

COUNCIL PRESENTATION

14 January 2013

Presented by:



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MILE HIGH GREYHOUND PARK
Commerce City, Colorado



COUNCIL PRESENTATION

1.14.2013

Presentation Outline

- Project Objectives
- Market Support
- Investment Challenges
- Development Program Alternatives
- Project Economics
- Recommendations (and why)
- Next Steps

PROJECT OBJECTIVES



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Scope of Work (EDA/RFP)

- Market Analyses for Following Land Uses:
 - Retail
 - Multi-Family
 - Entertainment
 - Office
 - Hotel/Hospitality
 - Community College/Trade School
- Evaluation of Development Options (mix, pricing)
- Private and Public Sector Outreach
- Demographic Report
- Economic Impact Analysis (jobs, income, tax revenues, etc.)
- Recommended Phasing
- Recommended Public Improvements

Project Objectives

- Quantify **market support** for different land uses and product types within the property
- Understand **challenges** to various development programs and uses (barriers to investment)
- Define **development program alternatives** for property
- Quantify the **project economics** associated with different programs and approaches to redevelopment of the site
- Define **strategic decisions** that must be made to determine next steps based on program

- Educate citizenry, staff, officials and potential partners about **resource priorities and timing** going forward
- Explain where this effort fits in the **continuum of redevelopment** of the site
- Outline **roles and responsibilities** of participating entities (City's and Authority's) going forward
- Prepare **roadmap** to advance vision for property

MARKET SUPPORT



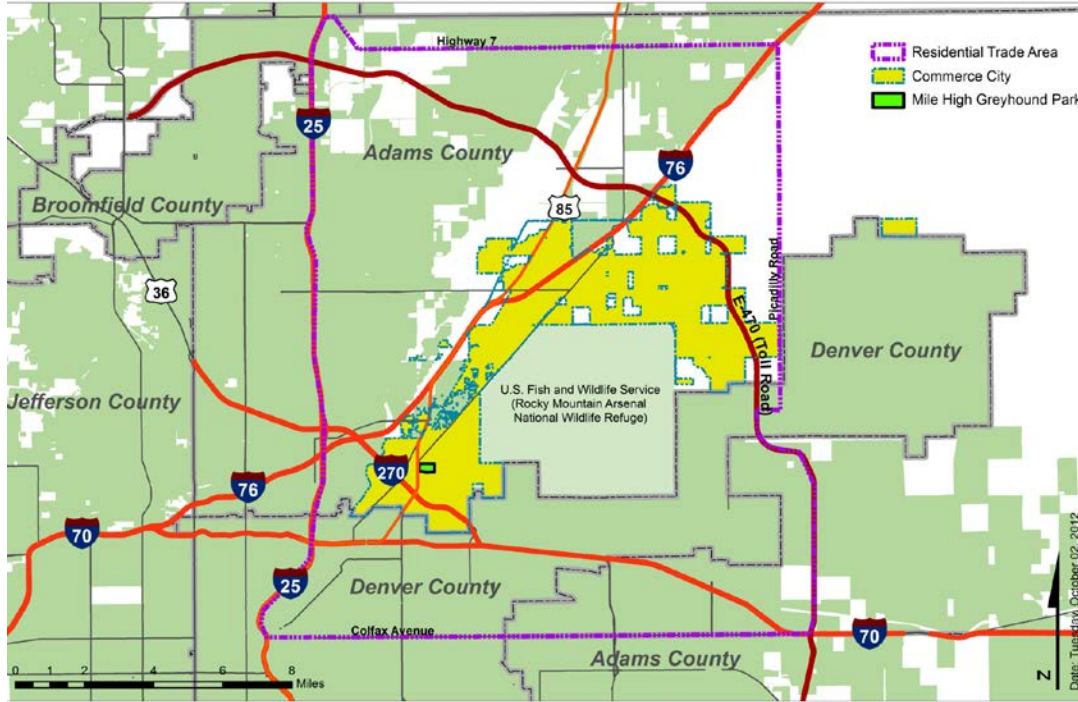
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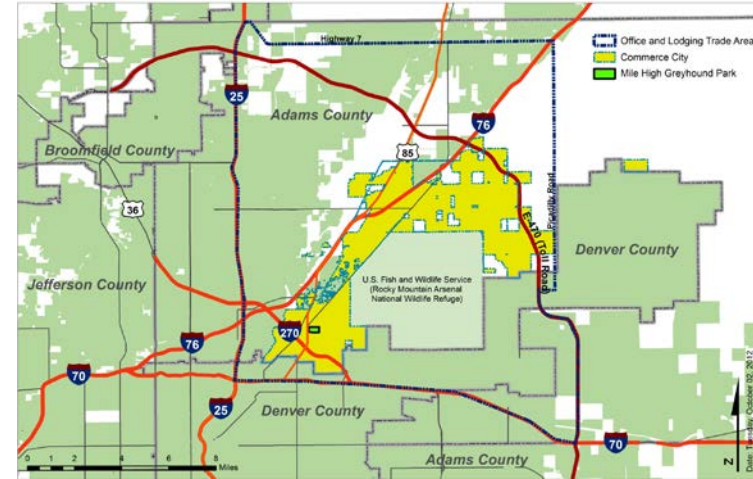
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Land Use Trade Areas

