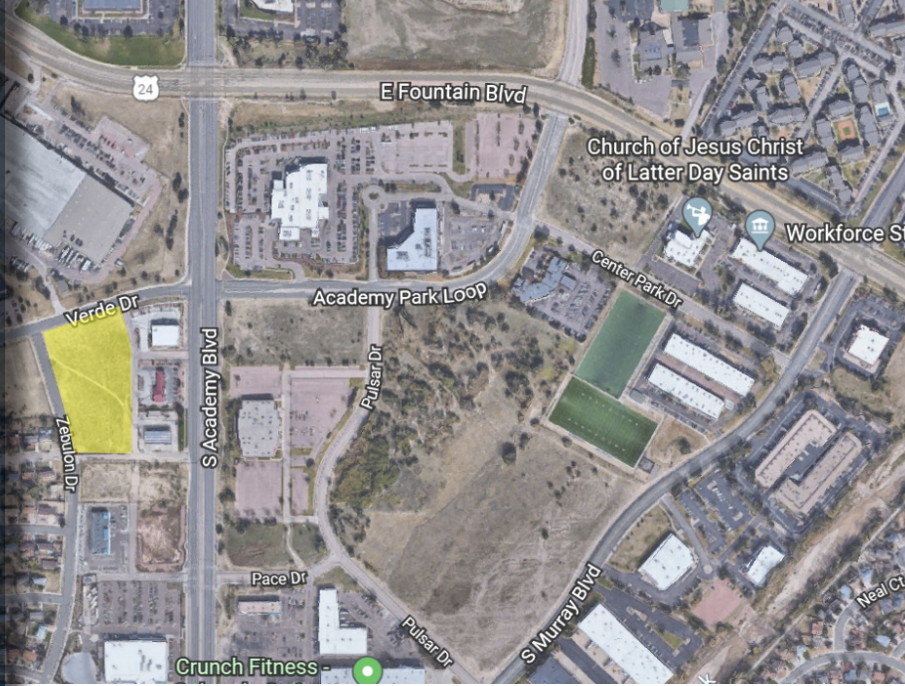


PROPOSAL

# Conditions Study and Financial Evaluation: Zebulon Flats



Prepared for:

**Colorado Springs Urban  
Renewal Authority**

Prepared by:



**Economic & Planning  
Systems, Inc.**

*The Economics of Land Use*

July 13, 2020

EPS #203088



**Economic & Planning  
Systems, Inc.**

*The Economics of Land Use*

July 13, 2020

Mr. Jariah Walker, Executive Director  
Colorado Springs Urban Renewal Authority  
30 South Nevada Avenue  
Suite 604  
Colorado Springs CO 80903

**Subject: Conditions Study and Financial Evaluation: Zebulon Flats;  
EPS #203088**

Dear Mr. Walker:

Thank you for asking Economic & Planning Systems (EPS) for a proposal to prepare a Conditions Study and Financial Evaluation for the Zebulon Flats project. EPS has worked extensively with urban renewal authorities throughout the western United States, including a large number of authorities across the Front Range of Colorado. We understand the technical elements of URA regulations, including the implications of forming URA districts in Colorado following the adoption of HB 1348. We also understand the larger goals of URAs and how the tools provided by URAs can provide developers and communities with better solutions.

EPS is a full service urban economics consulting firm with 45 employees in its Denver, Oakland, Sacramento and Los Angeles offices. The firm is experienced in a range of services related to real estate development including market analysis, financial feasibility assessment, and public financing options, including all aspects of Urban Renewal Authority participation. Because the firm maintains a keen awareness of client needs along with community interests, it can deliver robust analytics tailored to specific issues.

Included in this proposal is a scope of work, budget, firm overview, and selected project experience. If you have comments or suggestions, we can discuss with you and incorporate as needed. We understand that you would like to move quickly, and we are prepared to begin following your review and approval of the contract.

We look forward to working with you.

Sincerely,

ECONOMIC & PLANNING SYSTEMS, INC.

A handwritten signature in blue ink that reads "Andrew Knudtsen". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Andrew Knudtsen  
Managing Principal

EPS Denver

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# Proposal

## Project Understanding

Zebulon Flats is a 138-unit affordable housing project that is currently proposed for development to the southwest of the intersection of South Academy Boulevard and Academy Park Loop in Colorado Springs, Colorado. The project is being developed by Cohen-Esrey Development Group (the “Developer”), a real estate development and management group based out of Overland Park, Kansas. In addition to the 138 affordable units, the project is anticipated to include a number of public improvements that include public art, a community room, new sidewalks and streetscape improvements, and site landscaping.

