be minimal. At least two public hearings are required for either an EA or EIS.

The NEPA documentation will begin during Phase 2 and be completed during Phase 3 Preliminary Design. Final plans and right of way activities cannot begin until the NEPA document is complete either for a Finding of No Significant Impact (FONSI) for an EA or a Record of Decision (ROD) for an EIS.

The facilitation of the NEPA work could either be contracted as part of the detailed engineering scope for the cap structure or be contracted separately. The advantages of contracting the work together are administrative. Since the NEPA analysis will be informed by the design work, having one point of

responsibility for design and NEPA would make the process more efficient.

If done separately, the procurement of the NEPA consultant could begin sooner. The time estimates for completing NEPA are between 12 and 24 months. Starting the NEPA work early will help the coordination with GDOT and FHWA. A “Fast Start NEPA Plan” was suggested in the NEPA scan to facilitate the engagement of the stakeholders.

There have been Stitch NEPA precedents in each of the three class of action options. The Hartsfield Jackson 5th Runway Project NEPA study was an EIS. That project involved the relocation of several homes and had to consider the noise and air quality impacts. The Capitol Crossing project was an EA that resulted in a Finding of No Significant Impact (FONSI). And the Klyde Warren Park NEPA action was a Categorical Exclusion (CE).

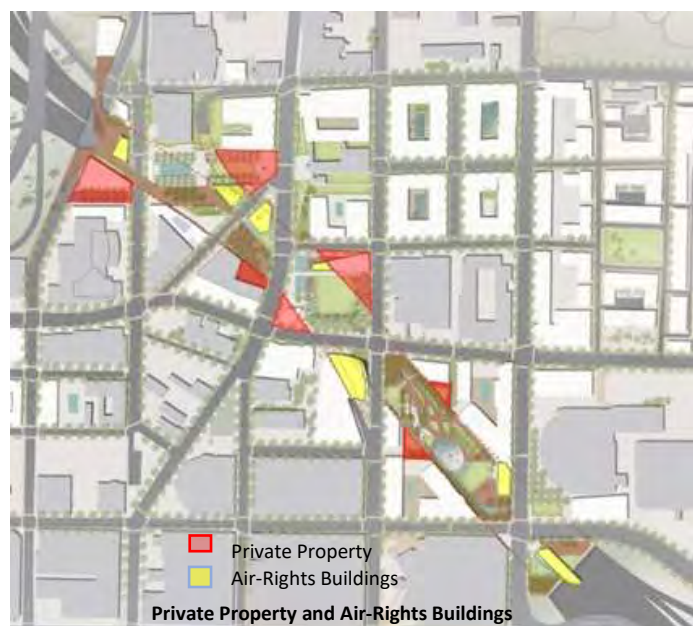
Phase 2d - Park Improvements

During the Concept Development phase, the design work for the new park will begin. Using the previously completed programming information, the design team will develop a conceptual design for the park spaces.

The park designer procurement strategy will need to be considered. The options range from a high-profile open design competition to a closed invitation only selection where a handful of potential designers are invited to submit proposals. The procurement requirements of design work funding source will determine the specifics of the process. As referenced earlier, this design will require a design team that understands the constraints of creating a park on top of a concrete cap and creating positive social and economic impact through the park design.

There are privately owned parcels outside of the I-75/85 right of way designated for public use in the current Jacobs Vision Plan, as shown in Image 6 to the right. These parcels are shaded in red. Several of these parcels are owned by public entities that may be open to conveying land or the development rights to be part of the Stitch implementation. Other smaller parcels could be developed by the private owners in a way that coordinates well with the Stitch park plan. There is also the potential for a series of land swaps where public parcels may be conveyed to adjacent property owners in exchange for parcels designated for public space. The strategy for acquiring these parcels would need to be an early part of the Concept Development phase for the park design.

Image 7



The other early consideration for the park design is to understand the implications for several park buildings that are designated to be constructed over the cap. The structural requirements for these buildings may impact the cap structure. Proper coordination for these structural requirements should occur during the conceptual design phase. The locations of the proposed buildings in the current Vision Plan are highlighted in yellow in Image 6.

Phase 2e - Economic Impact Analysis

A key component of Phase 2 will be an Economic Impact Analysis which is projected to take approximately three months to complete. As a new community amenity, the Stitch will generate numerous economic, environmental, and social benefits to thousands of residents, businesses, properties, and agencies. There are three types of economic impact to expect from new construction: direct effects, indirect effects, induced effects, each which have their own multiplying factors on each industry sector². Direct effects include those immediately associated with the construction of the new parkland and infrastructure, such as the construction and operations jobs that will be created from the project. Indirect effects are the secondary effects that will result from the construction of the Stitch, such as changes in sales, income, jobs, and property values in industries affected by the Stitch. For example, an increase in MARTA ticket sales from increased use of MARTA to access the Stitch. Finally, induced effects are tertiary effects, typically measured in household spending, that result from increased sales in sectors affected by the Stitch. The Study will detail potential impacts that should take place as the Stitch continues in its implementation funding and approvals. A preliminary impact analysis is attached in Appendix VIII of this report. A scope for this consultant is detailed below.

Recommended Scope for Economic Impact Analysis Consultant

The impacts analysis consultant will analyze the direct, indirect, and induced effects that the Stitch will have on its surrounding areas. The direct effects should be measured as the one-time effects from the construction of the Stitch, as well as the on-going effects and benefits that will result from the long-term operation of the Stitch. It is recommended that the consultant utilize a high-level, commonly used software such as IMPLAN (Economic Impact Analysis for Planning), and local assessment data to conduct the analysis. The analysis consultant will:

- **Real Estate Value:** Analyze the potential increase in value of properties adjacent to the Stitch and estimate the potential of the Stitch to spur new development.
- **Employment:** Utilize existing models to project the new employment, wages, and economic growth that will result from the Stitch. This should include both construction and operations jobs created by the project, as well as employment created by new development and redevelopment surrounding the Stitch.
- **Tax Revenue:** Include projections of fiscal benefits that will flow to the City of Atlanta, Fulton County, and State of Georgia as a result of the Stitch and its associated economic impacts.
- **Local Spending:** Use available data and analysis tools to project local spending that will result from the completion of the Stitch.

² Stynes, D. (n.d.). Economic Impact Concepts. Michigan State University. Retrieved from <https://msu.edu/user/stynes/mirec/concepts.htm>

- **Tourism:** Use available data and analysis tools to project economic impact that will result from increased tourism to the Stitch.
- **City Brand:** Use modeling to project the economic impact of the Stitch as Atlanta’s character park.
- **Traffic:** Conduct a traffic impacts study to determine the potential reduction of cars on the road, increase of MARTA use, and increases in bike and pedestrian traffic. Part of the Stitch’s goals is to encourage transit use and transit-oriented development, as well as active transportation modes including walking and biking.

Phase 3 Preliminary Design

Duration - 10 Months

Phase 3a – Governance Activities

An air space agreement is required by FHWA with a three-dimensional legal description and procedures and performance requirements for inspection and maintenance of the new structure. During this phase of the work, the air rights agreement is drafted and negotiations for the rights are started. (DLA Piper drafted a white paper describing the air rights agreement document and process for acquiring the rights from FHWA. The DLA Piper report is included in its entirety in Appendix V of this report.)

Completes NEPA, determines Right of Way and easement acquisitions:

- Advance Agreements
- Park Design (SD/DD)
- Advance Structure Design
- Complete NEPA process

Phase 3b - Cap Structure Approvals

The Preliminary Design phase is performed concurrently with the NEPA document development. The first step is to set horizontal and vertical alignments and develop cross sections. With the basic geometric design, the GDOT PM will schedule a constructability review. I-75/85 is a very challenging environment for heavy construction and requires construction logistics to be considered throughout plan development. The constructability review is the venue to resolve the location of staging areas, lay down yards, crane location, utility relocation, oversized truck hauling routes, and maintenance of traffic.

After the constructability review, plan development proceeds to the point that required right of way and easements are determined. Preliminary Design includes:

- Horizontal and vertical alignment
- Bridge plan and elevation
- Drainage design including drainage profiles
- Location of existing utilities
- Staging plans
- Erosion control plans
- Wall plan and profiles
- Signing and marking plans
- Right of Way plans

Phase 3c - NEPA and Preliminary Field Plan Review

The NEPA document is finalized and approved during this phase. Once the NEPA document is approved and the above design items are completed, the GDOT PM will schedule a Preliminary Field Plan Review (PFPR). The PFPR is a detailed, sheet by sheet review of the completed preliminary plans. The preliminary plans are distributed to all the pertinent Subject Matter Experts to review the plans in depth and attend the PFPR to discuss the review with other offices and the designer.

The designer will receive a report from GDOT with the review comments compiled. Once the review comments are addressed, the right of way plan set will be approved. This marks the completion of the Preliminary Design phase.

Phase 3d - Park Improvements

During this phase of the project, the conceptual design of the park improvements will be advanced through schematic design and design development activities. Cap parks that have been through several years of operations provide some lessons that should be considered during the detailed design work. Knowledge of potential designers regarding these issues will be a consideration during the selection process. Issues to be considered include, but are not limited to:

- Soil design – should be light weight and allow good vegetation growth with minimal compaction
- Tree wells - and proper tree planting height that minimize tree settlement
- Design of back of house items - dumpsters, storage, staff break area, utility sinks and hot water availability
- Grass selection, how to handle high traffic lawn areas, is sod replaced yearly?
- Use of artificial turf and special play surfacing
- Water treatment method for water features
- Design of lighting control system - keep them separate and keep them simple
- Design of camera system in the park - be sure they are hardwired
- Design of irrigation zones - need to allow for watering during occupied situations. Use a drip irrigation vs overhead with quick connects throughout park
- Potable water distribution throughout the park
- Trees and plantings that can survive in the cap park environment
- Plan for anchoring tent structures
- Designing below grade vaults with; temperature control, equipment and circuit board protection, vault drainage, redundancy and alarms
- Plan for wireless internet access with proper band width and coverage
- Hardening of loading zones that does not negatively impact park aesthetics
- Paver color selection - consideration of how it will age and get dirty - gum control
- UPS equipment for control systems and panels

Phase 4 Final Design

Duration - 11 Months

Phase 4a – Governance Activities

The air rights agreement must be executed before the final GDOT permit can be issued. The final air rights agreement assigns responsibility for operation, inspection and maintenance of the cap improvements, including the tunnel structure. GDOT will require indemnification of liability for the work and future use of Stitch improvements and will also require a bond from the contractors performing the construction.

Details for construction, utility relocation, right of way and easements acquisitions:

- Complete Construction Drawings
- Execution of air rights agreement
- Issue Permits

Phase 4b - Cap Structure Approvals

The Final Design phase begins once the right-of-way plans are approved. Final plans include all of the documents included in the preliminary phase, in addition to these documents:

- Final bridge plans and details
- Final retaining wall plans and details
- Utility relocation plans
- Special provisions including time restrictions on work hours and lane closures

Once the plans reach 90% design, a Final Field Plan Review (FFPR) is scheduled by the GDOT PM. The FFPR is an intensive review to see that the design is ready to be permitted and proceed to construction. GDOT will send review comments to the designer to be resolved prior to the permit being issued. Once those comments are addressed, construction can begin.

Phase 4c - Park Improvements Activities

During the Final Design phase, construction documents are completed for the park improvements and coordination for permitting of construction is started.



Chapter 7

Conclusion

Conclusion

Several key factors and assumptions are important to keep in mind as the process moves into implementation - stakeholders and funders will expect a broad consensus, a disciplined process, and a well-managed team and established governance structure.

The short-term next steps are recommended as a series of targeted conversations with a variety of key constituents and influencers who can support, approve and fund the project to further move the Stitch towards implementation. These suggested conversations fall primarily in the category of political, financial, technical, and operational. Immediate (30-60 days) dialogs are recommended with critical contacts at the City, State, transportation agencies, neighboring stakeholders, and early champions.

Additional next step activities are focused on preparing for detailed design work necessary to start the approval process. These activities include advancing due diligence, public engagement related to programming of the park spaces, and establishing the new governance entity. A budget for these recommended activities as listed below in Table 4 and will serve as an initial starting point for preliminary fundraising conversations. This phase of work is estimated for a 6-month duration.