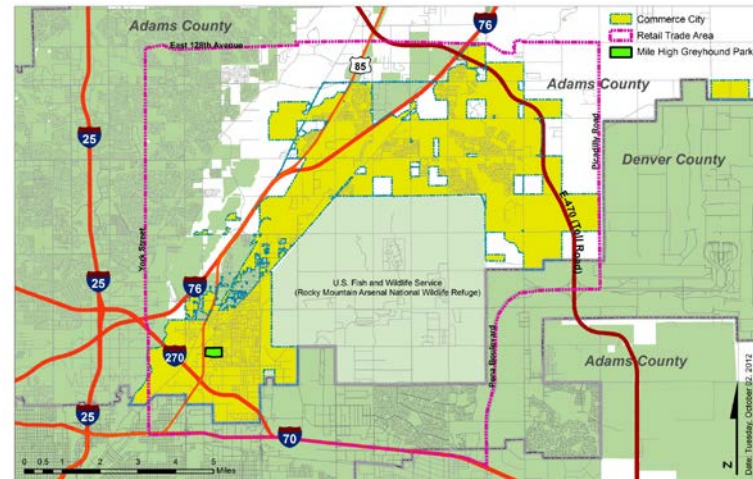
Residential



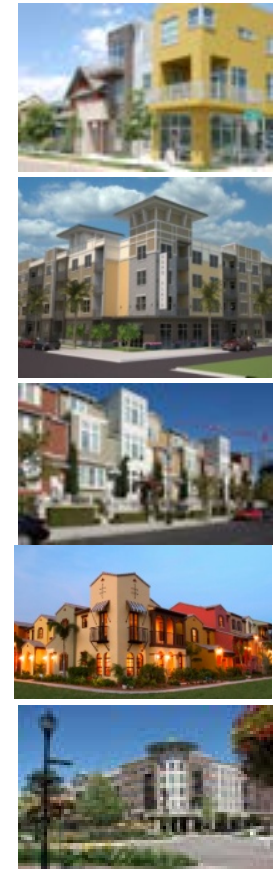
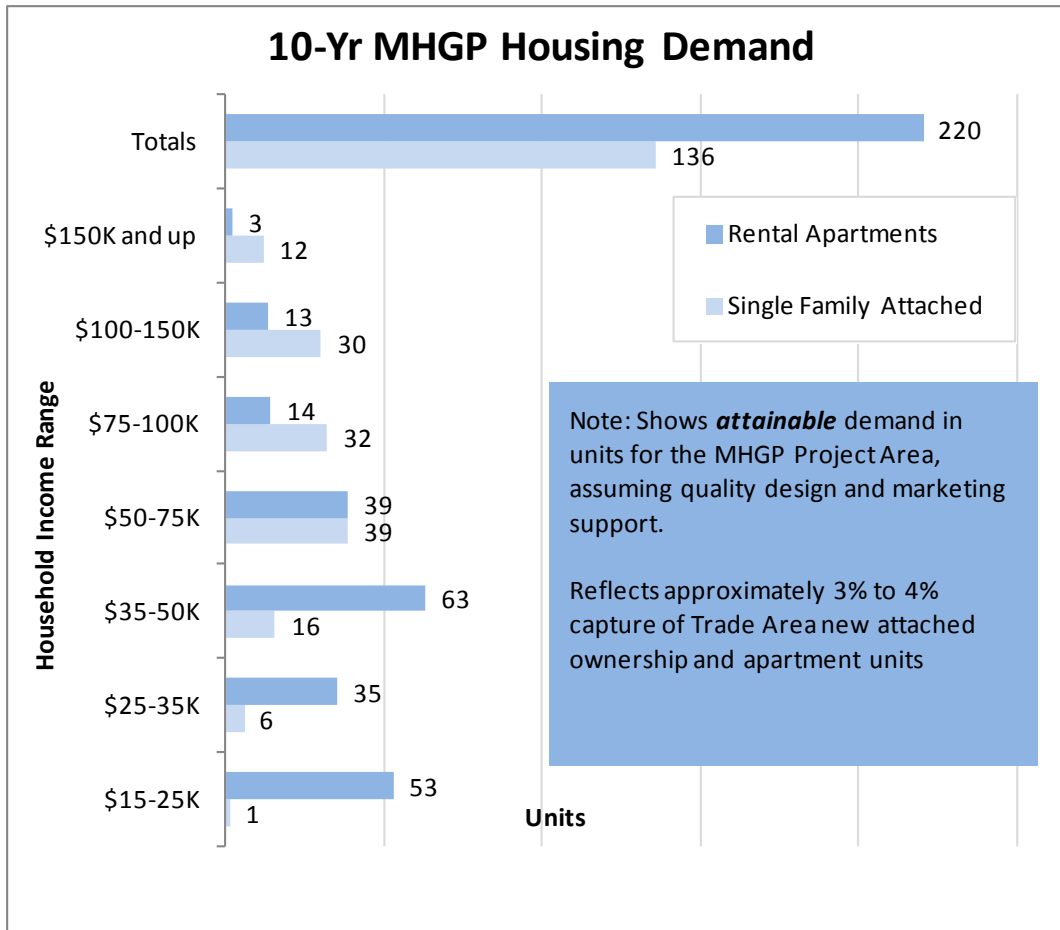
Office/Lodging



Retail

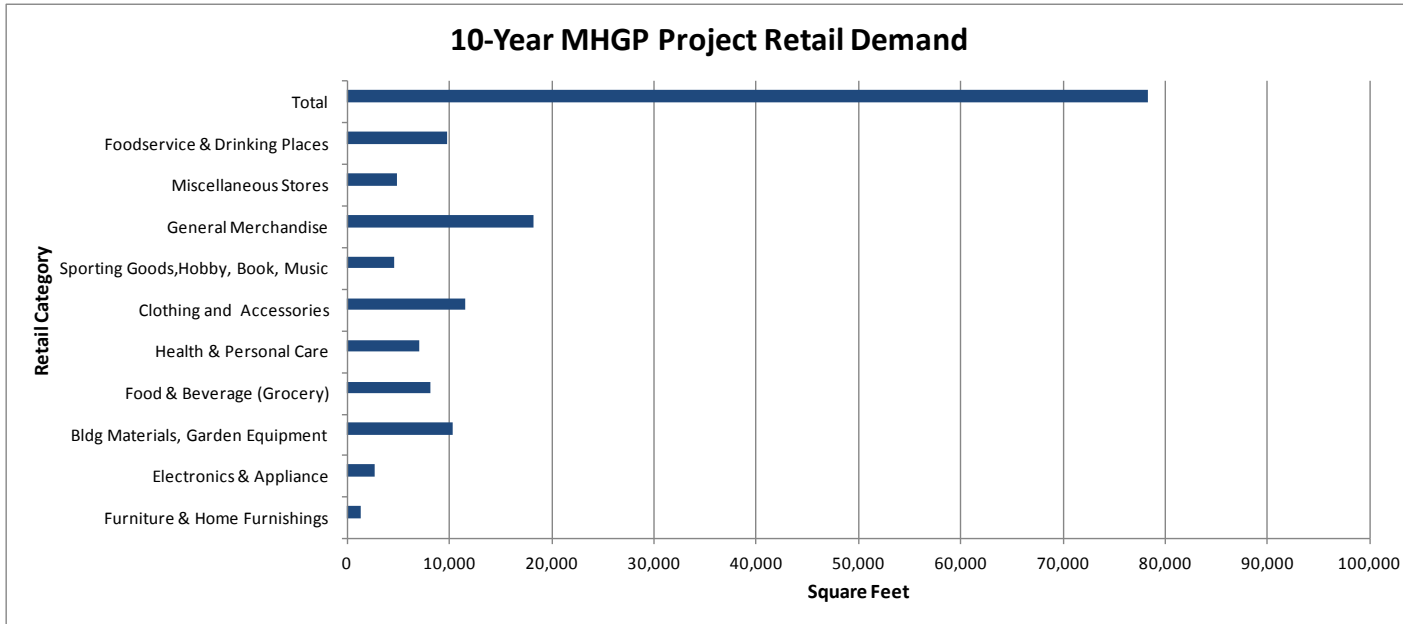


Residential Supply and Demand

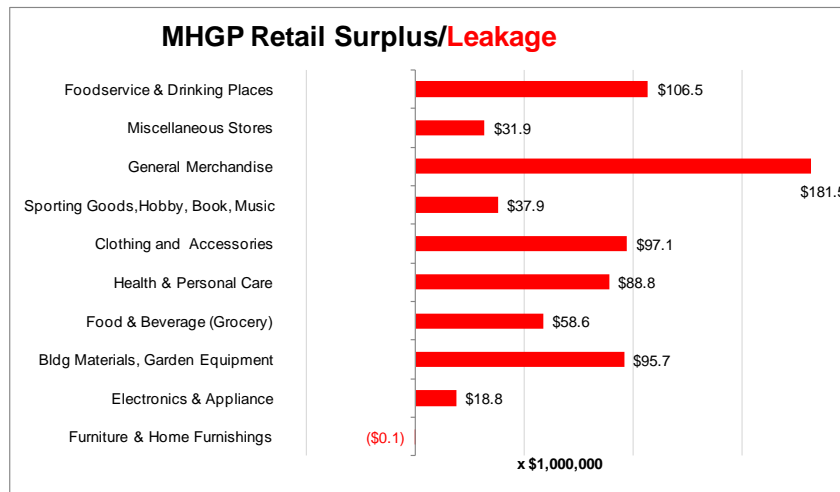


- Trade Area household growth forecasted at 2.75% annually over next 10 years
- Total housing demand of over 24,000 new units in 10 years
- Demand for 5,400 single family attached units and 6,300 rental units
- **Market capture = 100 to 150 single family attached and 200 to 250 rental units**