The Developer has identified a number of public funding sources that include Low Income Housing Tax Credit funds, Housing Trust Fund funds (El Paso County Housing Authority), HUD HOME funds, and funds from the Colorado Division of Housing. In order to maximize the amount of annual net operating income that is able to service the project’s private activity bond, the developer is seeking participating from the Colorado Springs Urban Renewal Authority (CSURA) in the form of property tax increment financing. The Developer has stated that reducing the project’s property tax burden results in an additional \$1.7 million in project financing that would otherwise have no additional source of funds. In order to be eligible for these funds, it will be necessary to complete a Conditions Study that identifies whether 4 out of the following 11 factors of blight are currently present within the study area:

1. Slum, deteriorated, or deteriorating structures
2. Defective or inadequate street layout
3. Faulty lot layout – size, adequacy, accessibility, usefulness
4. Unsanitary or unsafe conditions
5. Deterioration of improvements
6. Unusual topography or inadequate public improvements or utilities
7. Title problems rendering title unmarketable
8. Conditions that create fire hazard
9. Buildings unsafe because of code violations
10. Environmental contamination
11. Health, safety, or welfare factors requiring high levels of municipal services, or substantial underutilization or vacancy of buildings or property

In addition to the Conditions Study, the CSURA has stated a desire to complete an evaluation of Developer return with and without property tax increment financing. This analysis will evaluate project performance “but-for” the investment

of tax increment financing (TIF) and ensure that the CSURA is not providing the project with a subsidy that provides the Developer with a rate of return that is higher than industry standards for comparable project types. EPS will provide recommendations relating to the total amount of TIF and term of the sharing agreement necessary for the project to achieve feasibility.

The following Scope of Work provides an outline of the tasks and corresponding budget necessary to complete the Conditions Study and the Financial Evaluation of the project. In addition to the scope and budget outlined below, EPS has included a firm overview and a summary of relevant past projects. Please treat this proposal as an initial draft that can be revised to best meet the needs of the Colorado Springs Urban Renewal Authority.

## Scope of Work

The following proposal provides a detailed scope of work broken out by task and subtask with a corresponding budget.

### Task 1: Conditions Study

#### ***Subtask 1.1: City Outreach and Definitions***

To begin this Conditions Study, EPS will contact City of Colorado Springs staff to confirm the process and requirements of the conditions study. We will also request copies of any previous blight studies that have been completed in the City to gain a better understanding of the format that City staff and the URA board are accustomed to. EPS will also prepare a site boundary and aerial photo map of the subject property and surrounding area.

#### ***Task 1.2: Field Survey***

EPS staff will visit the subject property to identify and record photographically potential factors of blight. The Developer may wish to accompany EPS at the start of the site visit to point out any particular blight factors of note or concern.

EPS will conduct a detailed walking and photographic tour of the property, taking notes and documenting photograph locations manually on maps and with GPS enabled smartphones. Total building square footage will be documented from assessor records, and vacant space will be estimated from the current tenant inventory. The site visit and blight identification process is outlined below:

- Document vacancy/occupancy history from property owner interviews or other available information;
- Interview City public safety staff to identify any increased service costs or frequency (fire, police, EMS) and unsafe conditions;
- Evaluate street access;

- Identify and evaluate deterioration and deferred maintenance to building and site improvements;
- Summarize any existing studies or documentation on environmental contamination; identify potential for contamination based on historic tenants (e.g. dry cleaners). This does not include performing an environmental site assessment or purchasing reports or data on potential contamination history; and
- Perform a less detailed scan of neighboring properties to potentially recommend for inclusion in a larger blighted area, which could help support a larger redevelopment project over the long term.

### ***Task 1.3: Draft Conditions Findings***

EPS will compile the field research into draft maps/illustrations and a matrix identifying draft blight findings. We will review these with the Developer and determine if we have sufficient evidence of blight to proceed with writing a report.

### ***Task 1.4: Draft and Final Report***

EPS will finalize the conditions findings and produce a concise (20-30 page estimated) report illustrating and explaining the findings of blight. EPS can also include, if requested, recommendations on including adjacent properties, and potential formation of a new URA plan area under the CSURA.

Any presentations or meetings to present or discuss findings with the City will be billed on a time and direct expenses basis and are not included in this Scope of Work.