Table 4:	
Pre-Design Activities (6 months)	Budget
Establish Governance	\$ 75,000
Topo and Boundary Survey	\$ 300,000
Subsurface Utility Exploration (SUE)	\$ 125,000
Geotech Exploration	\$ 50,000
Park Community Engagement and Planning	\$ 500,000
Economic Impact Analysis	\$ 175,000
Public Relations/Public Engagement	\$ 100,000
Administration/Staff	\$ 150,000
Contingency (10%)	\$ 147,500
Total	\$ 1,622,500

Once the Pre-Design work is complete, the Concept Development work begins. This phase of work is estimated for an 8-month duration. Table 5 outlines the costs associated with this phase below.

Table 5:	
Concept Development (8 months)	Budget
Architects and Engineers	\$1,386,000
Owner Direct Consultants	\$231,000
Other Soft Costs	\$346,000
Soft Cost Contingency	\$294,000
Staff	\$200,000
Total	\$2,457,000

The Stitch has the potential to change the fabric of Downtown and Midtown and catalyze the most significant transformation that Atlanta has seen since the Olympics. It requires dedication of resources, political will, and key public and private stakeholders committed to seeing the vision through. Atlanta has done this before and can do it again. This Plan provides a roadmap to successfully realize the powerful vision that is the Stitch.



Appendix



APPENDICES

- I. Cost Estimates for the Cap Structure and Park Improvements**
- II. Real Estate Impacts**
- III. Park Operations Sources and Uses**
- IV. DLA Piper: Governance**
- V. DLA Piper White Paper: Air Rights**
- VI. Schedule**
- VII. Cash Flow Comparison**
- VIII. Preliminary Impact Analysis**

I. Cost Estimate for the Cap Structure

#	Description	Block 4 + Block 5	Block 3	Block 1 + Block 2	Total Cost	Cost Per SF
	Area (sf)	161,903	76,408	174,182	412,493	
1	Preconstruction	\$294,374	\$138,926	\$316,700	\$750,000	
2	General Conditions	\$7,064,977	\$3,334,221	\$7,600,803	\$18,000,001	\$43.64
3	Maintenance of Traffic	\$1,962,493	\$926,172	\$2,111,335	\$5,000,000	\$12.12
4	Monitoring of Existing Buildings & Bridges	\$300,000	\$100,000	\$225,000	\$625,000	\$1.52
5	Temporary Ramps	\$0	\$375,000	\$500,000	\$875,000	\$2.12
6	Utility Location Services	\$100,000	\$50,000	\$100,000	\$250,000	\$0.61
7	Dewatering (surface water only)	\$50,000	\$25,000	\$50,000	\$125,000	\$0.30
8	Earthwork & Demolition	\$2,281,257	\$1,728,541	\$2,738,523	\$6,748,321	\$16.36
9	Caissons	\$25,525,000	\$7,810,000	\$21,100,000	\$54,435,000	\$131.97
10	Support of Excavation	\$2,655,700	\$1,166,200	\$2,756,650	\$6,578,550	\$15.95
11	Asphalt	\$755,538	\$356,571	\$812,840	\$1,924,949	\$4.67
12	Highway Signage	\$131,000	\$50,500	\$107,500	\$289,000	\$0.70
13	Pavement Markings	\$43,884	\$31,274	\$61,606	\$136,764	\$0.33
14	Wet Utilities	\$1,109,066	\$455,681	\$1,051,511	\$2,616,258	\$6.34
15	Dry Utilities/Traffic Signal/Temp. Highway Lighting	\$1,801,245	\$796,580	\$1,927,030	\$4,524,855	\$10.97
16	Restore Existing Surfaces	\$76,222	\$34,504	\$61,592	\$172,318	\$0.42
17	Cast in Place Concrete	\$7,625,781	\$3,230,336	\$7,463,541	\$18,319,658	\$44.41
18	Precast Box Beams & Planks	\$9,669,599	\$3,684,190	\$9,708,151	\$23,061,940	\$55.91
19	Miscellaneous Metals	\$118,063	\$67,777	\$121,852	\$307,692	\$0.75
20	Expansion Joints	\$242,356	\$140,070	\$258,550	\$640,976	\$1.55
21	Caulking	\$23,380	\$9,796	\$21,653	\$54,829	\$0.13
22	Fireproofing	\$3,722,944	\$1,462,446	\$3,854,422	\$9,039,812	\$21.92
23	Waterproofing	\$921,040	\$434,961	\$929,770	\$2,285,771	\$5.54
24	Door & Louver Openings	\$21,581	\$14,172	\$33,901	\$69,654	\$0.17
25	Finishes	\$40,476	\$19,102	\$43,546	\$103,124	\$0.25
26	Miscellaneous Specialties	\$7,622	\$4,017	\$9,061	\$20,700	\$0.05
27	Plumbing	\$986,650	\$468,532	\$1,066,538	\$2,521,720	\$6.11
28	HVAC/Ventilation	\$4,533,228	\$2,139,396	\$4,877,040	\$11,549,664	\$28.00
29	Electrical	\$4,047,525	\$1,910,175	\$4,354,500	\$10,312,200	\$25.00
30	Control Room (20' x 30' @ \$250/sf)	\$150,000	\$150,000	\$300,000	\$600,000	\$1.45
31	Portals (1 @ Block 2 & 1 @ Block 3)	\$0	\$200,000	\$600,000	\$800,000	\$1.94
32	Bus Loop at MARTA Station	\$0	\$0	\$522,644	\$522,644	\$1.27
33	Emergency Egress Stair Enclosures	\$150,000	\$150,000	\$150,000	\$450,000	\$1.09
34	MARTA Head Houses	\$0	\$0	\$6,400,000	\$6,400,000	\$15.52
	Subtotals	\$76,411,001	\$31,464,140	\$82,236,259	\$190,111,400	\$460.88
	Contingency	\$15,282,200	\$6,292,828	\$16,447,252	\$38,022,280	\$92.18
	TOTAL COST	\$91,693,201	\$37,756,968	\$98,683,511	\$228,133,680	\$553.06
	Cost per Sq Ft	\$566.35	\$494.15	\$566.55	\$553.06	
	Cost Per Acre	\$24,671,187	\$21,525,148	\$24,679,093	\$24,091,325	

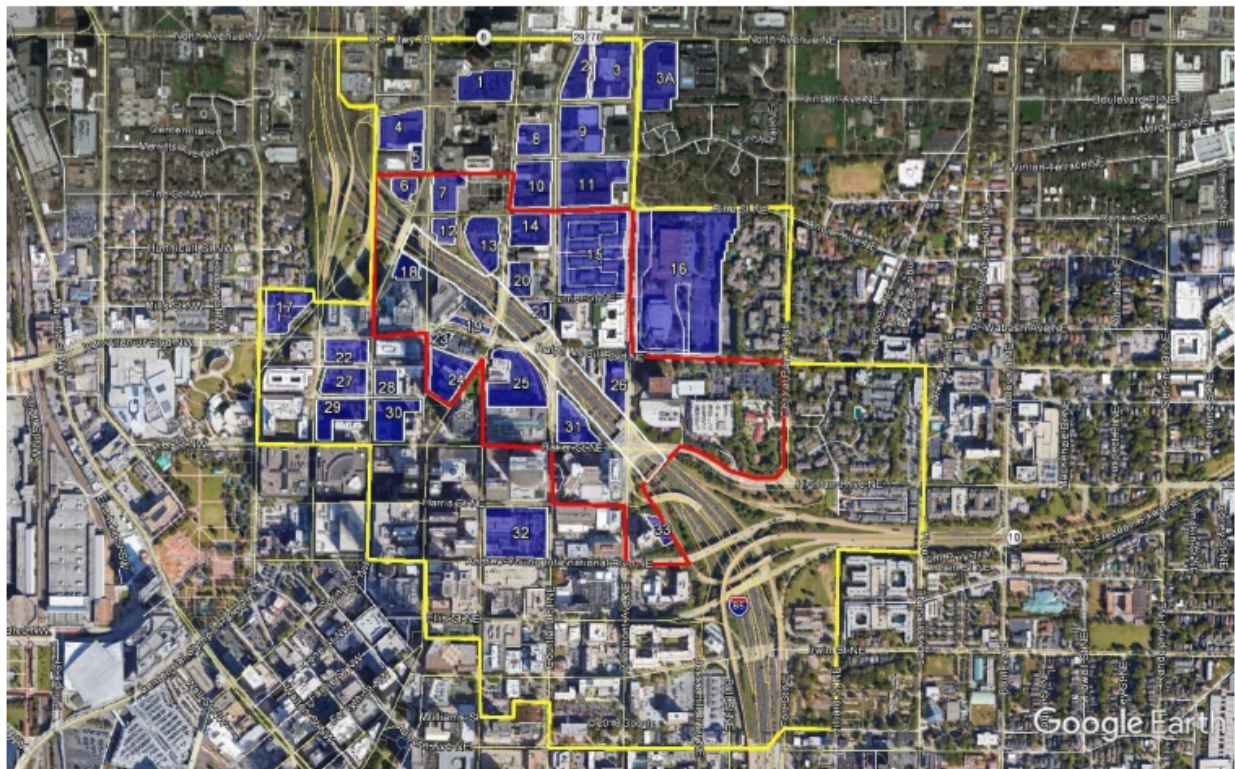
Cost Estimate for the Park Improvements

Cost Item	Emory Square			Peachtree Green			Energy Park			TOTALS
	Cost	Element SF	Cost/SF	Cost	Element SF	Cost/SF	Cost	Element SF	Cost/SF	
		188,137			140,158			245,783		
Park Fill										
Engineered fill	\$818,396	188,137	\$4.35	\$609,687	140,158	\$4.35	\$1,069,156	245,783	\$4.35	\$2,497,239.30
Soil fill	\$846,617	188,137	\$4.50	\$630,711	140,158	\$4.50	\$1,106,024	245,783	\$4.50	\$2,583,351.00
Geo foam	\$993,363	188,137	\$5.28	\$740,034	140,158	\$5.28	\$1,297,734	245,783	\$5.28	\$3,031,131.84
Park features - hardscape	\$3,276,678	126,885	\$25.82	\$1,946,484	75,375	\$25.82	\$3,315,776	128,399	\$25.82	\$8,538,938.02
Park features - landscape	\$354,295	31,953	\$11.09	\$396,828	35,789	\$11.09	\$892,118	80,458	\$11.09	\$1,643,241.60
Water features	\$1,621,110	1,500	\$1,080.74	\$2,161,486	2,000	\$1,080.74	\$2,701,858	2,500	\$1,080.74	\$6,484,453.50
Exterior Street Landscape	\$450,000		LS	\$450,000		LS	\$450,000		LS	\$1,350,000.00
Dog Park		NA	\$84.81	\$381,641	4,500	\$84.81		NA	\$84.81	\$381,641.35
Children's park	\$2,150,170	11,000	\$195.47		NA	\$195.47	\$2,150,147	11,000	\$195.47	\$4,300,316.80
Children's park water feature	\$1,080,002	850	\$1,270.59		NA	\$1,270.59	\$1,080,000	850	\$1,270.59	\$2,160,001.50
Botanical Courts		NA		\$256,685	6,500	\$39.49	\$256,661	6,500	\$39.49	\$513,345.80
Park Lighting	\$1,169,460	188,137	\$6.22	\$871,222	140,158	\$6.22	\$1,527,787	245,783	\$6.22	\$3,568,468.85
Branding/Signage	\$374,769	188,137	\$1.99	\$279,195	140,158	\$1.99	\$489,600	245,783	\$1.99	\$1,143,563.38
Security System & Cameras	\$438,047	188,137	\$2.33	\$326,335	140,158	\$2.33	\$572,266	245,783	\$2.33	\$1,336,648.14
Reading/Games area	\$214,884	3,600	\$59.69		NA	\$59.69	\$214,866	3,600	\$59.69	\$429,750.00
Donor square		NA		\$110,016	400	\$275.04	\$110,015	400	\$275.04	\$220,030.80
Solar Trash Receptacles	\$75,000		LS	\$75,000		LS	\$75,000		LS	\$225,000.00
Wifi System design/build	\$50,000		LS	\$50,000		LS	\$50,000		LS	\$150,000.00
subtotal	\$13,912,790			\$9,285,326			\$17,359,007			\$40,557,122
Contingency	\$1,391,278.96			\$928,533			\$1,735,901			\$4,055,712
Total	\$15,304,069			\$10,213,858			\$19,094,907			\$44,612,834.06
Corporate named porch	\$484,500	950	\$510.00		NA	\$510.00	\$484,500	950	\$510.00	\$969,000.00
Restaurant	\$6,897,690	6,495	\$1,062.00	\$6,897,690	6,495	\$1,062.00	\$6,897,690	6,495	\$1,062.00	\$20,693,070.00
Restaurant TI finish allowance	\$750,000			\$750,000			\$750,000			\$2,250,000.00
Performance pavilion	\$2,796,478	2,300	\$1,215.86		NA	\$1,215.86	\$4,377,090	3,600	\$1,215.86	\$7,173,567.74
subtotal	\$10,928,668			\$7,647,690			\$12,509,280			\$31,085,638
Contingency	\$1,092,867			\$764,769			\$1,250,928			\$3,108,563.77
Total	\$12,021,535			\$8,412,459			\$13,760,208			\$34,194,201.51
Total	\$27,325,603			\$18,626,317			\$32,855,115			\$78,807,035.57

II. Real Estate Impacts

All parcels within one half-mile of the Stitch were assessed for potential new development. It was determined that there are at least 33 parcels that will likely improve in the Stitch area will catalyze new development. The projections are based on current plans where property owners are moving forward with new development on specific parcels. For parcels that do not have a current development plan, modest land use intensity ratios (an average FAR of 4.52) was used to come up with a potential new development square footage. The tables below indicate the totals by use and the specifics for each parcel.