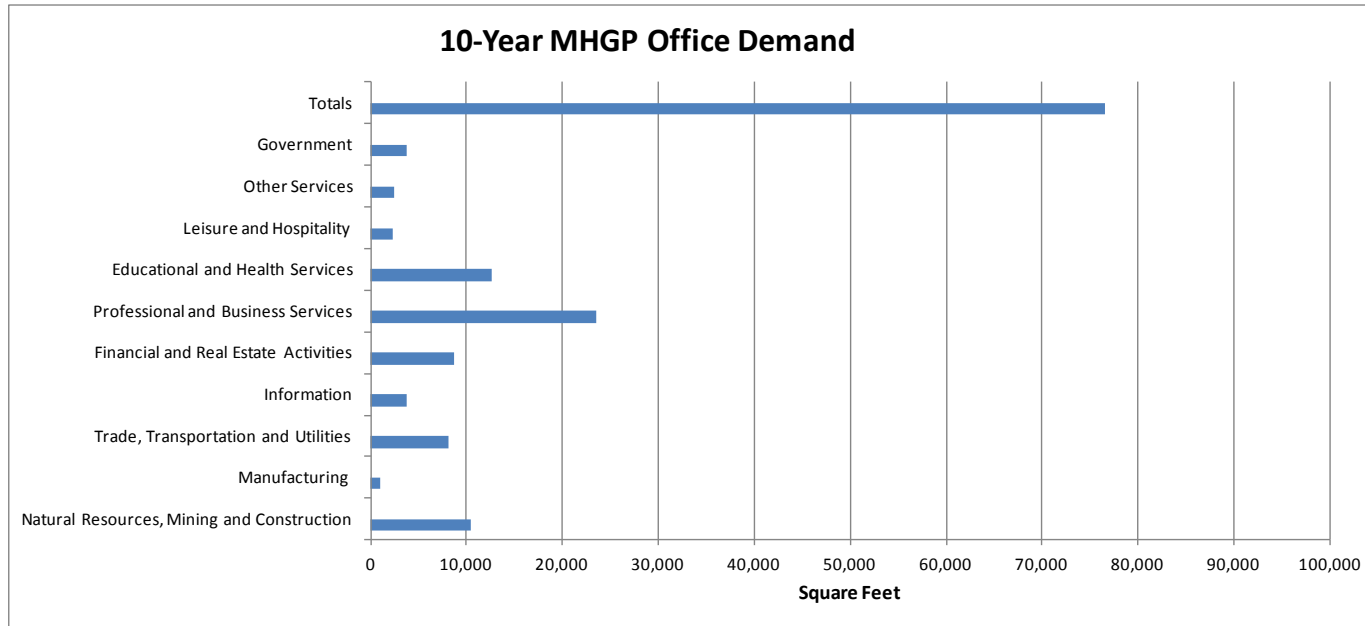
Retail Supply and Demand



- Trade Area household growth=2.75% annually over next 10 years
- Existing retail “leakage” could support over 2.4 million s.f. of retail space
- Total retail demand (leakage + new household growth) of over 3.9 million s.f. in 10 years
- MHGP market capture = 80,000 to 100,000 s.f. of retail, restaurant, and entertainment space**



Office/Employment Supply and Demand



- Trade Area employment growth forecasted at 3.1% annually over next 10 years
- Total office demand of over 1.3 million s.f. in 10 years
- MHGP area projected to capture 5% to 7% of office growth
- **Market capture = 65,000 to 90,000 s.f. of office space**
- **Potential for office/employment incubator space (entrepreneurship)**

Lodging Demand

	MHGP Trade Area
Residual Demand in Current Market:	
Room Nights of Demand @ Market Equilibrium (68% Occupancy)	235,790
Room Nights of Demand (@ 64% Occupancy)	221,920
Residual Room Nights of Demand	13,870
Supportable New Hotel Rooms @ 68% Occupancy	58
Future Growth in Hotel Demand:	
Room Nights of Demand (2012):	
Corporate (60%):	133,152
Tourist (30%):	66,576
Group (10%):	22,192
Room Nights of Demand (2022):	
Corporate (3% Annual Growth):	178,945
Tourist (2% Annual Growth):	81,156
Group (2% Annual Growth):	27,052
New Room Nights of Demand (2012 to 2022):	65,233
Supportable Hotel Rooms @ 68% Occupancy	263
Total Supportable Hotel Rooms (2012 to 2022)	321



Source: Smith Travel Research and Ricker | Cunningham.

- Based on current occupancies vs. “market equilibrium”, market could support additional 58 rooms
- New demand (corporate, tourist, and group travel) supports an additional 260 rooms in the next 10 years
- **Market capture likely dependent on accompanying land use (institutional, educational)**

Advanced Education and Training Demand

Post Secondary Education Facilities

Colleges (research and non-research)

Universities (research and non-research)

Community Colleges

Professional Schools

Public (not-for-profit)

Private (private)

Seminary (either)

Bachelors Degree

Masters Degree

Graduate Degree

Vocational Education and Training

2-Year / Associate Degrees

Certificates

Diplomas

Training

Advanced Education and Training Demand

Post Secondary Education Facilities

Private University (DeVry)

Community Colleges (Front Range *)

Considerations ...

Supply of students (“college-ready”)

Demand for programs (occupational-driven)

Type of Program Demand (warrants bricks and mortar and staff)

Location (location, location, location)

Competition (room for additional facility)

Community Culture (supports advanced degree)

* Territories for colleges, however possibility for cooperative agreement with other providers.

Vocational Education and Training

Considerations ...

Supply ...

Demand ...

Type of Program Demand ...

Location ...

Competition ...

Market Demand By Land Use Type

Land Use Type	Trade Area Demand (10 Year)	MHGP Site					
		Market Share		Absorption (Units/Sq Ft)		Absorption (Acres*)	
		Low	High	Low	High	Low	High
Residential (Units):							
Townhome/Condominium	5,400	2%	3%	108	162	11	16
Rental Apartments	6,300	3%	4%	189	252	8	10
Residential Total	11,700			297	414	18	26
Non-Residential (Sq Ft):							
Retail	3,900,000	2%	3%	78,000	117,000	6	9
Office	1,300,000	5%	7%	65,000	91,000	5	7
Lodging (rooms)	320	20%	30%	64	96	2	4
Educational/Institutional	--	--	--	--	--	10	12
Nonresidential Total	5,360,000			143,064	208,096	23	32
Total Project Area						42	58

*Based on following densities/FARs:

Townhome/Condominium	8	units/acre
Rental Apartments	25	units/acre
Retail	0.30	FAR
Office	0.30	FAR
Lodging (rooms)	0.30	FAR

Source: Ricker | Cunningham.