## **Task 2: Financial Evaluation**

### ***Task 2.1: Financial Evaluation Initiation***

EPS will meet with staff and the development team to discuss the basic framework of the analysis related to the financial evaluation of the project. The purpose of this meeting will be to outline key issues, project details, project performance, and the project's need for TIF.

### ***Task 2.2: "But-for" Analysis***

In order to complete an evaluation of the project, the Developer will need to provide an up-to-date development program, detailed estimates of construction costs, anticipated rental rates, and other pertinent information necessary to complete an evaluation of the performance of the project with and without TIF. EPS will use this information to develop a baseline feasibility model that will provide the basis for beginning to define a project gap and a reasonable level of public investment. In other words, this analysis will answer the question: "but-for" the investment of public revenues, will the project be able to move forward?

This task includes an evaluation of the performance of the project under alternative scenarios and EPS will evaluate project feasibility with and without TIF revenues. At a minimum, EPS will run two versions of the model that will include the following:

- **Baseline Scenario** – The Baseline Scenario will reflect assumptions and estimates provided by the Developer. These will be used to ensure that there are not technical model inaccuracies in the Developer’s request for TIF. This model will also be used to determine a baseline from which to test alternative assumptions.
- **Alternative Scenario(s)** – Based on EPS’ review of the project assumptions and Developer’s pro forma, along with discussions with staff, EPS may develop one to two alternative scenarios that reflect any potential revisions to key model inputs. The results of this model will be used to estimate potential project funding gaps and determine project sensitivities to various model inputs, lease rates, vacancy rates, operating costs, and other key variables. This analysis will help the URA determine if the level of TIF is appropriate or if there are excess returns generated by any portion of the project, potentially justifying a lower amount of public investment through TIF.

### ***Task 2.3: Summary Model***

The analysis outlined in this scope of work will be detailed in a comprehensive financial model that will include a summary of key project components, TIF revenue estimates, project feasibility with and without TIF revenues, and a range of sensitivity analyses.

### ***Task 2.4: Meetings and Presentation***

EPS anticipates attending a URA meeting (either in person or virtually) to present the analysis outlined in this scope of work and any recommendations to be considered in the term sheet. This presentation will provide the URA with an overview of the methodology used to estimate the need for public financing, a summary of the initial assumptions used by the developer, any changes that are recommended by EPS, and the final estimated public financing that the project requires in order to move forward. Any additional meetings and presentations will be billed as an additional cost item.

## Proposed Budget

EPS agrees to complete the above work program on a time and charges basis up to a maximum of **\$20,950**. Additional meetings and presentations are not included in this estimate and will be billed on a time and materials basis. The approximate breakdown of level of effort by task and staff level is shown in **Table 1**.

**Table 1. Budget by Task**

Description	Principal	Vice President	Research/ Production	Total
<b>Billing Rate</b>	<b>\$245</b>	<b>\$185</b>	<b>\$105</b>	
<b>Labor Costs</b>				
<b>Task 1: Conditions Study</b>				
Task 1.1: City Outreach and Definitions	4	4	0	\$1,720
Task 1.2: Field Survey	2	6	8	\$2,440
Task 1.3: Draft Blight Findings	2	4	8	\$2,070
Task 1.4: Draft and Final Report	<u>4</u>	<u>6</u>	<u>8</u>	<u>\$2,930</u>
<b>Subtotal</b>	<b>12</b>	<b>20</b>	<b>24</b>	<b>\$9,160</b>
<b>Task 2: Financial Evaluation</b>				
Task 2.1: Project Initiation	4	4	0	\$1,720
Task 2.2: "But-For" Analysis	6	12	4	\$4,110
Task 2.3: Summary Model	4	10	4	\$3,250
Task 2.4: URA Presentations	<u>4</u>	<u>8</u>	<u>0</u>	<u>\$2,460</u>
<b>Subtotal</b>	<b>18</b>	<b>34</b>	<b>8</b>	<b>\$11,540</b>
<b>Total Hours</b>	<b>30</b>	<b>54</b>	<b>32</b>	<b>\$20,700</b>
<b>Dollars by Person</b>	<b>\$7,350</b>	<b>\$9,990</b>	<b>\$3,360</b>	
<b>Direct Costs</b>				
Travel & Data Acquisition				<u>\$250</u>
<b>Subtotal</b>				<b>\$250</b>
<b>Total Project Cost</b>				<b>\$20,950</b>

Source: Economic & Planning Systems



303.623.3557

epsys.com

Denver | Los Angeles | Oakland | Sacramento



## About Economic & Planning Systems

**Economic & Planning Systems, Inc. (EPS)** is a land economics consulting firm experienced in the full spectrum of services related to real estate development, the financing of public infrastructure and government services, land use and conservation planning, and government organization.

