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June 11, 2024

Town Of Castle Rock
Attn: Dave Corliss, Town Manager
100 Wilcox Street
Castle Rock, CO 80104

Dear Mr. Corliss,

We are pleased to present the enclosed package of information on the proposed redevelopment of the ACME Brick factory site at 401 Prairie Hawk Dr. CD-Acme, LLC, an affiliate of Confluence Companies, LLC, is proposing to develop The Brickyard on the site of the former ACME Brick plant in Castle Rock. While not yet approved for development, this transformative project has the potential to reshape the central portion of the Town of Castle Rock.

The Castle Rock Hotel, a 125 key boutique branded hotel and conference center, would anchor the site, bringing a higher level of hospitality service to the Castle Rock area. The new state-of-the-art Brickyard Sports Center will activate the site for local recreation users and visiting sports teams. With a proposed 75,000 sf of commercial space, including 5 new planned restaurants, the Brickyard will be home to another great Castle Rock dining destination and walkable to the nearly 550 residential units within the community. The development of this site will also be key in connecting downtown Castle Rock through the site and all the way to the Miller Activity Complex (MAC). This connection will allow residents and visitors of the Brickyard to easily walk downtown and vice versa.

The significant public improvements to be constructed as part of The Brickyard will require a significant capital investment. With your help, we can overcome several of the economic and project challenges to bring this proposed development to reality. Some of the challenging factors include the disposition of the former Acme Brick factory, the construction of below-grade and above-grade structured parking, the large onsite and offsite public infrastructure improvements, the reconstruction of public walkways, the delivery of a higher-service boutique hotel with large conference and banquet facilities, and the creation of a public plaza within the site. We're hoping we can work together over the next several months to solve some of these project hurdles.

Should you have any questions as you review this information, please do not hesitate to contact us.

Thank you,

Tony De Simone
Confluence Companies, LLC



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Existing Conditions

The developer currently owns the 31-acre site on the west side of I25, south of the industrial tributary. The address for this property is 401 Prairie Hawk Dr. The current site contains an abandoned brick factory. Since the site has become a public nuisance since its purchase in 2020, we've had to initiate the start of demolition earlier than expected. Below are images of the Factory before demolition began.

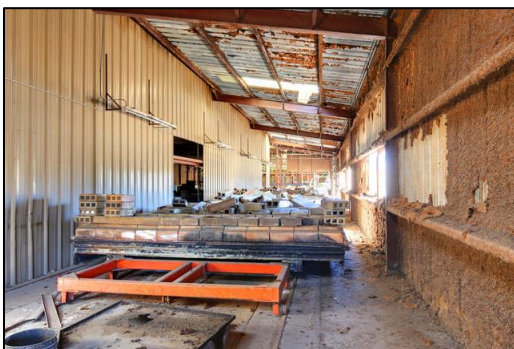
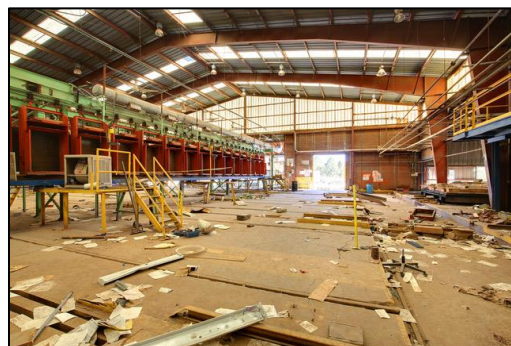




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The site is currently zoned Industrial I-2. We are in the process of a PD rezoning to the proposed mix of uses.



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The Brickyard – Castle Rock

The Brickyard Mixed-Use Development is proposed on the 31-acre site of the former Acme Brick plant. In considering redevelopment of this site, Confluence drew inspiration from an award-winning mixed-use development in San Antonio called the Pearl. There, Hotel Emma surrounded by a variety of uses has created a tourist attraction and a walkable community to live, work, and dine in what used to be a very industrial area. With similar conditions and parallel goals in mind, the Pearl has inspired our planning efforts for the Acme Brick site.

Previously home to the Acme Brick and Denver Brick Company, the Brickyard celebrates timeless design, charming personality, and discovery around every corner. Rich cues to the Brickyard's rugged past balanced with the modern needs of Castle Rock's world-class community tap into unwavering longevity. The architecture hearkens back to the craftsman roots while layering in contemporary textures and touches. Buildings and site structures incorporate regional materials such as brick, stone, pre-cast concrete, and architectural metals to enhance the overall character of the project and highlight the architectural features of individual buildings.