- Demand estimates based on 2.75% annual household growth and 3.1% employment growth over next 10 years

INVESTMENT CHALLENGES



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Investment Challenges to Redevelopment of the Property

- **Market**
 - **Mix of stable and vulnerable uses** surrounding property
 - Presence of **school and restrictions related** operators selling alcohol (restaurants)
- **Physical**
 - Location and extent of **detention area** in eastern portion of the property
 - **Limited access** from regional transportation routes
- **Political**
 - Managing **expectation** related to timing (process through development)
- **Regulatory**
 - **Current zoning** does not allow for all uses and mix of uses desired by community and presented in the development program
- **Financial**
 - City's and Authority's **early investment** (approx. \$6.5 m)
 - **Additional pre-development costs**
 - **On-site and off-site improvement costs** (some dependent on City's decision to master develop property or not)
 - Potential for capital needs by **education / training** partner
 - Other **partnerships**
 - **Maintenance** (perhaps enhanced) of redeveloped site

DEVELOPMENT PROGRAM ALTERNATIVES



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Development Program Guidelines *

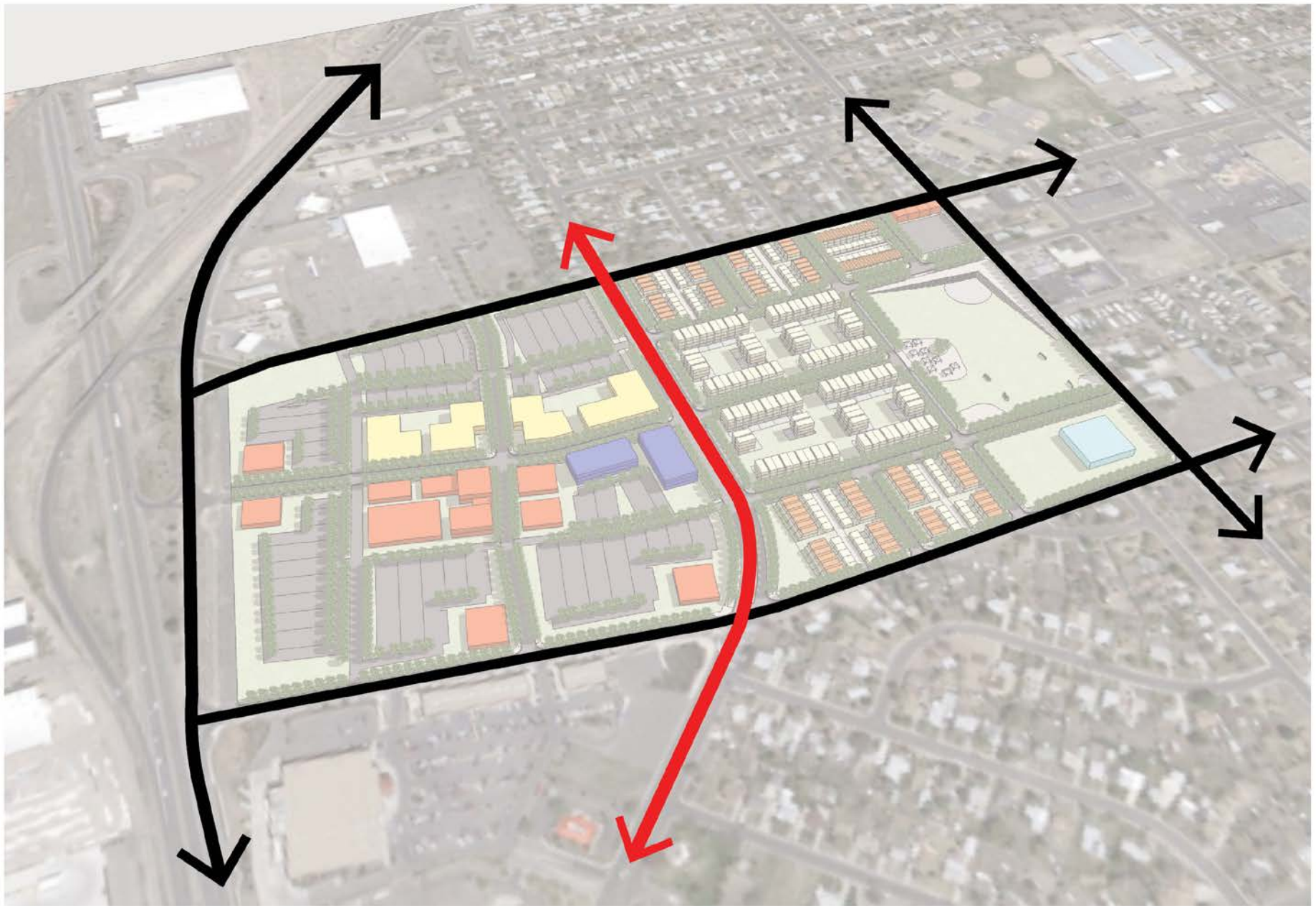
- **Connect property** to neighborhoods and surrounding uses
- Provide home for select City **service organizations**
- Advance key **economic development goals**
- Create a **sense of place and destination** for the community
- Provide **flexibility** to allow the education / training discussion to evolve
- Provide a **reasonable return on investment** to the City and Authority