EPS was founded on the principle that real estate development and land use-related public policy should be built on realistic assessment of market forces and economic trends, feasible implementation measures, and recognition of public policy objectives, including provisions for required public facilities and services.

### AREAS OF EXPERTISE

- ▶ Real Estate Economics
- ▶ Public Finance
- ▶ Land Use & Transportation
- ▶ Economic Development & Revitalization
- ▶ Fiscal and Economic Impact Analysis
- ▶ Housing Policy
- ▶ Public-Private Partnership (P3)
- ▶ Parks and Open Space Economics

### Clients Served

Since 1983 EPS has provided consulting services to hundreds of public- and private-sector clients in Colorado and throughout the United States. Clients include cities, counties, special districts, multi-jurisdictional authorities, property owners, developers, financial institutions, and land use attorneys.

### Staff Capabilities

The professional staff includes specialists in public finance, real estate development, land use and transportation planning, government organization, and computer applications. The firm excels in preparing concise analyses that disclose risks and impacts, support decision making, and provide solutions to real estate development and land use-related problems.



## Urban Revitalization and Redevelopment Services

### Services Provided

EPS prepares real estate market and feasibility analysis for a diversity of real estate development projects and land use planning programs. Our services provide a realistic assessment of real estate market trends to determine the potential market support for a given project or land use plan. EPS's feasibility analysis evaluates the potential financial returns and feasibility of a real estate project, drawing upon our market research of product types, absorption, and pricing.

This market and feasibility information is used in a wide variety of applications, such as individual project feasibility assessment, development project design and programming, property disposition strategies, downtown revitalization and redevelopment efforts, specific and comprehensive land use planning, and economic analysis of impact fees and other public finance programs. The firm's market analysis efforts range from evaluations of existing market information to detailed project-specific market forecasts that utilize consumer surveys and other primary research. Pro forma cash flow models test feasibility under a range of project alternatives, financing, partnership options, disposition strategies, and measures of financial return.

- **Urban Revitalization Plans** – Collaboration with urban designers, planners, and other urban development professionals in formulating effective revitalization strategies. The revitalization of declining urban areas requires the strategic combination of marketing and business development, as well as the amelioration of physical constraints (e.g., blight) to create a vital mix of commercial, civic, and residential uses, and determination of appropriate levels of agency financial participation.
- **Project Feasibility** – Preparation of real estate market and feasibility analysis for mixed-use, retail, office, housing or entertainment projects. Market analysis efforts range from evaluations of existing market information to detailed project-specific market forecasts that utilize consumer surveys and other primary research. Pro forma cash flow models are utilized to test feasibility under a range of project alternatives, financing, and partnership options, disposition strategies, and measures of financial return.
- **Public/Private Financing** – Determining required levels of public support to attract developer interest or to complete the financing program for a proposed project. Identifying and forecasting potential funding sources; allocating capital costs among participating entities; and public finance negotiations, including drafting development agreements; and formulating assessment rates, special tax formulas, and fee ordinances.
- **Redevelopment-Supported Housing Projects** – EPS prepares implementation strategies for housing projects, collaborating with redevelopment agency staff, housing specialists, and housing developers.

- **Developer Negotiations** – EPS prepares feasibility studies and economic analyses to support real estate and infrastructure negotiations involving public and private participants. These negotiations have resulted in development agreements, owner participation agreements, and participation and disposition agreements.

## Urban Renewal Client List



## Selected Experience

### Fort Collins College and Drake URA Study

#### Fort Collins, Colorado

The Fort Collins Urban Renewal Authority (URA) pursued creating a new Plan Area at Drake Road and College Avenue to support redevelopment plans for two large sites at the intersection. The proposed redevelopment included a mix of uses including retail, hotel, and multifamily residential on one property, and a new King Soopers Marketplace on the other.

The subject properties were previously contained in the Midtown URA Plan Area in 2011 encompassing most of the South College commercial corridor; however, that Plan Area was reduced in size due to changes in the State URA statute. The developer of the mixed-use project indicated that it expected to incur significant costs with the redevelopment that would require City assistance. Also, staff believed that the existing land use conditions within the proposed plan area still existed and met the statutory requirements for a new Plan Area.