Acreage	Total FAR	Total SF All Uses	Timing	Residential	Office	Retail	Hotel	Parking
32.67	3.83	5,450,043	Longterm	2,180,380	2,911,076	154,587	204,000	-
13.15	4.22	2,416,264	Midterm	950,044	1,406,117	60,103	-	-
43.33	3.07	5,797,480	Shorterm	2,969,899	1,945,642	125,620	756,319	3,034
89.15		13,663,787		6,100,323	6,262,835	340,310	960,319	3,034



- Zone 1 – ¼ mile from the Stitch park
- Zone 2 – ½ mile from the Stitch park
- New Development Parcels - identified parcels are those where the existing improvements were considered to be below the highest and best use.

Real Estate Impacts

Block #	Acreage	Total FAR	Total SF All Uses	Timing	Use
1	2.46	3.73	400,000	Nearterm	Medical Office
2	1.67	7.74	563,000	Nearterm	Mixed Use
3	3.33	3.78	547,582	Longterm	Mixed Use
4	2.38	0.10	10,367	Nearterm	Parking Garage
5	0.46	5.81	116,319	Nearterm	Hotel 166 Keys
6	0.74	15.02	484,000	Longterm	Mixed Use
7	1.56	3.68	249,899	Longterm	Mixed Use
8	1.62	6.10	430,460	Midterm	Commercial
9	3.11	3.10	419,962	Midterm	Residential
10	2.58	6.10	685,547	Longterm	Commercial
11	4.15	3.10	560,399	Nearterm	Residential
12	0.85	6.10	225,859	Longterm	Commercial
13	2.24	3.10	302,481	Nearterm	Commercial
14	2	3.10	270,072	Nearterm	Commercial
15	8.33	1.06	386,285	Longterm	Residential
16	19.03	2.07	1,720,000	Nearterm	Mixed Use
17	2.35	5.30	543,000	Nearterm	Mixed Use
18	0.83	10.00	361,548	Nearterm	Residential
19	0.47	6.10	124,887	Nearterm	Commercial
20	1.22	4.10	217,887	Nearterm	Residential
21	0.5	0.23	5,000	Midterm	Retail
22	1.5	6.10	398,574	Longterm	Commercial
23	0.38	6.10	100,972	Longterm	Commercial
24	2.31	6.10	613,804	Longterm	Commercial
25	3.76	6.10	999,092	Midterm	Mixed Use
26	1.48	3.10	199,853	Midterm	Residential
27	1.77	3.10	239,014	Midterm	Residential
28	0.91	3.10	122,883	Midterm	Residential
29	2.1	3.10	283,576	Nearterm	Residential
30	2.2	3.10	297,079	Longterm	Residential
31	1.97	3.78	323,945	Nearterm	Mixed Use
32	4.68	4.39	894,814	Longterm	Mixed Use
33	0.66	3.00	86,249	Longterm	Residential
3A	3.55	3.10	479,378	Longterm	Residential
	89.15		13,663,787		
		4.52	Average FAR		

Proposed Building Pads Requiring Air-Rights & Private Property Required for Public Park Space

The red line in the plan is the approximate location of the existing retaining walls.

There are privately owned parcels outside of the 75/85 right of way designated for public use in the current Jacobs Vision Plan. Several of these parcels are owned by public entities that may be open to conveying land or the development rights to be part of the Stitch implementation. Other smaller parcels could be developed by the private owners in a way that coordinates well with the Stitch park plan. There is also the potential for a series of land swaps where public parcels may be conveyed to adjacent property owners in exchange for parcels designated for public space. The strategy for acquiring these parcels would be early as part of the Concept Development phase for the park design. These parcels are shaded in red in the exhibit.

The other early consideration for the park design is to understand the implications for several park buildings that are designated to be constructed over the cap. The structural requirements for these buildings may impact the cap structure. Proper coordination for these structural requirements should occur during the conceptual design phase. The locations of the proposed buildings in the current Vision Plan are highlighted in yellow.



III. Park Operations Sources and Uses

Park Uses

Description	Budget	Comments
General & Administrative	\$2,565,000	
Salaries & Benefits	\$1,500,000	
Accounting & Audits	\$100,000	
Computers & Office supplies	\$350,000	
Office Rental & utilities	\$275,000	
Insurance D&O - Liability	\$240,000	
Legal & Consultants	\$75,000	
Miscellaneous	\$25,000	
Operations	\$3,035,000	
Salaries and Benefits	\$360,000	
Water Feature maintenance	\$375,000	Assumes 7 to 8 mid size water features
Landscaping	\$350,000	
Sanitation	\$750,000	
Security & Cameras	\$500,000	
Utilities	\$360,000	Excludes tunnel -
Capital Reserve account	\$325,000	Reserve for capital replacements
Equipment rental	\$15,000	
Development/Fundraising	\$745,000	
Salaries & Benefits	\$450,000	
Consultant	\$125,000	
PR & Marketing	\$20,000	
Office supplies & printing materials	\$35,000	
Donor & Sponsorship activation	\$100,000	
Miscellaneous	\$15,000	
Park Programs & Events	\$1,325,000	
Salaries & Benefits	\$1,000,000	
Consultant	\$75,000	Someone like Biederman for first three years
Programs PR & Marketing	\$150,000	
Social media & Websites	\$75,000	
Miscellaneous	\$25,000	
Total Park Expenses	\$7,670,000	
Tunnel Expenses	\$2,500,000	
Electricity cost	\$1,200,000	breakout # included in total above
Generator fuel	\$21,000	breakout # included in total above
Jet Fan replacement	\$34,000	\$34,000 each unit - breakout # included above
LED light replacement	\$1,575	\$1575 ea per fixture
		This annual cost is based on historical total cost that the City of Dallas expends each year on the KWP tunnel - it includes outsourcing to a 3rd party tunnel maintenance contractor and includes tunnel monitoring, CCTV monitoring, equipment repairs, electric power usage, light fixture replacements, jet fan and emergency generator maintenance.
Total	\$10,170,000	

Operations Sources and Uses

Potential Park Operations Sources

Description	Budget	Comments
Sponsorships	\$1,000,000	
Venue Rental	\$1,000,000	
Food Truck	\$500,000	
Concessions rental	\$2,000,000	Assumes 3 restaurants - and pop up vendors (Water, alcohol, ice cream) & Art fairs
Private Contributions	\$2,000,000	
TIF/PID	\$1,500,000	
Foundation Grants	\$500,000	
Endowment Interest	\$250,000	Depends on your endowment fund balance and investment performance
Fundraising Events (Galas)	\$1,250,000	Takes a few years to establish - count on loss or break even first couple of years -
Total Revenue	\$10,000,000	

IV. DLA Piper: Governance

TO: Stitch Working Group

FROM: DLA Piper LLP (US)

DATE: January 16, 2019

RE: The Stitch – Project Governance Overview

We have been asked to provide guidance and to review governance models for highway cap projects and relevant public parks nationally and locally in connection with the proposed development of an elevated park (the “**Park**”) over the I-75/I-85 connector highway in downtown Atlanta, which project is referred to as “The Stitch.” Based upon our evaluation of a number of such parks located throughout the United States, our recommendation for The Stitch governance model is set forth below in Section I. A detailed summary and comparison of similar projects and governance approaches supporting our recommendation follows in Section II.¹

I. Governance Model Recommendation

- The interstate highway cap project upon which the Park is to be developed will be owned by the Georgia Department of Transportation (“**GDOT**”). In addition to serving as the foundational platform for the Park, these core improvements will also result in a tunnel type environment for the interstate highway below. GDOT will maintain control, ownership and management of these elements of the project.
- The design, development, operation and management of the Park itself will be administered by a newly formed, non-profit, 501(c)(3) tax exempt entity (referenced in this memorandum for convenience as “**Stitch Inc.**”).²
- Fundraising and financial capital needs to realize and operate the Park will also be coordinated by Stitch Inc.
- The relationship, delegation of responsibilities as well as the coordination of interconnected issues with the improvements and operations of the Park and the highway below will be documented in a written agreement between GDOT and Stitch Inc. (the “**GDOT Agreement**”). The GDOT Agreement could be structured in various legal forms such as a lease, easement or license agreement.

¹ This memorandum is a follow up to our memo dated as of December 21, 2018 entitled “The Stitch – Overview of Legal Considerations on Air Rights Over Interstate Highways” describing the process and documentation for which GDOT enters into an agreement with the U.S. Department of Federal Highway Administration to acquire the air rights for the cap to be constructed.

² We acknowledge that the name of this tax exempt entity may be tied to possible naming opportunities for the Park itself or following branding initiatives orchestrated by others.

- The GDOT Agreement will reserve in favor of GDOT certain key rights to ensure the structural integrity of the cap and the safety of the public, including highway driver safety. For example only, GDOT will be permitted to inspect any portion of the Park at any time. Additionally, for example, GDOT can approve improvements to be located on the cap to ensure structural integrity.
- Furthermore, the GDOT Agreement will underscore the tax exempt purpose of Stitch Inc., memorialize its authority to manage and operate the Park, and encourage private donations through the documented legal arrangement. Similarly, the GDOT Agreement will enhance the perception that the public's interests are being protected and promoted.
- The governing board of Stitch Inc. will include representatives of relevant stakeholders as well as civic minded individuals dedicated to the success of the Park. The board will otherwise operate in a traditional nonprofit corporation model.
- Stitch Inc. may contract with third party vendors for elements of project management, ongoing operations (including programming) and maintenance of the Park.
- ADID/CAP will continue to serve in an advisory role to Stitch Inc. and its board to ensure effective and broad base communication with governmental agencies and officials as well as enhancing the benefits of the Park for all stakeholders, including the public. These advisory roles may also be documented in more formal agreements with Stitch Inc.
- All revenue streams -- including user fees, operator licenses and rents, fundraising, sale of naming rights, advertising and similar revenue -- will be collected and retained by Stitch Inc. The objective is to create a platform by which Park operations and maintenance can be self-funded in perpetuity while allowing maximum flexibility and efficiencies in reaching this objective.
- Stitch Inc. will control and promote Park programming and the use of Park facilities. One element of these rights is the ability to manage the hours pursuant to which the Park will be open to the public and to close to the public all or portions of the Park from time to time for scheduled events.
- Public roads (as opposed to service roads, private ways and pathways) located within or adjacent to the Park will be owned and maintained by the City of Atlanta. Depending on the final design and layout of the Park and intended Park programming, an agreement with the City is anticipated concerning the integration of Park design elements with the adjacent right of ways (and the right of Stitch Inc. to coordinate on their maintenance and upkeep) as well as the location or potential relocation of public utilities.

II. Summary of Research Conducted

1. Types of Governance Models

Through our research, we have identified the following types of potential governance models for capped highway park facilities such as The Stitch. The following is consistent with a research report prepared by the Southern California Association of Governments Compass Blueprint Program³ regarding the same subject matter, and we have borrowed their nomenclature for the following:

- A. Single Lead Entity;
- B. Joint Powers Authority;
- C. Public-Private Partnership (P3); and
- D. Inter-Agency Development Agreements.