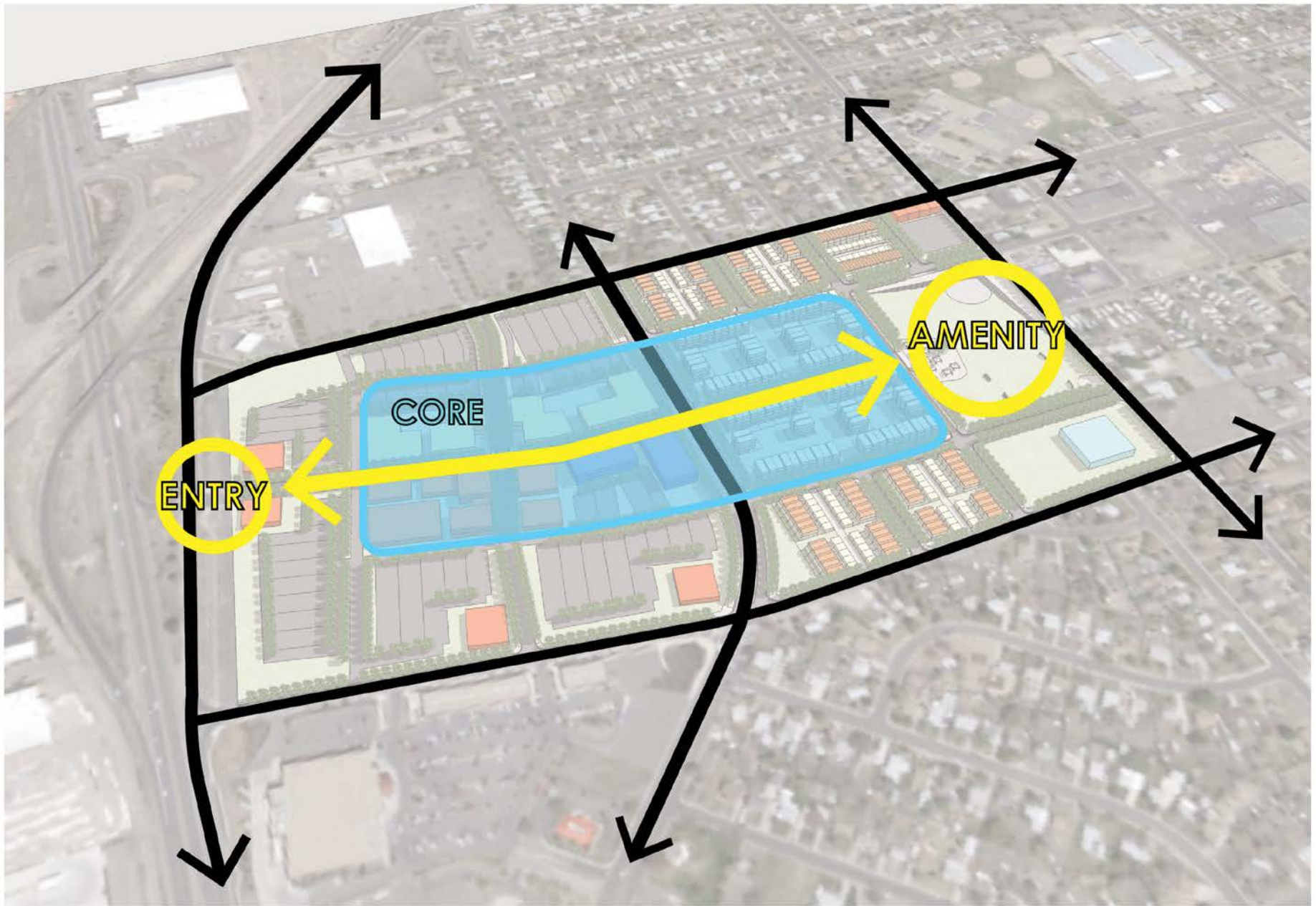
* Program guidelines could continue to be used to inform decisions related to independent requests for location within the property



Statistics

- Retail: 108,000 sqft
- Office: 90,000 sqft
- Boys & Girls Club: 2.5 acres
- School (as shown): 146,000 sqft
- Townhome: 104 units
- Piggy Back Apartments: 216 units