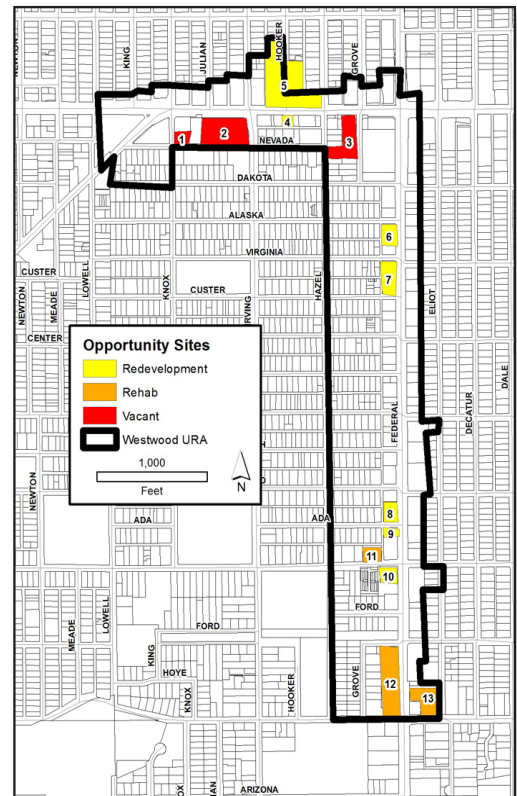
EPS assisted the URA with the steps needed to implement a new Plan Area consistent with the updated requirements of the Colorado urban renewal statutes (CRS 31-25-107) as modified by HB 15-1348. This included an existing conditions survey documenting the existence of necessary conditions of blight for establishment of a new URA plan area. This work included a GIS parcel analysis and a field survey of all properties in the study area. The data collected was categorized and evaluated as it pertained to the 11 blight criteria outlined in the State statute. Based on the analysis of these conditions, EPS confirmed the proposed Plan Area boundaries, and presented the findings in an existing conditions report.

EPS then prepared a draft URA plan for the proposed area, consistent with State statute requirements as well as Fort Collins URA policies. EPS also determined the direct fiscal and indirect economic impacts of the use of Tax Increment Financing (TIF) within the URA Plan Area on the County, Poudre School District, and other affected taxing entities. This involved utilizing the TIF Fiscal Impact Model that EPS developed to analyze the anticipated development within the URA Plan for the County, Health District, and Library District, evaluating the impacts of development on the Poudre School District, looking at property tax revenues and estimated costs to serve addition school children population generated by the Plan Area, and evaluating the fiscal and economic impacts for other affected taxing districts.

**Westwood Urban Renewal District Market Assessment**  
**Denver, Colorado**

The Westwood Urban Renewal Area (URA) is primarily composed of a predominately Southeast Asian business district located along Federal Boulevard from Alameda Avenue on the north and Mississippi Avenue on the south. The TIF district was set to expire in 2015 and there was approximately \$7 million in accrued TIF funds that needed to be invested prior to district dissolution.

EPS was retained by Denver Urban Renewal Authority (DURA) to complete a market assessment and investment strategy for the Westwood URA. The study assessed the market demand for retail, employment, and residential land uses and identified potential development and redevelopment sites in the URA. The study included EPS’ recommendations for the most effective use of remaining TIF funds for potential development projects and for other investments DURA could consider that would have the greatest impact on achieving the goals of the urban renewal plan.



The market analysis identified a demand for additional family rental housing in the market area including and surrounding the Westwood URA. There has been some recent developer interest in building apartment projects in the area but area land prices were too high to make a Low Income Housing Tax Credit Project feasible. One of EPS' recommendations was to use the remaining TIF funds for land acquisition and/or gap financing for a LIHTC project. DURA followed this recommendation and invested in the acquisition of the former Anderson Motel property on Alameda and is partnering with McDermott Properties to build a mixed use affordable housing project.

### **Arvada URA Triangle Area Retail Analysis**

#### **Arvada, CO**

The Ralston Fields urban renewal area (URA) in Arvada, CO contains three aging retail centers, which are the primary redevelopment opportunities for the URA. A developer (IRG) proposed redeveloping one of the centers, the Arvada Plaza Shopping Center, and was seeking financial assistance from the City and its Urban Renewal Authority. The City of Arvada and Arvada Urban Renewal Authority (AURA) desired to determine if the project created an economic benefit to the City by generating new retail activity and new sales tax revenues. The proposed new development included a 138,000 square foot Walmart Supercenter. The City and AURA were considering providing TIF revenues, but the project would not generate enough revenue to refill gaps in base funds for the urban renewal area. Therefore, additional revenues would be needed to address the financing gap. In addition, the two other shopping centers contained retailers (two grocery stores and a Kmart) that may be impacted by the Walmart.