An overview of each governance model is set forth below.

A. Single Lead Entity

Projects involving a single lead entity are typically led by a single public agency or a private developer, with the cooperation of interested third parties. This governance model is often utilized with private development or smaller projects. Sample projects utilizing this governance model include The Cap at Union Station and Capital Crossing, which are described below. A common theme with this model is that a developer will act as the project's lead from start to finish, including operation and maintenance of the park and supporting infrastructure post-construction.⁴ Notwithstanding such lead role, the developer will work in a cooperative manner with various utilities, city and state agencies, and other participants as appropriate and necessary for the project.⁵

B. Joint Powers Authority

A Joint Powers Authority (“**JPA**”) is an entity comprised of two or more public authorities to construct and/or operate a specific facility or program. A JPA maintains its own board of directors and operates independent of the individual member authorities. JPAs are commonly used when a project involves multiple governmental jurisdictions or agencies, or when such agencies are able to realize economies of scale by working together through a JPA governance model. One criticism of the JPA governance model is that decision

³ *PARK 101 District Governance Analysis White Paper*, Southern California Association of Governments Compass Blueprint Program (May, 2012), available at https://d3n8a8pro7vhmx.cloudfront.net/park101/pages/30/attachments/original/1496082292/Iteris_Final_Park_101_Governance_Paper_06-06-12.pdf?1496082292 .

⁴ *Id.*

⁵ *Id.*

making may be delayed if its board of directors are not empowered to make policy decisions independent of the supporting agencies or if there are too many governmental entities with competing interests at the table. One example of the JPA governance model is the Transbay Terminal JPA, which is comprised of multiple agencies including the San Francisco Board of Supervisors, local and regional transportation authorities, the Mayor of San Francisco and Caltrans.⁶

C. Public-Private Partnership (P3)

P3 governance models involve a combination of public and private entities. The P3 model has been frequently utilized in connection with the development and ongoing operation of park facilities, and are particularly useful to facilitate fundraising, programming and core operations. The skills and assets of the respective public and private partners are shared in determining a service or facility for use by the general public. The division of resources is determined based upon the expertise each such partner brings to the project as well as local political considerations, among other factors.⁷

In some instances, P3 park projects may be administered by private, non-profit, park benefit organizations (“**PBOs**”) that raise money independent of the municipality and spend it under a plan of action that is mutually agreed upon with the municipality (or other governmental entity as applicable) which retains the ultimate ownership of the park. PBOs are registered as tax exempt 501(c)(3) organizations and have boards of directors with fiduciary responsibilities. PBOs are frequently referred to as “conservancies”, but may also be referred to as a “foundation”, “alliance”, or “trust”. PBOs differ from “friends of the park” groups, whose efforts are typically focused on park cleanup and advocacy.⁸ For example, Park Pride is a non-profit organization that engages communities throughout metropolitan Atlanta with their neighborhood parks through volunteer projects, community gardens, community-led park designs and by providing grants for capital park improvements.

Park conservancies often have municipal representation on their boards through appointed or ex-officio positions. For example, such representation may include one or more of the following public officials: the mayor, a city council member, the park agency director, a park chief superintendent, a county executive, a state legislator, etc. However, municipal control in these instances is generally limited as far as voting power and board seats. While municipalities generally have limited power over the governance of the conservancy, they often retain ownership of and authority over the parks themselves, which can provide an additional layer of indirect municipal control over the park.⁹

⁶ *Id.*

⁷ *Id.*

⁸ Public Spaces/Private Money – The Triumphs and Pitfalls of Urban Park Conservancies, The Trust for Public Land Center for City Park Excellence (February, 2015).

⁹ *Id.*

Park conservancies are involved with a wide scope of park-related activities, from planning through capital construction to maintenance. Conservancies typically have their own bank accounts into which they deposit donations and from which they pay certain operation and maintenance expenses.

D. Inter-Agency Development Agreements

These arrangements involve written documentation outlining the respective responsibilities between two agencies to construct and/or operate a facility. A memorandum of understanding and other written documents outline the responsibilities of the partners, the benefits each party may receive, any funding or staffing obligations and the binding terms of the agreement.¹⁰

2. Review of Precedent Projects

The following is a summary of related and precedent projects as well as the governance models employed in connection with their development and ongoing operation. The example projects have been separated into separate subsections on freeway cap parks, nationally significant parks and local parks.

2.1 Freeway Cap Projects

Rose Kennedy Greenway (Boston):

The Rose Kennedy Greenway was officially opened in 2008. The Greenway is approximately 30 acres in size and covers over 5,000 linear feet of property spanning multiple neighborhoods above I-93 in downtown Boston, including Chinatown, the Financial District, the Waterfront, and the North End. Project improvements include interconnected gardens, promenades, plazas, fountains, public art installations, and specialty lighting systems that stretch over one mile through the neighborhoods. The Greenway was created in connection with relocating an elevated freeway underground as a part of the \$14 billion “Big Dig” project.

The Massachusetts Department of Transportation (“**MDOT**”, formerly known as the Massachusetts Turnpike Authority) retained ownership of most of the land upon which the Greenway is located and operates and maintains the highway. Operations of the park are managed by the non-profit Rose Fitzgerald Kennedy Greenway Conservancy (the “**Conservancy**”), which was created in 2004 through joint efforts of the MDOT, the City of Boston and the Commonwealth of Massachusetts, and as enabled by state legislation.¹¹ The Conservancy operates pursuant to a lease from the MDOT, and it oversees the maintenance, fundraising and programming of the Greenway.

¹⁰ *Id.*

¹¹ Rose Fitzgerald Kennedy Greenway Conservancy, *Greenway History*, (2017), available at <http://www.rosekennedygreenway.org/about-us/greenway-history/> .

The Massachusetts Turnpike Authority entered into a lease with the Conservancy (a copy of which is attached as **Exhibit A**) for an initial term of five years with additional five year extension terms subject to a maximum term of 55 years.¹² The MDOT lease grants the Conservancy the right to “operate, manage, maintain, improve and program” the Greenway in a manner consistent with state legislation (the “**Enabling Legislation**”, a copy of which is attached as **Exhibit B**).¹³

The Greenway is maintained as parkland pursuant to the requirements set forth in the Massachusetts Constitution and it is to remain open to the general public.¹⁴ The leasehold parcel is subject to City walkways and pathways (e.g., the Freedom Trail) located within certain portions of the Greenway. The lease also requires the Conservancy to adopt rules and regulations governing conduct and activity within the park, which regulations can only be adopted following consultation with the MDOT and applicable local authorities. The lease additionally includes a summary of applicable maintenance standards and practices (included as an exhibit to the attached lease) so as to ensure that the Greenway adheres to “the highest standards of excellence in order to provide an optimal experience for park users and encourage public respect for the park amenities”.¹⁵

In addition to the \$5 Million funded by MDOT towards a permanent endowment for the Greenway’s benefit, the Enabling Legislation also permits the Conservancy to charge reasonable fees for programming so long as such revenues are paid to the Conservancy. Additionally, Section 11 of the Enabling Legislation provides for a transfer of \$2 Million of state funds to the Conservancy for operating, managing, improving and maintaining the Greenway. Section 12 of the Enabling Legislation provides for ongoing state financial contributions in an amount equal to 50% of the annual budgeted costs to operate, maintain, improve and manage the Greenway and other open space parcels, subject to an annual cap of \$5,500,000.

Moreover, the Conservancy is required to deliver (a) an annual statement describing its goals for the coming year, including information for proposed events, forecasted revenues, and contemplated maintenance activities and improvements, and (b) a year-end report describing performance against the goals for the applicable period.

Finally, the Enabling Legislation provides that the Conservancy is to be governed by a 15-person board. Members of the voting board include community residents, directors

¹² See *Lease Between the Massachusetts Turnpike Authority and the Rose Fitzgerald Kennedy Greenway Conservancy, Inc.*, available at http://www.rosekennedygreenway.org/files/2913/0073/6165/Lease_with_MassTurnpike_-_Execution_Copy_-_2-10-09.pdf.

¹³ See *An Act Authorizing the Rose Fitzgerald Kennedy Conservancy, Inc. to Operate, Manage and Maintain the Rose Kennedy Greenway*, Massachusetts Legislature, Sec. 10 of Ch. 16 of the Acts of 2008.

¹⁴ Amendments to the Massachusetts Constitution, Art. XCVII.

¹⁵ Rose Fitzgerald Kennedy Greenway Conservancy – Greenway Parks Maintenance Standards and Practices 2009.

selected from lists provided by the mayor and governor, and other members appointed by the board then serving. Non-voting, *ex officio* board members include designees of various public officials.

Klyde Warren Park (Dallas, TX):

Klyde Warren Park is a 5.2 acre urban greenspace in Dallas which opened in 2012 and includes, among other features, a children's park, reading room, great lawns, restaurant and a performance pavilion. The park was constructed over the below-grade Woodall Rodgers Freeway. The freeway cap itself is owned by the Texas Department of Transportation, and the City of Dallas retains ownership of the park facilities. The City in turn entered into a long-term Use Agreement with the nonprofit Woodall Rodgers Park Foundation (the "**Foundation**") to operate, maintain and manage the park.¹⁶ Another nonprofit, Friends of the Park, supports the park through membership drives, social and educational events and fundraisers. All maintenance and work on the tunnel beneath the cap and on the Woodall Rodgers Freeway remains the responsibility of the Texas Department of Transportation.

Operating and maintenance expenses for Klyde Warren Park are approximately \$2.2 million annually, which are funded by the Foundation through various revenue streams, including restaurant proceeds, corporate sponsorships¹⁷, ongoing contributions from property owners within the adjacent Klyde Warren Park/Dallas Arts District Public Improvement District (the "**PID**"), and annual fundraising.

A Dallas City Council resolution dated June 25, 2014, provided for the imposition of tax assessments for non-exempt property within the PID in an amount not exceed \$0.025 per \$100 of assessed valuation. A copy of the resolution is attached as **Exhibit C**. Additionally, the Foundation was authorized to develop and recommend a service plan, improvement plan and assessment plan for approval by the City Council in order to promote the efficient management of the PID. The Foundation is exclusively responsible for the operation and management of the PID. The stated purpose of the PID is to supplement and enhance services and improvements for properties within the PID without replacing existing City services. General services and improvements performed by the PID include security, sanitation, landscaping, marketing and promotional activities, distinctive lighting and signage, and landscaping and water features.

¹⁶ U.S. Department of Transportation Federal Highway Administration, *Freeway Cap Parks Encourage Stakeholder Coordination, Reconnect Communities, and Promote Healthy Ecosystems*, (March 2016), available at <https://www.environment.fhwa.dot.gov/stmlng/newsletters/mar16nl.pdf>. The Foundation's 2014 tax return provides, in part, that its mission is "to provide free programming and educational opportunities for the enrichment of visitor's lives, showcase the multitude of cultures and talents Dallas has to offer, and to be a clean, safe and active town square where citizens can congregate and create traditions".

¹⁷ Corporate sponsors have included Southwest Airlines and Nissan as well as grants from foundations including the Moody Foundation.

The use agreement between the City of Dallas and the Foundation (the “**Use Agreement**”) provides for the City to retain ownership of the park premises and all improvements. As referenced above, the Foundation remains responsible for all maintenance, repairs and capital improvements within the park as well as enhanced maintenance for the surrounding streetscape. The Use Agreement has an initial 50-year term, with four 10-year renewal options thereafter, and is terminable by either party following an uncured material event of default by the other party, but it does not provide for termination for convenience. The Foundation is responsible for maintaining insurance for the term of the Use Agreement at limits specified by the City, and the Foundation is entitled to retain all park-related revenues, with such revenues to be utilized to fund the operation, maintenance, capital improvement and repair of the park and to establish a permanent endowment.

Finally, with respect to Klyde Warren Park, the Dallas Park and Recreation Board must approve all rates, fees and charges at the park in connection with public access. The Foundation has the right to sell, license or convey the naming rights for the park and its individual elements, subject to the approval of the City Manager and the Director of the Park and Recreation Department. All revenues generated from the sale of the park’s naming rights were utilized by the Foundation for the design and construction of the park.