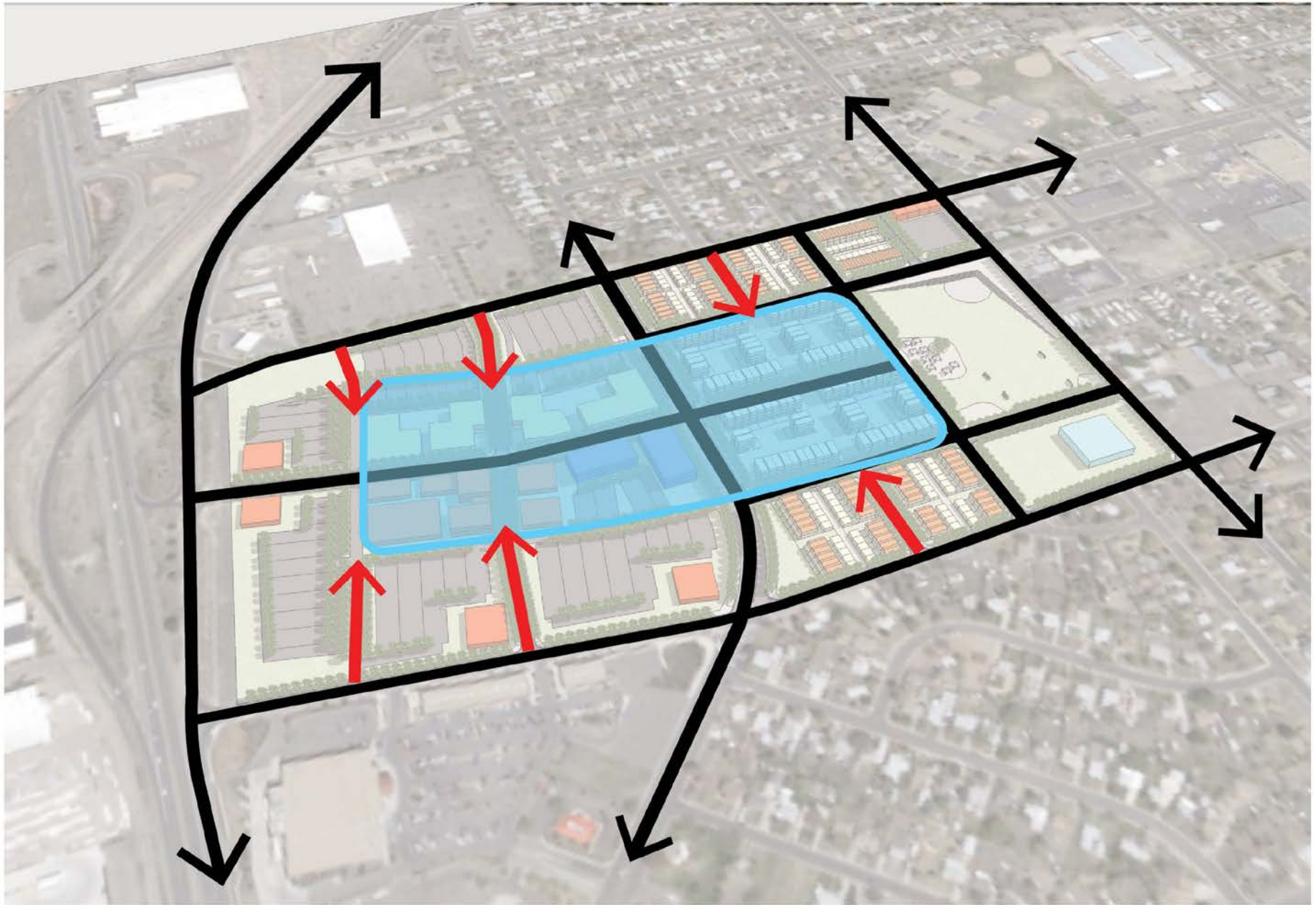




ENTRY

CORE

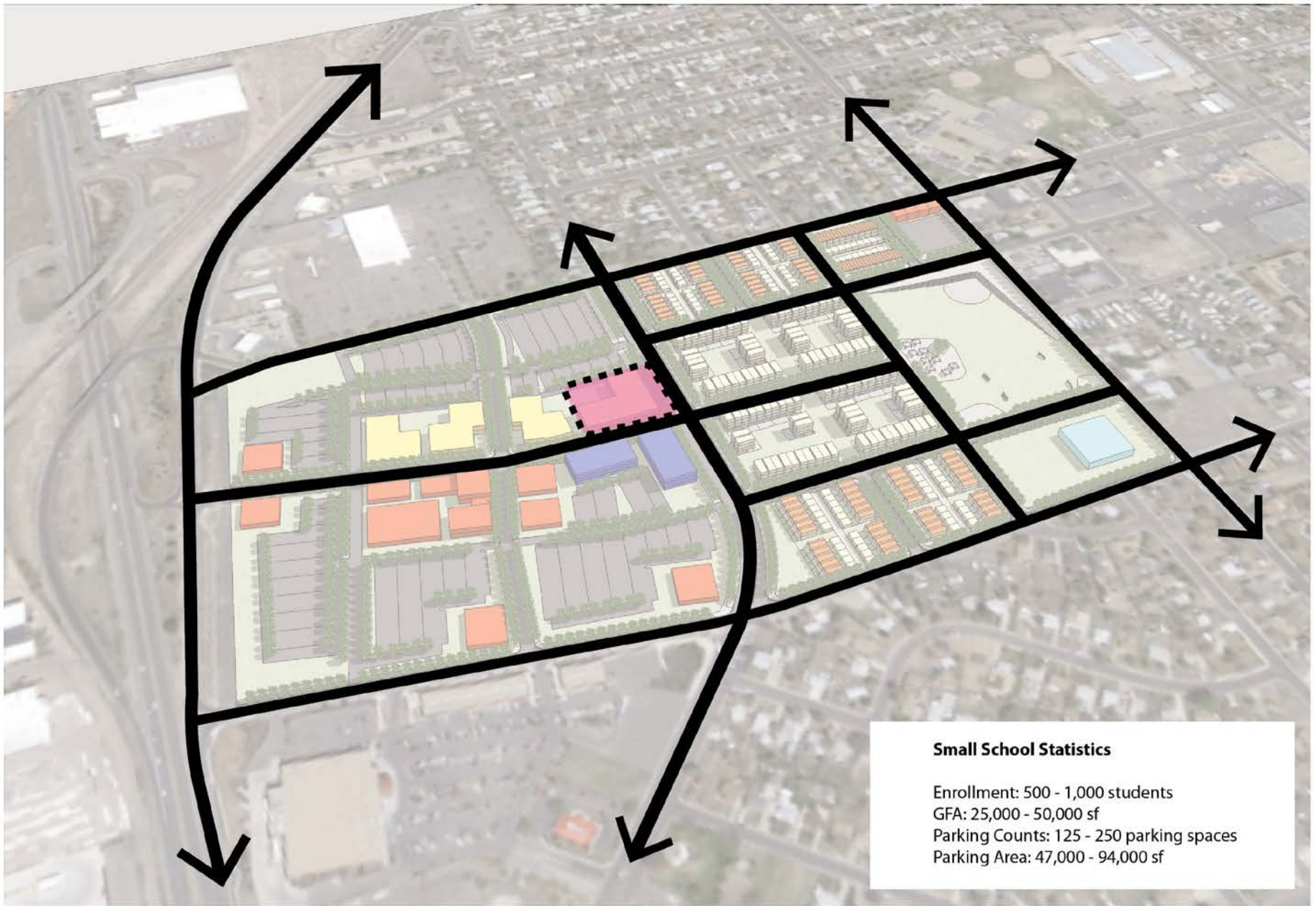
AMENITY





Statistics

- Retail: 108,000 sqft
- Office: 90,000 sqft
- Boys & Girls Club: 2.5 acres
- School (as shown): 146,000 sqft
- Townhome: 104 units
- Piggy Back Apartments: 216 units