Visitors and residents alike will be drawn to The Brickyard's multifaceted community programming and built-in gathering spaces. The Brickyard is committed to building a diverse community by elevating unique offerings, multiple perspectives, and wide-ranging opportunities.

With a 125 key higher service hotel, 331,000 sf of restaurant and retail, office, event, banquet, and recreational space, and a maximum of 583 multi-family dwelling units, the Brickyard development will be broken into 3 phases. The first phase will consist of over \$33 million of public infrastructure, which includes the construction of the industrial trail connecting downtown Castle Rock to the MAC, the new world-class Brickyard Sports Center, and a mixed-use building with 297 residential units, 14,000 SF of restaurant and retail, and 24,500 SF of office space.



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The second phase will include the “Brickyard Square,” a central lawn surrounded by a mix of uses, including a 125-key hotel with a ground-floor restaurant, Journeyman’s Bar, 6250’ Spa, and an outdoor pool and gathering space. Two mixed-use commercial buildings will also be constructed, with 16,000-square-feet of ground-floor restaurant and retail space, a 300-person conference & banquet space at the Great Hall, 18,000-square-feet of office space in the Sawtooth building, and a parking garage. An 89-unit luxury multi-family building and a 7-unit townhome building are also proposed to be adjacent to the Brickyard Square within the second phase.

The third and final phase will include an additional 150 lower density for-rent multi-family units, 8,000 SF of office space, a dog park and bike pavilion.

Below are current conceptual renderings of the project.





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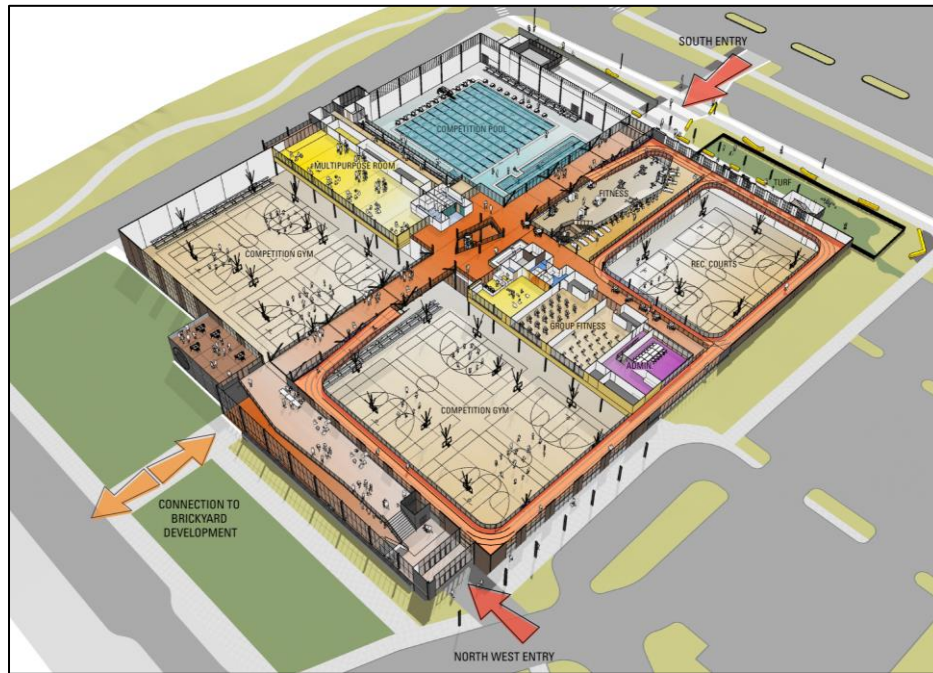
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In 2021, Confluence Companies responded to an RFP by the Town of Castle Rock for a site to construct the Town's new Sports Center. Through this process, Confluence Companies was selected to execute a memorandum of understanding (MOU). In this MOU, Confluence Companies plans to dedicate over 10 acres to the Town and build a world class competitive Sports Center. The Sports Center will consist of 4 indoor basketball and volleyball courts, 12 pickleball courts, a competitive natatorium, a fitness gym with free weights and group fitness, and an indoor track. See indoor and outdoor renderings below.





Challenges & Need for Public Assistance

In order for a project of this magnitude to be successful, the project will need to overcome several economic and re-development challenges.