The City and AURA retained EPS to study the impact of the proposed development on the Ralston Fields URA and City of Arvada. An analysis demand for sales from the resident base within the trade area of the proposed Walmart supercenter was completed to estimate where future sales would come from. Competitive stores were inventoried within the trade area to estimate to what degree the Walmart would cannibalize sales from retailers within Arvada. Net sales tax revenues to the City and the URA were estimated. EPS' analysis determined that the project would generate sufficient new retail activity to cover the proposed investment, using a public improvement fee and URA funds, as well as generate net new sales tax revenues, as opposed to just shifting sales from existing retail centers.

### **Downtown Parker URA Market Study**

#### **Parker, Colorado**

Parker, Colorado is a community of approximately 52,000 residents on the edge of the Denver Metro Area. While primarily a suburban community, the Town's downtown has the potential to become a walkable and vibrant destination able to provide amenities to existing residents, capture new growth, and spur economic development.

The Town and Partnering for Parker's Progress (P3), the urban renewal authority, own four vacant or underutilized properties representing over 30 acres of land on Mainstreet in the heart of downtown, and are planning for the development and redevelopment of these parcels. The public land presents a significant opportunity for the Town to shape and catalyze development of downtown. However, in past efforts, the positioning and disposition of these properties has met with community resistance to the potential uses identified. As a result, P3 engaged EPS as part of a consulting team, led by Trestle Strategy Group, to work with the community to identify development that will have community support, is economically viable and contributes to the market position of downtown.



To assist this effort, EPS completed a downtown market study for four different development types: residential, office, retail, and hospitality. For each of these uses, EPS identified market feasibility and potential within a range of timeframes, including short (2-3 years), mid (3-5 years), and long (5-10 years). EPS determined feasibility both from top-down demand forecasts and bottom-up financial analysis for individual projects. In addition, EPS identified potential catalyst projects from communities in similar market position and highlighted key findings and best practices from each of project. Finally, working with P3 and the consultant team, EPS synthesized its market research into development strategies that include recommendations on phasing of the public parcels and a range of feasible uses.

**Economic and Real Estate On-Call Service**  
**Wheat Ridge, Colorado**

EPS has provided on-call economic and real estate consulting services to the City of Wheat Ridge and the Wheat Ridge Urban Renewal Authority since 2015. The majority of the work completed by EPS has been as a third-party analyst providing analysis and recommendations relating to requests for tax increment financing (TIF) submitted by private sector developers.

Specific analysis has included market readiness recommendations, feasibility analysis, and "but-for" analysis that evaluated specific projects with and without



public funding. EPS provided support during internal staff meetings, meetings with applicants, and presentations to the Wheat Ridge Urban Renewal Authority Board and City Council.

Specific services provided to the City and the URA included the following:

- **WestEnd 38** – TIF Economic Analysis – One of the first integrated mixed-used projects in the city, consisting of street oriented-retail, multifamily residential rental units, as well as structured and surface parking.
- **Fruitdale** – TIF Economic Analysis – Redevelopment of the historic Fruitdale school to a 16-unit, multifamily project.
- **Swiss Flower Shop** – TIF Economic Analysis – Proposal to redevelop a local family-owned business with additional retail and maker space.
- **Clear Creek Crossing** – TIF Economic Analysis – Proposal to develop roughly 85 acres with a 250-unit apartment project, entertainment facilities, restaurants, two hotels, and a 25-acre office complex.
- **Hacienda** – TIF Economic Analysis – Proposal to develop a new Hacienda Colorado within an aging shopping center.
- **TRAX Multifamily** – TIF Economic Analysis – Proposal to develop a 207-unit apartment within the Ward Road Station area.
- **Ridge House** – TIF Economic Analysis – Proposal to develop a 140-unit age restricted apartment project near the intersection of 44th Avenue and Wadsworth Boulevard.
- **Applewood Village** – TIF Economic Analysis – Proposal to redevelop a vacant portion of the Applewood Village shopping center with a mix of retailers totaling 126,000 square feet.

### **EVRAZ Incentive Study** **Pueblo County, Colorado**

EPS was contracted by Pueblo County to estimate and evaluate alternative incentive options to keep an existing steel mill in the community. The steel mill, Evraz, has been operating in Pueblo since 1881 providing steel and iron to the western United States and supporting the expansion of the vast western rail system. The company is an integral component of the Pueblo community and is a major employer in the area.