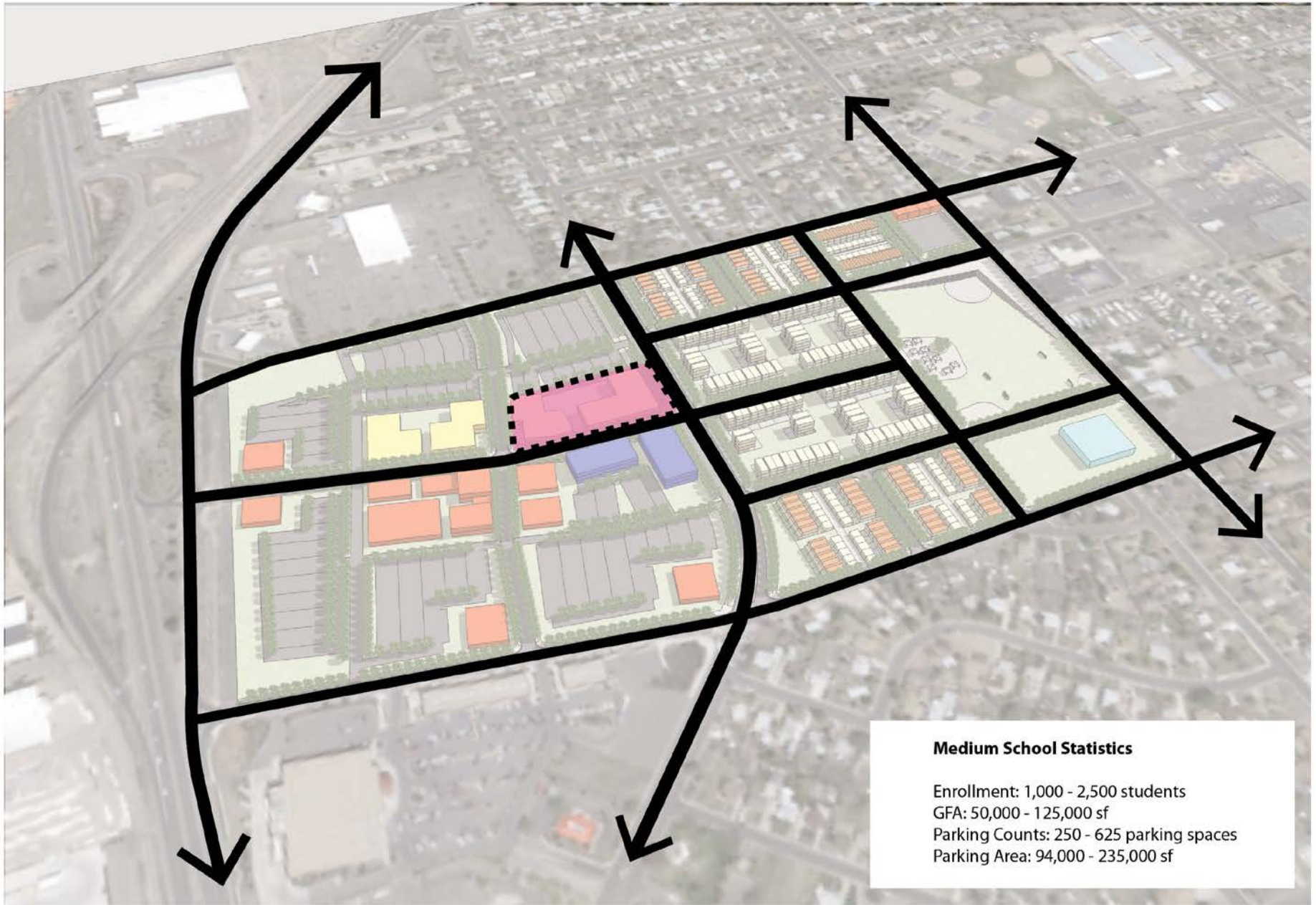
Small School Statistics

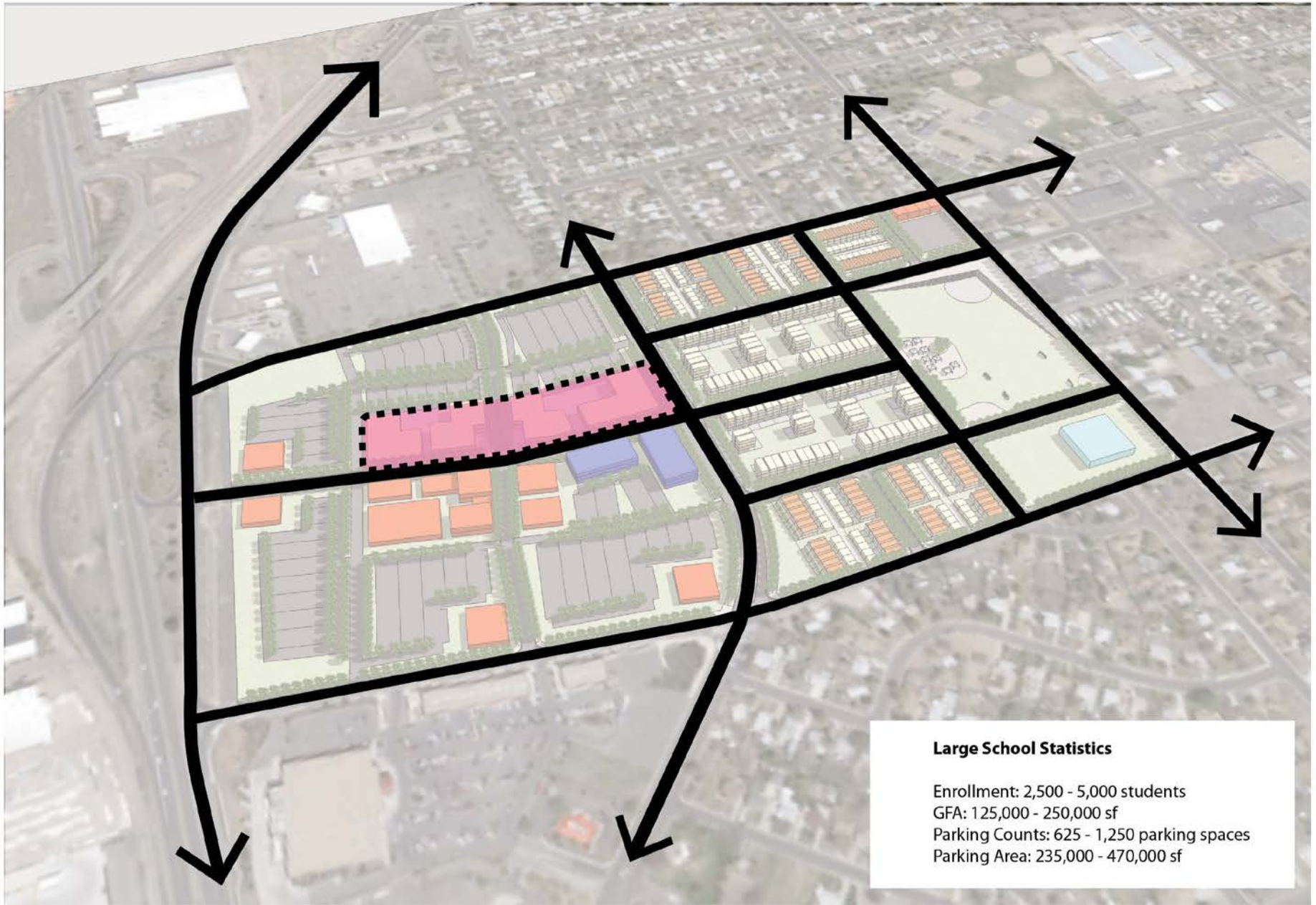
Enrollment: 500 - 1,000 students

GFA: 25,000 - 50,000 sf

Parking Counts: 125 - 250 parking spaces

Parking Area: 47,000 - 94,000 sf





Large School Statistics

Enrollment: 2,500 - 5,000 students

GFA: 125,000 - 250,000 sf

Parking Counts: 625 - 1,250 parking spaces

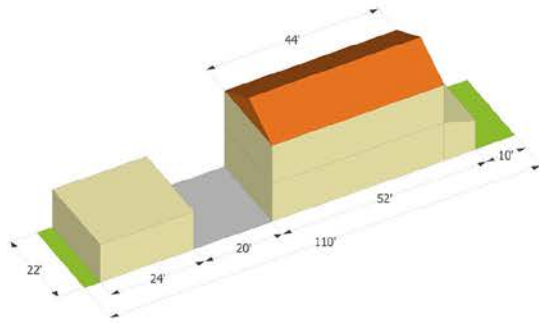
Parking Area: 235,000 - 470,000 sf



Statistics

- Retail: 100,000 sqft
- Office: 90,000 sqft
- Boys & Girls Club: 2.5 acres
- School Landbank: 13.12 acres
- Townhome: 104 units
- Piggy Back Apartments: 216 units

Typology 1
Townhome with detached parking garage

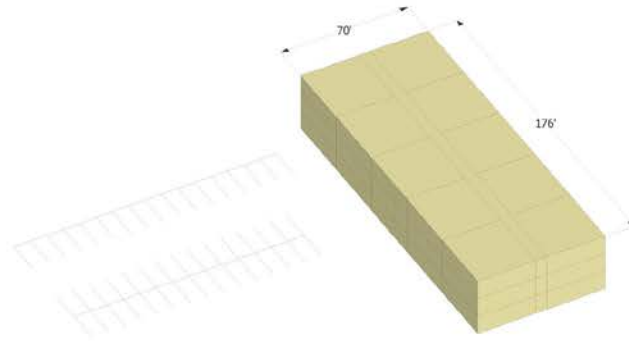


Statistics

- Lot size: 22' x 110'
- Building height: 2 stories
- Unit size: 1936 sqft
- Parking garage size: 528 sqft
- Parking ratio: 2 per unit



Typology 2
Double loaded corridor apartment

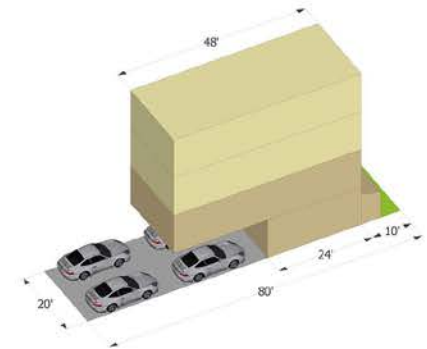


Statistics

- Building Depth: 70'
- Building height: 3 stories
- Average unit size: 1000 sqft
- Parking ratio: 1.5 per unit



Typology 3
Piggy Back apartment



Statistics

- Lot width: 80'
- Building height: 4 stories
- Unit size: 1920 sqft; 1440 sqft
- Parking ratio: 2 per unit