Capital Crossing (Washington, DC):

Capital Crossing is a 7.5 acre, privately funded project currently under construction in Washington, D.C. This project will consist primarily of office and residential buildings. Unlike other highway cap projects for which park development rights were derived from a lease of air rights, Capital Crossing involves the purchase in fee of the property located beneath the interstate by a private developer, Property Group Partners, with an easement retained by the department of transportation for highway use. This arrangement allowed the developer to sell and finance the airspace for private development.

Given that the Capital Crossing project will be a private development, the developer will be responsible for much of the operations and maintenance obligations for the subject property. To the extent that there may be multiple owners, there would likely be an owners’ association with applicable governing documents, including a declaration of covenants, conditions and restrictions. It is anticipated that common area maintenance charges would be passed on to project tenants.

Park Over the Highway (St. Louis, MO):

The Park Over the Highway project in St. Louis capped a portion of I-44 to create a greenspace between downtown St. Louis, the Gateway Arch, and the Mississippi River waterfront.¹⁸ A nonprofit corporation, the CityArchRiver Foundation (now known as the

¹⁸ See *CityArchRiver Foundation, Plan & Scope*, available at < <http://www.cityarchriver.org/about-the-project/plan-scope/>>.

Gateway Arch Park Foundation), was tasked with oversight of the initial development of the project. This highway capped project cost \$380 million to complete, which included the development of an award-winning museum. The impetus for the Park Over the Highway project was a group of local CEOs known as the “Civic Progress” organization, who worked with the Foundation to raise more than \$250 million in private funds. The remaining funding consisted of a \$20 million grant from the U.S. Department of Transportation, \$25 million from the Missouri Department of Transportation, \$10 million in private funds raised by the Foundation, with the remainder by a public referendum in 2013 known as “Prop P”.¹⁹ As outlined by one of the Civic Progress members, the five key drivers for the success of such civic revitalization projects are as follows:²⁰

1. Business leaders need to recognize their responsibility to enhance their community.
2. Assume that with projects of magnitude, it’s necessary to assume that you’ll need to partner with local, state, and/or federal governmental agencies, NGOs or other constituencies.
3. Capable and involved colleges and universities are crucial to bring into important civic efforts.
4. Developing complex projects requires patience and perseverance, and consistence, mission, and a sense of purpose.
5. Business leaders need to identify issues and opportunities to maximize their impact.

Olympic Sculpture Garden (Seattle, WA):

The Olympic Sculpture Garden is comprised, in part, of a deck over the I-5 freeway in downtown Seattle. The Garden was created through a public-private partnership between the Seattle Art Museum and the Trust for Public Land. This park consists of a public, outdoor sculpture museum and a path to the nearby waterfront area. The City of Seattle and the Washington Department of Transportation were also involved with the park’s development. The park is privately owned and maintained by the Seattle Art Museum, which covers the majority of operating costs by museum entrance fees, memberships, charitable donations and an endowment fund.

The Cap at Union Station (Columbus, OH):

The Cap at Union Station is a 1.12 acre freeway cap over I-670 in Columbus, Ohio, and it was opened in 2004. The City of Columbus acquired air rights over the freeway from the Federal Highway Administration (the “**FHWA**”) inasmuch as this portion of I-670 had not been purchased by the Ohio Department of Transportation (“**ODOT**”) when the freeway was initially constructed. The City also negotiated retail development rights with ODOT and FHWA for retail development above the active freeway, and it entered into a long-term lease with a private developer, Continental, who developed the existing buildings. In

¹⁹ “The Money and the Movers Behind the Renovation of the Arch Grounds”, *St. Louis Post-Dispatch*, July 1, 2018.

²⁰ *Community Project Lessons from the St. Louis CEOs who Revived the Gateway Arch*. Chief Executive, August 7, 2018, available at <https://chiefexecutive.net/community-project-lessons-st-louis-ceos-gateway-arch/>.

turn, Continental is responsible for the maintenance of the open spaces and the buildings, while the City maintains the street, and ODOT maintains the highway and the actual freeway cap. This project is considered to be one of the first speculative retail projects built over a highway in the U.S. A ULI Development Case Study regarding The Cap at Union Station identified the following ingredients necessary to successfully complete a similar project in the future:

- An active roadway construction project;
- A well-organized citizenry;
- A willing developer;
- A city council willing to push for the project and make it a priority; and
- A mature enough retail environment to support the development.²¹

2.2 Relevant Parks

Millennium Park (Chicago, IL):

Millennium Park is a 24.5 acre park located in downtown Chicago, which is also owned by the City of Chicago. Located between Lake Michigan and the Loop business district of Chicago, the park is built on a large cap above an immense network of railroad tracks previously utilized by the Illinois Central Railroad. \$270 million of this \$490 million development was funded by the City via tax increment financing, with the remaining balance of \$220 being funded by private donations.

In 1998, a private, non-profit conservancy, the Millennium Park Foundation (previously known as Millennium Park, Inc.) was established. The Foundation, along with several patrons, hired artists and architects to design and construct the iconic sculptures and facilities found throughout the park, including the Pritzker Music Pavilion designed by Frank Gehry and Cloud Gate (also known as “The Bean”) by Anish Kapoor. The Foundation remains involved with fundraising activities in connection with the park.

To underwrite a portion of the park’s development costs, the City sold naming rights for significant spaces within the park, including the \$31.9 million Jay Pritzker Pavilion, the \$26 million Cloud Gate & AT&T Plaza and the \$61 million Harris Music and Dance Theatre.²² Several of the amenities within the park also have endowments specifically dedicated to their ongoing maintenance. The City also leased parking garages beneath the park cap to a private parking operator. Millennium Park is fully owned by the City of Chicago. The City’s Department of Cultural Affairs contracts with a third party asset manager, MB Real Estate, for park operations and maintenance. Millennium Park was

²¹ *ULI Development Case Studies – The Cap at Union Station*, available at <https://casestudies.uli.org/wp-content/uploads/2015/12/C035010.pdf>.

²² See “2009 Randy Bruner Award: Silver Medal Winner – Millennium Park”, available at <http://www.rudybruneraward.org/wp-content/uploads/2016/08/06-Millennium-Park.pdf>.

intended to serve as a gift to the people of Chicago, with the City sponsoring at least 500 free events in the park each year, including the Grant Park Music Festival.

Bryant Park (New York, NY):

Bryant Park is a five acre urban park located in Manhattan and owned by the New York City Parks Department. The Park is managed by the non-profit Bryant Park Corporation (“**BPC**”), which operates under the auspices of the 34th Street Partnership, a local business improvement district. BPC entered into a management agreement with the City in 1988 in connection with the improvements to the park as well as its ongoing management. BPC provides sanitation, security, cleaning and landscaping services in connection with the park, and BPC coordinates fundraising activities with local benefactors. For the fiscal year ending June 30, 2016, operating and maintenance costs of approximately \$12 million per year were funded by revenue from events, concessions, donations and assessments on property and businesses within a defined “business improvement district” surrounding the park paid to BPC.²³

High Line Park (New York, NY):

High Line Park was built upon an existing 1.45 mile long, elevated rail spur donated by CSX to New York City. The non-profit Friends of the High Line raises nearly one hundred percent of the High Line’s annual operating budget. The High Line is programmed, maintained and operated by Friends of the High Line pursuant to a licensing agreement with the New York City Department of Parks and Recreation. The Board of Friends of the High Line, currently includes New York’s Commissioner of Parks, City Council Speaker and Deputy Mayor for Housing and Economic development as *ex officio* members.²⁴

²³ See Bryant Park Corporation and Bryant Park Management Corporation Consolidated Financial Statements dated June 30, 2016, available at https://bryantpark.org/~brpk34st/images/bryantpark_uploads/pdfs/F_588070_16_BryantParkCorpandMgmtCorp_FS.pdf.

²⁴ See <https://www.thehighline.org/about/>.

2.3 Local Projects

Atlanta BeltLine:

The Atlanta BeltLine is governed by Atlanta BeltLine Inc., a tax exempt Georgia nonprofit corporation established by the Atlanta Development Authority. Atlanta BeltLine, Inc. acts in the capacity of a redevelopment agency for the City of Atlanta with respect to the City's Tax Allocation District Number Six – BeltLine (the "**BeltLine TAD**")²⁵ as contemplated in the "Atlanta BeltLine TAD Redevelopment Plan" dated November 7, 2005 (the "**Redevelopment Plan**"). It is also authorized pursuant to redevelopment powers authorized by State law. A second non-profit organization, the BeltLine Partnership, was established to advise the City of Atlanta Mayor on BeltLine issues as well as to serve as a fundraising arm for the project.

The BeltLine TAD was established as of December 31, 2005, for a 25-year period, with all bonds issued to be repaid by no later than December 31, 2030. The BeltLine TAD bonds were issued to fund public infrastructure and improvements in support of the Atlanta BeltLine project.

Centennial Olympic Park:

Centennial Olympic Park was constructed in 1996 by the Atlanta Committee for the Olympic Games ("**ACOG**") in connection with the 1996 Summer Olympics in Atlanta. The park was constructed by ACOG upon publicly donated land and was funded by foundation grants and corporate donations and the sale of nearly 500,000 engraved bricks. Following the Olympic Games, ownership of the park was transferred to the Georgia World Congress Center Authority (the "**GWCC Authority**"). Governance by the GWCC Authority is provided by state law.²⁶ The GWCC Authority is operated by a 15 member Board of Governors appointed by the Governor, each serving a term of four years, and who are empowered to make the bylaws, rules and regulations for the governance of the GWCC Authority and the operation, management and maintenance of projects governed by the GWCC Authority.²⁷ A \$25 million renovation of the park is currently in process, the cost of which is to be funded by GWCC Authority funds, an "Adopt-A-Brick" program, and a \$10 million donation from the Woodruff Foundation.²⁸

The enabling legislation for the GWCC Authority includes language that Centennial Olympic Park and other GWCC Authority-controlled facilities are not open or accessible to the public or generally available for public use except as specifically permitted pursuant to GWCC Authority or as may be permitted by agreements to third parties pursuant to

²⁵ The BeltLine TAD was established by Ordinance 05-o-1733 approved by the Atlanta City Council in November of 2005.

²⁶ O.C.G.A. § 10-9-6(a).

²⁷ O.C.G.A. § 10-9-7.

²⁸ " 'Adopt-A-Brick' Returns to Olympic Park", *The Atlanta Journal-Constitution*, March 11, 2016.

leases, license agreements and similar agreements. The GWCC Authority has the right to exclude unpermitted persons from its facilities as well as the right to remove or limit access to the facilities upon a good faith determination by the GWCC Authority that a person's activities may constitute a hazard to the safe or orderly operation of facilities or to the safety of occupants.”²⁹

Piedmont Park:

The historic Piedmont Park is owned by the City of Atlanta. Formed in 1989, the non-profit Piedmont Park Conservancy, Inc. (“**PPC**”) works to restore and preserve Piedmont Park. PPC programs include (1) the planning and implementation of park improvements, (2) on-going park maintenance and beautification, and (3) cultural, educational and recreational activities and events in the park.

On June 19, 2012, the Atlanta City Council approved and passed an updated Memorandum of Understanding (“**MOU**”) outlining PPC's relationship with the City, the stated purpose of which was “to lay the foundation for a cooperative working relationship between the parties, and to establish the role of each Party in that relationship, as the Parties continue to work together to further their common goal of preserving, restoring, developing, enhancing, rehabilitating, and maintaining the Park”. An updated MOU was entered into by the parties in 2017.³⁰

The 2017 MOU delineates the respective responsibilities of the City and PPC, including the following:

- The City maintains ownership of the park and maintains its authority to make all final decisions in connection with the park.
- PPC maintains the park pursuant to a Master Plan appended to the MOU, and PPC must comply with the City's review and approval process.
- PPC is responsible for implementing approved projects, improvements and other initiatives.
- The City has the right to oversee all work performed upon the park.
- PPC is primarily responsible for fundraising, with the right to conduct capital campaigns. All on-site signage for donors and sponsors must be in accordance with guidelines provided by the City's Department of Parks and Recreation.
- PPC may establish an endowment to support its mission and purpose, which funds are to remain with PPC following any termination or expiration of the MOU.
- PPC may schedule and run programming for identified facilities, including the historic Magnolia Hall and Greystone buildings, a pool area and other recreational facilities, dog park, and an area hosting a green market.

²⁹ O.C.G.A. § 10-9-14.1.