In an effort to provide Evraz with the necessary incentives to remain within Pueblo County, the County requested that EPS identify and estimate potential sources of revenue that could be used to offset the higher operating costs Evraz would incur if it remained in the County.

EPS provided County staff and leadership with a high-level summary and estimate of potential revenue sources that could be provided to Evraz in the form of incentives. This analysis involved constructing a complex financial model that estimated the facilities fiscal impact on the County under a variety of redevelopment options. This model also provided an estimate of the potential tax increment financing (TIF) revenues that the facility would generate if an urban renewal area was formed to include the facility. In addition, EPS advised the County on the potential terms of an incentive package and provided an evaluation of the County's return on investment and the overall economic development impact of the proposal on the community.

### **Hancock Redevelopment Feasibility and P3 Structure**

#### **Colorado Springs, Colorado**

EPS was contracted by the City of Colorado Springs to determine the feasibility of redeveloping a 4-acre parcel owned by the City and structuring the terms related to a potential public-private partnership (P3). The site included a senior center and a variety of for profit and nonprofit businesses many of which provided services that supported the needs of the large number of seniors that visited the site on a daily basis.

The scope of work included the following primary tasks:

- Evaluation and summary of the market support for a variety of potential redevelopment uses.
- Determination of the financial feasibility of alternative redevelopment options.
- Review and summary of alternative funding and gap closure solutions (i.e. CDBG funds, general fund contributions, P3 funding sources, and others).
- Presentation of recommendations and conclusions to City staff and elected officials.
- Draft language and terms to be included in a request for qualifications for distribution to qualified developers. The RFQ provided an overview of the site and the opportunity, outlined the goals of the City for the site, and detailed key responsibilities of the development team and required development terms.

### **Olde Town TOD Market Demand and Public Finance Study**

#### **Arvada, Colorado**

EPS completed a study for the City and the Arvada Urban Renewal Authority (AURA) on the historic center of Arvada, CO, known as Olde Town. The City of Arvada has a vision for the Olde Town Station Area as a vibrant 18-hour downtown that attracts people from throughout the region and preserves the historic character of the area. As part of this vision, the City developed a comprehensive Station Area Plan (Plan)

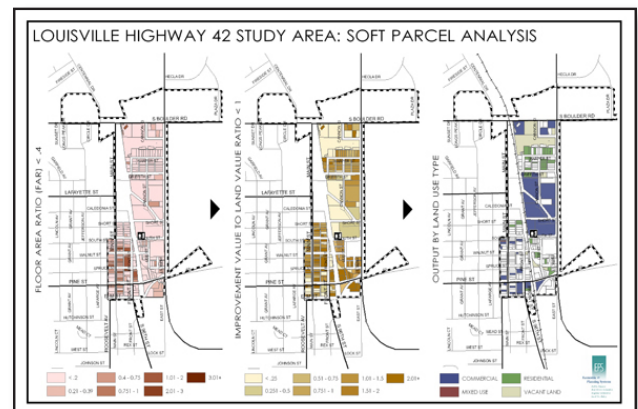


that identified area opportunities in the Olde Town area. In support of the Station Plan, EPS was retained by the City of Arvada to assess the market potential and public financing requirements for the development of a vibrant transit village. This Market Demand Study and Public Improvement Financing Strategy will be a guide to implementing the Plan and financing investments that transform the area into a vibrant mixed-use activity center.

EPS assisted the City of Arvada in determining the market demand potentials for a variety of land-uses surrounding the proposed commuter rail station, including residential, retail, and office uses. A number of potential development scenarios that could be accommodated in the station area were then prescribed. As a second phase of the project, potential infrastructure costs were identified based on anticipated development. Potential infrastructure costs included streetscape, parking, parks, and various street improvements. Estimated revenues were compared with estimated expenses in the station area, and a final recommendation to the City was made based on the City's goals and objectives.

**Downtown Revitalization Market Study and Public Improvement Evaluation**  
**Louisville, Colorado**

In 2006 the City of Louisville adopted the Highway 42 Revitalization Area Comprehensive Plan, also known as the Highway 42 Plan, to direct redevelopment efforts in the 230-acre area located in the vicinity of the historic downtown and the planned Louisville light rail station. The City's vision is to create an urban node of mixed use development at the station area that will enhance the overall character of the community. The City has also established an Urban Renewal Authority (URA) with the potential to generate tax increment financing (TIF). The City retained EPS to conduct a market study for the Highway 42 revitalization area and evaluate the amount of future TIF available to fund public infrastructure improvements in the URA.