**Open Space Typology:
Detention Pond / Park**



Statistics

Land Area: 6 - 7 acres

Stormwater detention and open space amenity

Potential Programming:

- B & G Club Use for playfields
- Farmer's Markets
- Amphitheatre Component
- Plazas and Gathering Spaces
- Planters and Gardens



**Public Private Partnerships:
Community College Partners**

*Top 5 Employers in Commerce City
(2010 Commerce City Comp. Plan)*

Company	Employees
United Parcel Service	2,600 employees
Shamrock Foods	588 employees
FedEx Freight East, Inc	475 employees
Sara Lee Bakery Group	421 employees
Brannan Sand & Gravel	350 employees

Service/Food Industry



Metro Hospitality Learning Center:

Location: Denver,CO

- Fully Functional 150 room SpringHill Suites Hotel
- 28,000 sq. ft of academic space
- Privately Managed by Sage Hospitality
- Provides Hands on training for MSU Students
- No Taxpayer spent on project

Transportation/Distribution Industry



Lincoln College of Technology:

Location: Denver,CO

- 1,300 students enrollment
- Auto Tech Training
- 43,000 sq.ft Auto Lab
- Collision Repair Training
- Truck and Diesel Tech Program
- Welding Training Program

Healthcare Industry



**Northern Virginia Comm. College
Medical Education Campus:**

Location: Springfield, VA

- 3,500 student enrollment
- Training in Nursing, Med Lab Tech, Occupational Therapy Assistant, EMT, PTA, RT-R
- Facilities: 32 chair dental clinic
- Cadaver Lab
- Partnership with community-based clinics

PROJECT ECONOMICS



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**MILE HIGH GREYHOUND PARK
POTENTIAL DEVELOPMENT VALUE
COMPARISON OF ALTERNATIVES
JANUARY 2013**

Product Type	Total Development		Development Value @ Buildout	
	Alternative 1	Alternative 2	Alternative 1	Alternative 2
Advanced Educational Facility	75,000	146,000	\$15,000,000	\$29,200,000
Townhomes (units)	104	104	\$18,200,000	\$18,200,000
Apartments (units)	216	216	\$17,280,000	\$17,280,000
Retail	108,000	108,000	\$16,200,000	\$16,200,000
Office	90,000	90,000	\$13,500,000	\$13,500,000
Hotel	96,900	96,900	\$16,957,500	\$16,957,500
Total Development Value			\$97,137,500	\$111,337,500
Estimated Land Value @15%			\$14,570,625	\$16,700,625
Estimated Land Value/Sq Ft			\$5.00	\$5.73

Values based on:

Advanced Educational Facility	\$200 per Sq Ft
Townhomes	\$175,000 per Unit
Apartments	\$80,000 per Unit
Retail	\$150 per Sq Ft
Office	\$150 per Sq Ft
Hotel	\$175 per Sq Ft

Source: RNL Design and Ricker | Cunningham.

- Potential value of development could exceed \$110 million, supporting a land value of approximately \$5 to \$6 per sq ft

**MILE HIGH GREYHOUND PARK
POTENTIAL TAXABLE VALUE
COMPARISON OF ALTERNATIVES
JANUARY 2013**

Product Type	Taxable Value @ Buildout		Property Tax Revenue (86.747 mills)	
	Alternative 1	Alternative 2	Alternative 1	Alternative 2
Advanced Educational Facility*	\$15,000,000	\$29,200,000	\$377,349	\$734,574
Townhomes (units)	\$18,200,000	\$18,200,000	\$125,672	\$125,672
Apartments (units)	\$17,280,000	\$17,280,000	\$119,319	\$119,319
Retail	\$16,200,000	\$16,200,000	\$407,537	\$407,537
Office	\$13,500,000	\$13,500,000	\$339,615	\$339,615
Hotel	\$16,957,500	\$16,957,500	\$426,594	\$426,594
Total Property Tax Revenue			\$1,796,086	\$2,153,311
Property Tax Base			\$91,556	\$91,556
Property Tax Increment			\$1,704,530	\$2,061,754
Sales Tax Increment			\$567,000	\$567,000
Total Tax Increment			\$2,271,530	\$2,628,754

* assume taxable property.

Source: RNL Design and Ricker|Cunningham.

- Assuming the Advanced Educational Facility is taxable property, the Project could generate between \$2.3 and \$2.6 million in annual incremental property and sales tax increment.

Project Economics

Expenditures To Date

Property Purchase (Loan):	\$4.0 million
Abatement and Demolition:	\$2.5 million

Future Expenditures

On-Site Infrastructure (Roads, Detention):	\$8.6 million
Off-Site Infrastructure (Hwy 2 and 63 rd):	\$.9 million
Construction/Design “Soft” Costs (20%):	\$2.8 million
Building Construction:	To Be Determined

Potential Funding Sources

- Property and Sales Tax TIF
- New Market Tax Credits
- Grants/Loans
- Special Improvement District (e.g., Metro District)
- Private Sector Financing

Project Economics

Potential Returns on Investment

Property Disposition (Pad Sales):	\$12 to \$15 million
Land Lease Revenue (20 yrs):	\$20 to \$25 million
Annual Property Tax Revenue (after TIF):	\$90,000 to \$100,000
Annual Sales Tax Revenue (after TIF):	\$550,000 to \$600,000
Permanent Jobs Created:	1,450 to 1,670
Annual Income from Permanent Jobs:	\$65 to \$75 million
Construction Jobs Created (Avg. Annual):	124 to 142
Annual Income from Construction Jobs:	\$5 to \$6 million

RECOMMENDATIONS (and why)



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Development Program Recommendations

- **Land bank** (set aside) a portion of the property that could accommodate either an advanced education or training facility
- Commit to a **long-term vision** for this portion of the property (define timeframe), while pursuing private investment on the balance of the property
- **Pursue a single or preferably multiple private and / or public partners** for the balance of the property while pursuing an education / training partner (parallel track)
- Advance the work plan (in report) that **grows the “supply” of users for education / training facilities** from within the community (Adams 14) and **“connects the dots”** between business needs – school preparation programs – and education and training providers
- Develop a **communication program** for the local citizenry that continually communicates the City’s / Authority’s advances
- Complete **essential urban design elements** that facilitate private investment, yet preserve potential for education / training component
- Advance priority **capital investments** (on-site and off-site) and **close regulatory gaps** (“ready the environment for investment”)
- Use **development program guidelines** (presented herein) to inform interim decisions related to potential users

NEXT STEPS



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Next Steps – Near-Term

- Complete **final report** and all supporting documents
- Finalize **developer RFQ** documents and pursue partnership(s)
- Prepare “**Vision Book**” for essential urban design elements (e.g, Stapleton Green Book) and share **recommendations** with key individuals, boards and commissions
- Advance **work plan** for pursuing education / training partner
- Establish (memorialize) **criteria** that will be used to evaluate interim requests for a site within the property prior to selection of a developer partner(s)
- Research and mitigate **potential barriers** for the location of specific uses within property (school)
- Address **zoning gaps** to accommodate preferred development program
- Establish timeframe for on-site and off-site **capital improvements**
- Consider **amending Urban Renewal Plan** to include TIF provision during first half of 2013