³⁰ A copy of the updated MOU is attached as **Exhibit D** hereto. Note that the attached MOU is unexecuted, but we have been advised by Mark Banta, PPC's President & CEO, that the MOU is in final form.

- The parties meet yearly to review outdoor festivals scheduled by PPC for the upcoming programming year and to determine which of them should be City-sponsored.
- The City provides maintenance for park infrastructure and provides reimbursement for certain landscaping costs not to exceed \$75,000 per year.
- The City provides sanitation services and reimburses PPC for sanitation services provided by PPC not to exceed \$34,000 per year.
- The City may coordinate events and up to six major festivals per year, including the Atlanta Dogwood Festival, Peachtree Road Race, Atlanta Jazz Festival and Atlanta Pride Festival.
- PPC may implement programming activities consistent with the Master Plan subject to specified noise and duration restrictions.
- PPC may provide supplemental security services in addition to those provided by the Atlanta Police Department, and the City will reimburse PPC up to \$110,000 annually for such services.
- PPC may operate mobile concessions within the park with appropriate permits. 50% of the net profits are to be retained by PPC, and the other 50% are to be delivered to a trust fund for the Department of Parks and Recreation.
- PPC coordinates reservations and activities in connection with athletic facilities known as the “Active Oval” and basketball courts, and PPC retains related revenue.
- PPC requires all contractors performing work to agree to specified indemnification provisions and they must meet specified insurance requirements.

In addition to the MOU, the City and PPC entered into an operating agreement (the “**PPC Operating Agreement**”) providing PPC with the right to operate certain described facilities (e.g., the swimming pool and the Greystone Building) pursuant to terms specified for each facility as set forth in riders to the PPC Operating Agreement.³¹ The PPC Operating Agreement further provides for PPC to have the right to retain all amounts derived from the specified facilities. The agreement restricts PPC’s sale, transfer or sublease in connection with any facility without City consent. Finally, Section 5.23 of the Operating Agreement provides for the right of the City to schedule City events utilizing the facilities subject to the Operating Agreement with PPC’s prior written approval.

Woodruff Park:

Woodruff Park is a City-owned park of approximately six acres in size located in downtown Atlanta. In September 2007, Atlanta Downtown Improvement District (“**ADID**”) entered into an MOU with the City to provide maintenance, programming and improvements to the park. The initial MOU was renewed in 2012 and the parties entered

³¹ A copy of the Operating Agreement is attached as **Exhibit E** hereto. Note that the attached Operating Agreement is unexecuted, but we have been advised by Mark Banta that it is in final form.

into a replacement MOU on May 21, 2018.³² The terms and conditions of the 2018 MOU includes the following provisions

- The City retains ownership of the park and has the authority to make all final decisions in connection with the park.
- ADID maintains the park pursuant to a Master Plan appended to the MOU, and ADID must comply with the City’s review and approval process.
- ADID is responsible for implementing approved projects, improvements or other initiatives.
- The City has the right to oversee all work performed upon the park.
- ADID is primarily responsible for fundraising, with the right to conduct capital campaigns. All on-site signage for donors and sponsors must be in accordance with guidelines provided by the City’s Department of Parks and Recreation.
- ADID maintains records and accounts and delivers annual financial reports for completed fiscal years and detailed operating and maintenance budgets for upcoming fiscal years.
- ADID organizes and implements programming, and the parties meet annually to review proposed programming. ADID contributes 50% of net revenue to the City for use at other City-owned parks and it retains the remaining 50% to improve and maintain the park.
- The City allocates at least \$20,000 per year for park maintenance other than basic maintenance, and the City contributes at least \$50,000 for programming costs.
- In the event maintenance costs exceed \$20,000, ADID pays for the remaining maintenance costs from its own funds or funds it has received from third parties (subject to exceptions for repair or replacements exceeding \$50,000 where ADID is not at fault and it doesn’t have the available resources to make the needed repair or replacement).
- ADID may operate mobile concessions at the park with appropriate permits. 50% of the net profits are to be retained by ADID, and the other 50% of profits are to be delivered to a trust fund for the Department of Parks and Recreation.

Fifth Street Pedestrian Plaza Bridge:

The Fifth Street Pedestrian Plaza Bridge was built in 2006 by GDOT above the I-75/I-85 downtown connector, replacing a bridge built in the 1980’s. The bridge serves as a link between the main Georgia Institute of Technology (“**Georgia Tech**”) campus and Georgia Tech’s east campus at Technology Square, located on the opposite side of the downtown connector. The bridge is park-like in its appearance, and its construction created approximately three-quarters of an acre of green space with 25-foot-wide sidewalks to match the sidewalks at the ends of the bridge, as well as planters, benches, decorative lighting, and a trellis to serve as a shaded area for the campus trolley stop.³³ It is our

³² A copy of the 2018 MOU between ADID and the City is attached as **Exhibit F**.

³³ “Fifth Street Pedestrian Plaza Bridge”, Aspire Bridge Magazine (Winter, 2008).

understanding that the improvements atop the bridge are maintained by Georgia Tech pursuant to an agreement with GDOT.³⁴

3. Analysis of Governance Models and Precedent Projects

In analyzing the projects and governance models reviewed in Section II, we considered the following relevant factors from each of the reviewed projects as the supporting basis for our recommendations in Section I.³⁵

- The rights of the conservancy operating the Rose Kennedy Greenway were derived by a direct lease from the Massachusetts Department of Transportation. A parallel structure for The Stitch would be appropriate in light of the contemplated role of GDOT in acquiring air rights from FHWA and constructing the cap upon which the Park is to be developed. As presently contemplated, the Park will be similar in nature to the one at Rose Kennedy Greenway.
- The Stitch will not be a legacy park like Woodruff Park and Piedmont Park, over which the City of Atlanta maintains significant control. Klyde Warren Park, a new and privately developed park, is a more appropriate model for The Stitch Park since there will be less perceived need by the public to have strong municipal controls and participation in the project.
- It seems unlikely that the City of Atlanta or the State of Georgia will have the capacity or willingness to directly develop and manage The Stitch in light of its projected construction and maintenance costs. Accordingly, the active involvement of a private, non-profit entity will be essential as evidenced by the successes of Millennium Park, Bryant Park, Klyde Warren Park, High Line Park and the Atlanta BeltLine.
- If significant private funds are to be utilized to construct and operate the Park over the long-term, the expectation would be for less governmental involvement in the day-to-day operations of the Park based on the examples of Millennium Park, Bryant Park, High Line Park and Klyde Warren Park.³⁶
- Significant private contributions will likely be necessary for the proper development and ongoing operation of The Stitch. Like Klyde Warren Park, Bryant Park, High Line Park, Millennium Park and the Atlanta BeltLine, the ability to separate between private and

³⁴ We are working with DaVinci to obtain copies of any applicable operation and management agreements between the parties in connection with that project.

³⁵ Our review of the cited projects was also aided by conversations with others involved in their development, management and operations. For example, Mark Banta, the current President & CEO of the Piedmont Park Conservancy, previously served as both the President of Klyde Warren Park and the General Manager of Centennial Olympic Park and was instrumental in such analysis as between those three parks.

public funds will be essential to gain private donor confidence and participation as well as to facilitate tax deductible donations.

- The duration of the formal agreement between GDOT and Stitch Inc. should be as long as possible to ensure continuity of the vision for the park as well as the consistency of ongoing facility management and operations. As a comparable example, the Woodall Rodgers Foundation manages Klyde Warren Park under an agreement with the City of Dallas that has a minimum 50 year term.
- A number of the studied parks function as highly programmed spaces, including Centennial Olympic Park, Millennium Park, Bryant Park, and Klyde Warren Park. Given the perceived need for the Park to be self-sustaining, we anticipate that it will also be a highly programmed facility. Such an objective would be best realized with a private entity controlling most aspects of the Park's day-to-day operations and related management functions, but otherwise in compliance with minimum standards provided by relevant public entity stakeholders.

We are available to provide additional information and insights with respect to the contents of this memorandum and possible governance models for The Stitch. We look forward to providing additional assistance to ADID and The Stitch working group to help realize this exciting project.

V. DLA Piper & White Paper: Air Rights

TO: Stitch Working Group

FROM: DLA Piper LLP (US)

DATE: _____, 2018

RE: The Stitch – Overview of Legal Considerations on Air Rights over Interstate Highways

FHWA and GDOT Authority Generally

In the context of a highway project, “air rights” or “air space” refers to that area above or below the plane of a transportation facility and located within the right-of-way boundaries. The right to use this area by public entities or private parties for interim non-highway uses may be granted via airspace leases provided that such uses will not interfere with the construction, operation or maintenance of the facility, anticipated future transportation needs, or the safety and security of the facility for both highway and non-highway users.¹

Federal highway systems are administered by the U.S. Department of Federal Highway Administration (“**FHWA**”), a federal agency within the U.S. Department of Transportation. The FHWA may assign primary oversight to a state transportation agency by virtue of a “stewardship/oversight agreement” (as it does in Georgia with the Georgia Department of Transportation (“**GDOT**”)) defining the respective roles and responsibilities of the two agencies, although FHWA has final approval of airspace leases². FHWA maintains a Division Office in Atlanta to assist GDOT and others in connection with the planning, construction and ongoing maintenance of transportation projects.

GDOT publishes an “External Right of Way Manual” which provides information regarding the processes and rules necessary to gain approval for a highway airspace lease.³ GDOT’s Office of Right of Way is responsible for coordination of all right of way acquisition activity. Title 23, Part 710 of the United States Code sets forth requirements in connection with FHWA entering into “right of way use agreements” in connection with the leasing of air rights to public entities or private parties.⁴

ROW Use Agreements Generally

¹ 23 CFR § 1.23(c).

² 23 CFR § 710.201(h).

³ <http://www.dot.ga.gov/PartnerSmart/DesignManuals/ROW/00ExternalRightofWayManual.pdf>

⁴ 23 CFR § 710.405.

The air rights to be acquired from FHWA are to be evidenced by right-of-way use agreements (“**ROW Use Agreements**”) permitting non-highway uses⁵. A party desiring to use real property interests must submit a detailed written application supporting the proposal and the proposed ROW Use Agreement to FHWA. Any such ROW application must include, without limitation, the following items:

- identification of the party responsible for developing and operating the airspace;
- a general statement as to the proposed use;
- the proposed design for the use of the space, including any facilities to be constructed;
- maps, plans or sketches to adequately demonstrate the relationship of the proposed project to the subject highway;
- details regarding vertical and horizontal access for maintenance purposes; and
- other general requirements including term of use, insurance requirements, design limitations, safety requirements and maintenance provisions.⁶

The Code of Federal Regulations provides that, at a minimum, ROW Use Agreements must ensure the safety and integrity of federal government’s facilities, define the term of the agreement, clearly delineate the design and location of the non-highway use, establish terms for the revocation of the use upon certain conditions, provide appropriate insurance coverages, provide for state DOT approval rights in connection with design and revisions to design, and grant access to FHWA and GDOT in connection with inspection and maintenance activities.⁷ Additionally, a grantee under an ROW Use Agreement must prepare an “ROW manual” establishing its acquisition, valuation and property management and disposal requirements.⁸

Per 23 U.S. Code § 116, it is the duty of the applicable state transportation department (*e.g.*, GDOT) or other “direct recipient” to maintain, or cause to be maintained, the project. In the case of The Stitch, the likely approach will be for GDOT to be directly responsible for ongoing inspection and maintenance of the cap structure, with the to-be-created conservancy to be responsible for ongoing maintenance of the facilities to be developed over the cap structure pursuant to a separate operation and maintenance agreement.

Fair Market Value Requirement and Exceptions

⁵ Note that 23 CFR § 710.105 defines “ROW use agreement” as “real property interests, defined by an agreement, as evidenced by instruments such as a lease, license, or permit, for use of real property interests for non-highway purposes where the use is in the public interest, consistent with the continued operation, maintenance, and safety of the facility, and such use will not impair the highway or interfere with the free and safe flow of traffic”.

⁶ See “**Airspace Guidelines to 23 CFR 710.405 – 710.407**” published by the U.S. Department of Transportation, Federal Highway Administration, located at https://www.fhwa.dot.gov/real_estate/right-of-way/corridor_management/airspace_guidelines.cfm.

⁷ 23 CFR § 710.405(b).