EPS conducted a full market study to determine current and future market conditions in the Highway 42 revitalization area, including absorption rates, leasing rates, projected household growth, and comparable area projects. Community stakeholders were engaged for insight into factors that will catalyze development in the Highway 42 study area. Findings from the market study were incorporated into a feasibility model to evaluate the conditions necessary for mixed use development in the revitalization area to become financially feasible. EPS' findings related to the future development potential of the revitalization area were presented to the Louisville Revitalization Commission (LRC). EPS also forecast the potential TIF bond capacity of the URA and helped the City prioritize its use of TIF proceeds for needed public improvements.



## **Boulder Transit Village Implementation and Financing Plan** **Boulder, Colorado**

The passage of FasTracks includes the northwest corridor commuter rail service from Denver to Boulder. In anticipation of this transit infrastructure, the City of Boulder developed a plan for the Transit Village Area (TVA), which encompasses approximately 160 acres of existing light industrial and manufacturing land surrounding the proposed commuter rail station near the intersection of 30th Avenue and Pearl Street. The plan emphasized the redevelopment of existing uses into higher density housing, office, and retail space. The City of Boulder retained EPS to assist with the development of an implementation and financing plan for the area.

EPS evaluated the feasibility of developing a multiple landowner financing plan for construction of shared infrastructure and community amenities. The analysis included an evaluation of several public financing structures weighing the benefits and constraints of each. In addition, the analysis considered the implementation of centralized parking and traffic demand management (TDM) strategies for the area. The parking and TDM analysis focused on financing of both capital and operations and maintenance costs. The results of the analysis were integrated into the TVA implementation plan and will guide the redevelopment process.

## **Denver Union Station Market and Feasibility Analysis and Developer Selection** **Denver, Colorado**

EPS has completed several project assignments on Denver Union Station (DUS) for the City, RTD and DUSPA over the last decade starting with the market analysis and financing strategy components of the DUS Master Plan in 2003. In 2008, we were engaged by the City to assist in the formation of the Denver Union Station Downtown Development Authority. In 2009, EPS conducted a peer market and financial evaluation of the DUS financing plan and TIF forecasts for DUSPA and FTA. In 2011-2012, EPS provided development feasibility and market research support on reuse options for the DUS Historic Building and developer selection and negotiation for the building lease.



- **Value Capture** – EPS helped create a revenue stream for RTD enabling the agency to capture a portion of the value it created in the process of building out the Fastracks network and restoring DUS. Developed the term sheet and structured negotiations with a hotel developer for the historic building. The terms of the partnership provide RTD with revenues over a 60-year period (with

renewals), at which point RTD will control the asset and be in a position to begin a new set of terms to generate additional revenue, benchmarked to the then-current market conditions.

- **Master Plan** – EPS was the economic consultant on the Denver Union Station Alliance team responsible for a market analysis of private retail, office, residential, and hotel uses on the site. The supportable development uses helped formulate development alternatives for the site. EPS was also responsible for identifying funding sources and developing a financing model to compare alternatives and to develop a financing plan and strategy.
- **Financing** – DUSPA was created to finance the DUS multimodal transportation hub and TOD. The Authority will issue revenue bonds backed by tax increment revenues together with a TIFIA loan from FTA and RRIF loan from FRA. As a requirement of the federal loan programs, the Authority hired EPS to conduct an agency review and evaluation of the market study and development and revenue forecasts.
- **Economic Impact Study** – EPS analyzed the comprehensive economic impacts on the Denver Metro area generated by the \$2.1 billion Denver Union Station project, a public-private redevelopment of the historic Denver Union Station into a multi-modal transportation hub. This study was performed in support of the formation of a Downtown Development Authority to provide Tax Increment Financing to the project.
- **Developer Selection and Negotiation** – EPS provided development advisory services on the selection of a private developer to complete the renovation of the historic terminal and to operate the building on a long-term lease. The firm first provided market research and financial feasibility analysis for RTD on the evaluation of reuse options. EPS then assisted in preparing an RFQ/ RFP and the evaluation of developer proposals. RTD selected the Union Station Alliance (USA) to develop and operate the historic terminal building as a boutique hotel and train station under a long term lease. EPS then provided financial analysis and support on the negotiation of the lease agreement.