⁸ 23 CFR § 710.401, which statute generally references federal requirements and approved right of way procedures more particularly set forth at 23 CFR § 710.201(c) and (d).

Current fair market value must be charged for the use or disposal of all real property interests. The term fair market value as used for acquisition and disposal purposes is as defined by State statute and/or State court decisions. Determining fair market value for a park cap would likely prove to be difficult given the lack of comparable properties and given that public open space ordinarily doesn't have an established market value. Exceptions to the requirement for charging fair market value must be submitted to FHWA in writing and may be approved by FHWA when the grantee shows that an exception is in the overall public interest based on social, environmental, or economic benefits, or is for a nonproprietary governmental use.⁹

Safety and Security Considerations

Design standards in connection with proposed airspace use are to be in accordance with FHWA and GDOT construction and safety requirements, and are further subject to FHWA's final approval.¹⁰ In the event that the project requires any temporary or permanent alignment of the interstate, FHWA and GDOT approval will be required.¹¹ Homeland security considerations are significant in making decisions regarding transportation infrastructure projects of this scale, and evaluation of the project by FHWA safety and security personnel are necessary and an independent safety and security analysis will likely be required. Specifically, FHWA's guidelines note that, although highway airspace may be utilized to park motor vehicles, vehicular access should be designed and managed to restrict vehicles capable of carrying explosives or other materials of a type that might be used for terrorist activities (e.g., the installation of bollards to limit the width of vehicles entering the site).

Advertising Limitations

On-premise signs, displays, or devices may be erected on structures occupying highway airspace, but only signage indicating ownership and type of on-premise activities. Any such signs are subject to regulation by the GDOT and the FHWA for number, size, location, design. Local ordinances and requirements may also apply.¹²

FHWA Revocation Considerations

Finally, it is significant to note that ROW Use Agreements must include provisions permitting FHWA with an opportunity to revoke such agreement if the subject airspace becomes "necessary for highway purposes", with the air rights grantee to be responsible of all improvements at no cost to the FHWA.¹³ Although the exercise of such rights by FHWA would be remote, such a provision could easily have a chilling effect on the ability of private developers to obtain

⁹ 23 CFR § 710.403(e).

¹⁰ Note that the general standards for "highway projects" pursuant to 23 U.S.C. 109(a). Subsection (c) of such section also provides that the design criteria for such projects should also take into consideration: (A) the constructed and natural environment of the area; (B) the environmental, scenic, aesthetic, historic, community, and preservation impacts of the activity; (C) cost savings by utilizing flexibility that exists in current design guidance and regulations; and (d) access for other modes of transportation.

¹¹ *Supra* Note 1.

¹² See "Airspace Guidelines to 23 CFR 710.405 – 710.407", *infra*.

¹³ 23 CFR § 710.405(b)(4).

financing for development located within the FHWA granted airspace. Revocation risk for The Stitch can be mitigated by either obtaining a representation from GDOT that there will be no need for future expansion of the interstate facilities beneath the cap or ensuring that the design of the cap is constructed to accommodate foreseeable future expansion.

Environmental Review

Environmental review will be required in connection with the application for an ROW Use Agreement, which will require the engagement of an experienced consultant to guide the process. Highway-related projects ordinarily require an environmental review under the National Environmental Policy Act (“NEPA”)¹⁴ as well as the Georgia Environmental Policy Act of 1991¹⁵.

¹⁴ 42 U.S.C. § 4321 et seq

¹⁵ O.C.G.A. § 12-16-1 et seq.

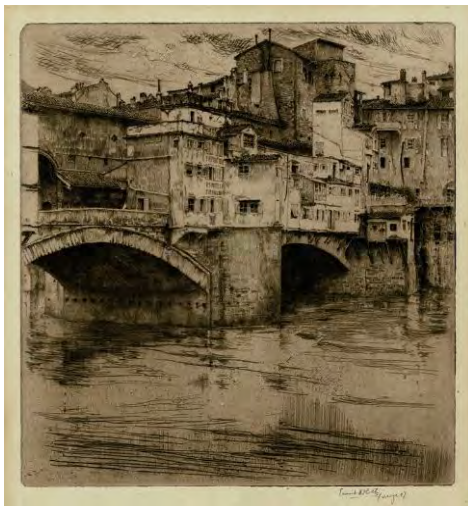
Air Rights Development: White Paper Briefing on their History, Development, and Potential Value

Introduction

The first step in developing a project like the Stitch is the securing of air rights. Similar to a transfer of development rights (TDR) agreement, air rights can be defined as unused development density located above a property that is transferrable. Air rights are necessary in order to create development where it wasn't previously feasible. Since every property has air space above it, there are endless options for how development can occur. Most often, air rights are secured from highway administrations for the construction of deck parks, structural recreation platforms, above highways. The following sections detail the history of air rights development, deck parks, typical leasing and purchasing processes, as well as the valuation of this type of development.

History

Air rights are the vested rights to development in space above existing land or property. Air rights require a horizontal division of property to assign this space and allocate development responsibilities and permissions. This unique type of development dates back to 14th century Florence, Italy, in which goldsmiths and other merchants constructed their shops above the Ponte Vecchio bridge. Borrowed from English common law, air rights ownership was defined as "to whomever the soil belongs, he also owns to the sky and to the depths," which gave complete vertical ownership to a property owner. In the U.S., the first air rights construction project was in New York City for the Grand Central terminal in 1908. By 1929, 18 skyscrapers were constructed along the platform over the tracks to create what is now Park Avenue. Over time as the automobile gained in popularity, travel demands forced high-intensity highway development. After 50 years of prioritizing the car, cities are now seeking ways to undo the dividing damage caused by the growth of highways and reestablish downtowns with the vibrancy they were meant to express.



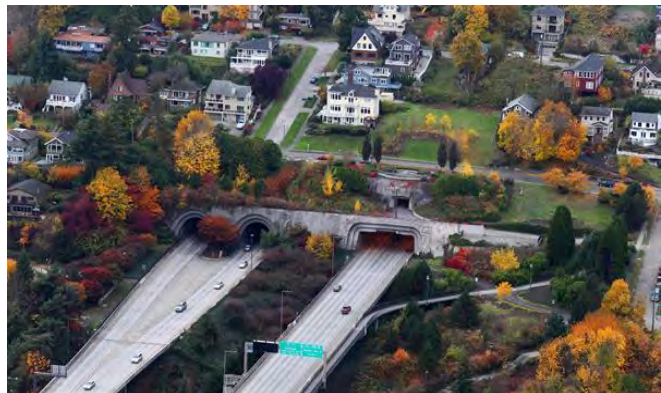
Images of the Ponte Vecchio bridge in Florence, Italy. Left source: Ernest David Roth, Right source: Steve Krave



Images of Grand Central Station in New York, NY. Left source: Library of Congress, Right source: New York Public Library

Deck Parks

One method of air rights development is the construction of deck parks, which is a structural platform within the air rights space that allows for pedestrians to recreate in greenspace over a highway. Deck parks mitigate highway noise and air pollution and help connect communities with bike trails and walkways through an attractive, natural area. The majority of deck parks are built over freeways that are below-grade with adjacent development, making it easier for the deck park to connect communities at grade-level. Deck parks are very costly and require extensive planning, especially traffic planning, to construct and implement. However, as cities continue to grow, deck parks are becoming a viable and valuable opportunity to leverage new development and create more greenspace and connectivity within high-density areas.



Images showing examples of cap parks. Left: Klyde Warren Park in Dallas (Landscape Performance Series). Right: C.A.P.itol Park in Seattle (Brian Martucci).

Incentives/Benefits

Air rights development, specifically deck parks, are not only beneficial to a community and city, but can be very beneficial to developers as well. Securing air rights over a highway offers the opportunity to secure a large tract of developable space in a downtown, without having to assemble several parcels, demolish property, or relocate existing tenants. Additionally, deck parks offer high-value real estate within the CBD that is typically more reasonably priced than traditional vacant or for-sale parcels. While there is a high construction cost associated with deck parks, the value they add to the community and the new opportunities for economic development typically outweigh the construction costs over the long-term.

Value of Air Rights

The valuation of air rights developments, and more specifically deck parks, poses a challenge as they are so unique. Like any piece of real estate, air rights developments require both an appraisal and tax assessment. This is typically done using the sales comparison approach, which compares the proposed development to similar adjacent developments or even ones beneath the proposed air rights development. A study of their relative costs, respective earning capacities, and a comparison of their costs and maintenance would be conducted. One valuation study in the Chicago Central Business District (CBD) found the value of air rights to be 10-22% more expensive than a comparable *terra firma* (ground) parcel¹. The existing high-density development forces any added value from “empty land” to be constructed in the air rights by adding more floors and increasing the density; however, air rights development is more expensive as it typically requires more planning and coordination.

Air rights development is becoming increasingly popular and valued in high-density cities, such as New York City. The Municipal Arts Society of New York conducted a study of all the available air rights in Manhattan based on unused square footage allotted by the Floor Area Ratio (FAR) in each zoning district. According to the City Planning Dept, on average, air rights in New York City were selling at \$225 per square foot in 2017².



Municipal Arts Society of New York

¹ Integra Realty Resources, Inc. (2013, June 10). Money out of thin air: Appraising air rights. *Integra in the News*. Retrieved from <https://www.irr.com/news/money-out-of-thin-air-appraising-air-rights-5775>

² Coleman, M. (2017, December 18). Understanding the Power of Air Rights. *CityRealty*. Retrieved from <https://www.cityrealty.com/nyc/market-insight/features/future-nyc/understanding-power-air-rights/2923>

Air rights development over an existing property, such as the addition of floors, is much easier to value than a deck park. A deck park creates development by creating developable land on a platform, rather than adding to an existing development. Valuation becomes much more difficult as the sales comparison of a highly-costly deck park would not be comparable to the cost or price of a traditional public park. Therefore, deck parks must be appraised and assessed more holistically, taking into account the potential land development value of that location had it originally been developable land, the added community and environmental benefits, as well as the potential economic impacts the park could have on the surrounding area. Value-reducing factors of air rights developments and deck parks are also typically considered including functional inutility, which is economic value (space) lost due to the design requirements and infrastructure required for operations, additional construction costs, a longer construction period, and legal/organization costs. These factors account for the challenges of air rights development such as the high cost, structural requirements, and extensive planning and coordination that they require.

VII. Cash Flow Comparison

BASELINE											
USES	Year 1	Year 2	Year 3	Year 4	Year 7	Year 8	Year 9	Year 11	TOTAL		
Soft Cost Contracts	\$ 1,000,000	\$ 6,000,000	\$ 14,000,000	\$ 21,000,000	\$ 17,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000,000
Hard Cost Contracts	\$ -	\$ 0	\$ 0	\$ 292,000,000	\$ 35,000,000	\$ 66,000,000	\$ -	\$ -	\$ -	\$ -	\$ 393,000,000
TOTAL USES OBLIGATION	\$ 1,000,000	\$ 14,000,000	\$ 21,000,000	\$ 309,000,000	\$ 35,000,000	\$ 66,000,000	\$ -	\$ -	\$ -	\$ 453,000,000	\$ 453,000,000
CUMULATIVE USES OBLIGATION	\$ 1,000,000	\$ 8,000,000	\$ 22,000,000	\$ 352,000,000	\$ 387,000,000	\$ 453,000,000	\$ 453,000,000	\$ 453,000,000	\$ 453,000,000	\$ 453,000,000	\$ -
SOURCES											
Public Funding	\$ -	\$ -	\$ -	\$ 184,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,000,000
Private Funding	\$ 1,000,000	\$ 6,000,000	\$ 14,000,000	\$ 125,000,000	\$ 35,000,000	\$ 66,000,000	\$ -	\$ -	\$ -	\$ -	\$ 269,000,000
TOTAL SOURCES OBLIGATION	\$ 1,000,000	\$ 6,000,000	\$ 21,000,000	\$ 309,000,000	\$ 35,000,000	\$ 66,000,000	\$ -	\$ -	\$ -	\$ 453,000,000	\$ 453,000,000
CUMULATIVE SOURCES OBLIGATION	\$ 1,000,000	\$ 8,000,000	\$ 22,000,000	\$ 352,000,000	\$ 387,000,000	\$ 453,000,000	\$ 453,000,000	\$ 453,000,000	\$ 453,000,000	\$ 453,000,000	\$ -
0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0
PHASING											
USES	Year 0	Year 1	Year 2	Year 3	Year 4	Year 7	Year 8	Year 9	Year 11	TOTAL	0
Soft Costs	\$ 1,000,000	\$ 6,000,000	\$ 14,000,000	\$ 21,000,000	\$ 17,000,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000,000	
Hard Costs	\$ 0	\$ 0	\$ 0	\$ 129,000,000	\$ 36,000,000	\$ -	\$ 170,000,000	\$ -	\$ 67,000,000	\$ 402,000,000	
TOTAL USES OBLIGATION	\$ 1,000,000	\$ 6,000,000	\$ 14,000,000	\$ 147,000,000	\$ 36,000,000	\$ -	\$ 170,000,000	\$ 170,000,000	\$ 67,000,000	\$ 462,000,000	\$ -
CUMULATIVE USES OBLIGATION	\$ 1,000,000	\$ 8,000,000	\$ 22,000,000	\$ 189,000,000	\$ 225,000,000	\$ 225,000,000	\$ 395,000,000	\$ 395,000,000	\$ 462,000,000	\$ 462,000,000	\$ -
SOURCES											
Public Funding	\$ -	\$ -	\$ -	\$ 129,000,000	\$ -	\$ -	\$ 55,000,000	\$ -	\$ -	\$ 184,000,000	40%
Private Funding	\$ 1,000,000	\$ 6,000,000	\$ 14,000,000	\$ 18,000,000	\$ 36,000,000	\$ -	\$ 115,000,000	\$ 67,000,000	\$ 278,000,000	\$ 278,000,000	60%
TOTAL SOURCES OBLIGATION	\$ 1,000,000	\$ 6,000,000	\$ 14,000,000	\$ 147,000,000	\$ 36,000,000	\$ -	\$ 170,000,000	\$ 170,000,000	\$ 67,000,000	\$ 462,000,000	\$ -
CUMULATIVE SOURCES OBLIGATION	\$ 1,000,000	\$ 8,000,000	\$ 22,000,000	\$ 189,000,000	\$ 225,000,000	\$ 225,000,000	\$ 395,000,000	\$ 395,000,000	\$ 462,000,000	\$ 462,000,000	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flow Requirements Delta	\$ -	\$ -	\$ -	\$ (163,000,000)	\$ (162,000,000)	\$ (228,000,000)	\$ (58,000,000)	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000	\$ -

VIII. Preliminary Impact Analysis

High-Level Preliminary Estimations

The following section provides a preliminary assessment of potential impacts of the Stitch; it provides background for a more in-depth analysis that will be provided by a consultant team specializing in this type of assessment. Using downtown market data from Central Atlanta Progress developed as part of the CAP/ADID Downtown Atlanta Master Plan, academic articles, and case studies, we have provided a variety of potential value and benefits to be gained from creating the Stitch. These numbers and results are discussed in order to give a brief outlook on the possibilities and opportunities that the Stitch will add to downtown, Atlanta, and the region.

This preliminary assessment looks at the impacts under the view of the three facets of sustainability: the economy, social and equitable aspects, and the environment. The Stitch, modeled as a sustainable development, will contribute to Atlanta's mission to be part of the 100 Resilient Cities program, which helps to create resilient cities through improvements in leadership and strategies, health and wellbeing, economy and society, and infrastructure and the built environment.

Economic Impacts

The economic impacts were projected using information about the current market of Downtown Atlanta, and only represent values to be created from new development in existing developable parcels, not the effects on potential redevelopment or increases in property values.

Table 1 shows the results of this analysis, including potential uses and square footage to be gained from new development in areas within and around the Stitch planning area. They are separated out by building term to project the pace of development. The greatest increase in square footage is expected to be in Office uses, with over 6.2 million square feet, followed by Residential development with just over 6.1 million square feet.

Table 1: New Development Square Footage by Use and Buildout Term

Acreage	Total FAR	Total SF of All Uses	Timing	Residential	Office	Retail	Hotel	Parking
32.67	3.83	5,450,043	Long-term	2,180,380	2,911,076	154,587	204,000	-
13.15	4.22	2,416,264	Mid-term	950,044	1,406,117	60,103	-	-
43.33	3.07	5,797,480	Short-term	2,969,899	1,945,642	125,620	756,319	3,034
89.15		13,663,787	Total	6,100,323	6,262,835	340,310	960,319	3,034

Using the total square footage values for each use, we then projected the potential number of new jobs to be gained from new development. The U.S. Energy Information Administration conducts a Commercial Buildings Energy Consumption Survey (CBECS) every few years, the most recent being in 2012, and it collects national data on the stock of U.S. commercial buildings and their energy-related characteristics. For the purposes of the survey, commercial buildings include all buildings in which at least half of the floorspace is used for a purpose other than residential, industrial, or agricultural uses, so the survey includes many institutional uses as well. The CBECS survey includes information about the average square footage allocated per employee in various commercial uses, and this information was used to project the number of jobs from the amount of expected long-term square footage to be gained. Table 2 shows the

potential new jobs to be created from new office, retail, and housing development. Due to the large amount of potential new office development, most new jobs would be located in these office buildings and create 10,438 jobs.

Table 2: Potential Jobs to be Gained from New Development by Use

Use	Avg SF/Employee*	Total Potential Buildout	Potential # of New Jobs
Office	600	6,262,835	10,438
Hotel	2,541	960,319	378
Retail	920	1,300,629	1,414
		Total	12,230

*Obtained from U.S. Energy Information Administration 2012 CBECS Survey

Based on the average square footage of housing in Downtown Atlanta, retrieved from Central Atlanta Progress, we estimated the potential number of housing units in new development in Table 3. Of course, this number could vary based on unit size, but the average provides a representative estimate based on the long-term residential buildout potential. The average square footage of a downtown housing unit was 942 square feet, and to account for gross square footage of a residential building, we added 25% to this number, which accounts for mechanical space, amenities, hallways, etc. Similarly, the average square footage of a downtown hotel room was 325 square feet, and 25% was added to account for the lobby, hallways, etc.

Table 3: Potential New Housing Units and Hotel Rooms

Use	Avg SF in Downtown Market*	Total Potential Buildout (SF)	Potential # of New Units
Residential	1177.5	6,100,323	5,181
Hotel	406.25	960,319	2,364

*Obtained from CAP: Average SF + 25% to account for gross SF

Using data from Central Atlanta Progress' 2017 "Downtown Counts" report, we calculated potential lease revenues, shown in Table 4, based on the average leasing rate of new development (Class A) in each use in downtown, with the exception of Hotel. To account for mechanical spaces, hallways, etc., the net square footage of the total potential buildout was calculated by deducting 25% from the total potential buildout values shown in Table 1. The Hotel value represents the average nightly rate, which was calculated by taking the total annual hotel room revenue divided by the total number of rooms downtown and dividing that by 365 days in a year. This value already accounts for the vacancy rate within the annual revenue value. The annual lease revenue presents the values to be gained in the downtown real estate economy. The values show that the new office developments could generate the most lease revenue with over \$261.2 million a year.

Table 4: Potential Annual Lease Revenue

Use	Lease Rate per SF*	Net Potential Buildout (SF)**	Potential Lease Revenue per Year
Residential	\$1.59	4,575,242	\$7,274,635
Retail	\$20.00	255,233	\$5,104,653
Hotel	\$100.92**	720,239	\$72,686,545

Office	\$37.50	4,697,126	\$176,142,229
		Total	\$261,208,062

*Data Obtained from 2017 Downtown Counts, CAP

**Total Potential Buildout Values from Table 1 -25% to account for gross SF

Once a formal analysis is conducted, the consultant will be able to expand upon these projected values with more reputable formulas that are better able to calculate the economic impacts of the Stitch. These values represent new development impacts, however, there are significant redevelopment and multiplier impacts expected from the Stitch that will spur revitalization, elevate property values, and encourage economic growth in surrounding areas.

Social Impacts

As described in the formal analysis scope, the consultant should be expected to predict the softer impacts of the Stitch on the social fabric of downtown including quality of life, health, community character, and equity. The social impacts of the Stitch will have a longer-lasting impact than the economic effects, as this project has the potential to become Atlanta’s character park—nationally-renowned by visitors as an enticing community asset and a feature of innovative park and landscape design.

The connector physically divided this section of Atlanta more than 60 years ago, however, the Stitch will quite literally stitch back together the physical and social divides and reconnect neighborhoods. Additionally, it offers opportunities for agencies, businesses, institutions, and organizations to create and foster new partnerships as they are now better physically connected. The Stitch aids transit-oriented development, due to its enhanced connectivity of MARTA amenities. By encouraging transit use, in addition to the increase of walkability from the park, it is expected that transportation access and mobility will increase for all modes and persons of all income levels. The Stitch’s opportunities for new development also provide a new opportunity to create affordable housing within downtown, an area with high rents. With over 6.1 million square feet of potential new residential development, there is a significant amount of new development that can contribute to affordable housing stock within Atlanta and create a diverse, equitable community with increased access for all.

The Stitch also contributes to the Urban Land Institute’s (ULI) 10-Minute Walk Campaign, which advocates that every resident should be within a ten-minute walk of a park. Currently, about two-thirds of Americans that live in cities are within ten minutes of a park; however, 110 million residents do not have access to this benefit³. Currently, Downtown Atlanta only has seven acres of open space, with the largest parks located on the edges and a severe lack of greenspace amenities in the center. By implementing the Stitch, the added happiness and health benefits will increase the quality of life for residents and the community, especially in the center of downtown.

One study looked at the cost-effectiveness and potential health impacts from implementing a highway cap park over the Cross-Bronx Expressway in New York City⁴. Using both direct and indirect parameters, the results showed the net present value of not having the park cost \$1,312 a year, while the net present value of implementing the park equated to saving \$317 a year.

The associated costs that were accounted for included:

³ Brody, J. (2018 Dec 3). “The Secret to Good Health May Be a Walk in the Park.” *New York Times*.

⁴ Kim, S., Zafari, Z., Bellanger, M., and Muennig, P. (2018). “Cost-Effectiveness of Capping Freeways for Use as Parks: The New York Cross-Bronx Expressway Case Study.” *Journal of American Public Health Association*, 108(3):379-3884.

- Fatal pedestrian injury (medical costs and productivity lost)
- Nonfatal pedestrian injury (medical costs)
- Cost of funeral
- One-time cost of implementing cap park
- Annual cost of park maintenance

The associated benefits that were accounted for included:

- Property value increase as social benefit
- Annual utility gained by living near green space
- Annual utility of a health resident in quality adjusted life years
- Annual utility decrement attributed to nonpermanent or permanent injury
- Annual utility gained from noise reduction to below recommended level
- Annual utility gained from achieving sufficient physical activity

The health impacts of the Stitch are likely to produce similar results, in that the long-term savings in health costs and gains in resident utility (happiness) will outweigh the short-term costs of implementing the cap park. A consultant or academic research team could conduct a similar study on the specific health impacts of the Stitch and potential cost savings and benefits.

Environmental Impacts

In addition to direct economic and social impacts, the Stitch will provide significant environmental benefits to downtown Atlanta. Currently as a freeway, the Connector only harms the environment, through air pollution, carbon emissions, and contributing to high stormwater quantities and poor stormwater quality. However, as a park, the Stitch has the ability to mitigate and reverse these impacts by improving air quality and reducing carbon emissions through carbon sequestration and absorbing and filtering stormwater before it enters groundwater or the infrastructure system. Additionally, the Stitch increases connectivity which encourages active transportation, including biking and walking, further reducing the impacts that cars would have on the road. The Stitch will also provide more connectivity of wildlife habitat corridors, which contributes to the longevity of species and biodiversity. The trees and vegetation in Klyde Warren Park in Dallas were found to capture 18,500 lbs of carbon dioxide and reduce stormwater drainage by 64,214 gallons each year⁵. The Stitch is expected to have similar significant impacts, especially due to its size—14 acres—compared to Klyde Warren’s 5.2 acres. The consultant should explore the potential environmental benefits from the Stitch including all relevant environmental services and the associated dollar value of each. These can be calculated using a software such as iTree, which models the size and growth of individual trees, aggregates their ecosystem services, and values them according to the dollar value of carbon and avoided stormwater treatment costs.

⁵ USDOT Ladders of Opportunity Every Place Counts Design Challenge. Case Study: Klyde Warren Park Dallas, TX.



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