Some of the specific challenges are as follows:

1. When Confluence Companies purchased the 31-acre site at 401 Prairie Hawk Dr., the previous owner abandoned the brick factory and everything on site. Millions of bricks and cubic yards of clay also remained here. These conditions will require a costly demolition process before any on site earthmoving can take place.
2. The site grading is especially challenging due to set grades on both Prairie Hawk Dr. and the Millers Landing development. This development will need to comply with those



difficult grades and move thousands of yards of earth and construct significant retaining walls to make it suitable for development.

3. The site is currently located at a dead end of Prairie Hawk Dr. Not only is Prairie Hawk Dr. a dead end, it is also in desperate need of improvements. In order to create a better front door into the community and to give the site multiple access points, additional offsite roads and improvements will need to be constructed to make the site viable. Those offsite improvements consist of rebuilding the existing Prairie Hawk Dr. with a box culvert for pedestrian and drainage access, a new road with sidewalk improvements from the site to Wolfensberger Rd., the acquisition of land and the construction of a new road onto the Millers Landing property to connect to Plum Creek Pkwy to the site, a traffic light at the corner of Plum Creek Pkwy and the newly proposed Prairie Hawk Dr, and the construction of an offsite water line to bring water to the site.
4. Also, as part of the project, Confluence is providing a pad-ready site for the Sports Center as part of the infrastructure package. This scope includes the grading, the developer paying to construct the Town's parking lot, storm detention, landscaping, and utilities stubbed to 5' from the structure, and several other offsite improvements to gain access to this site.
5. The variety of uses is the heart and soul of this development. It's also the biggest challenge in today's financial climate. With an increased risk level, higher end boutique hotels are extremely expensive to build and operate. The Town also desires to have a significant conference and banquet facility that is not yet proven in this location. Mixed use buildings with ground-floor commercial spaces and residents above are much more costly to build because of their increased structural design and life safety features.
6. Parking is paramount to making the project successful. If residents and tenants cannot park onsite in dedicated parking spots, they will not live at the property. In order to make the community walkable and to create enough space for a future recreational facility, the parking conditions needed to densify. In some cases, structured parking is needed at an



increased cost to the project. Confluence hired a third-party parking consultant to complete a shared parking analysis to ensure an appropriate amount of parking is provided for the mix of uses. According to that recent study, when the Brickyard is fully built-out, it will require 1,561 parking spaces. Currently, 500 of those spaces are to be constructed as structured parking spaces. Structured parking spaces on average cost \$45,000 per space, which equates a total cost of \$22,500,000 for only one third of the total parking need.

Given the project challenges listed above and the current market conditions, a significant economic gap exists. Below are several key components discussed by Confluence and the Town of Castle Rock staff that are crucial to the project's feasibility.

1. Confluence Companies will complete the infrastructure necessary to service the Castle Rock Sports Center both on and offsite. In exchange for these newly constructed improvements, the Town will waive the transportation, parks and recreation impact fees, and cash in lieu of public land dedication fees.
2. Modified street section on the existing and new Prairie Hawk Drive as shown in the exhibit. This design also included the construction of diagonal parking on the east and west sides of the existing Prairie Hawk Dr. adjacent to The Brickyard site. The developer will also construct an amended intersection design at the intersection of New Prairie Hawk Dr and Plum Creek Parkway to help with access to the Sports Center. Onsite modified street sections are also discussed within the PDP zoning.
3. Additional public infrastructure costs necessary to provide access, parking, and development of the Sports Center and the master plan will be included in the financing of the Sports Center. These infrastructure costs will be repaid with a portion of the public revenue generated from the Brickyard.



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4. TIF and Sales Tax share back. The developer will be rebated 100% of the property sales tax for the full length of the Brickyard URA (25 years). The town will share back 60% of the sales tax generated onsite for 30 years. The Developer has the right to implement a PIF tax onsite to help pay back the infrastructure cost. The Developer has the right to create a BID onsite to help with the infrastructure burden and improve and enhance the commercial district onsite.

We appreciate your consideration and believe with the above listed project incentives, Confluence Companies can transform a blighted industrial site into one of the most dynamic mixed use projects in Colorado. The Brickyard will not only create a walkable place to live and work but also bring tourism and visitors to the community. The new higher service hotel will be a welcome place for visitors to stay while experiencing everything Castle Rock has to offer along with the new conference and banquet facility for the community. The new world class Sports Center will deliver additional needed recreational space for Castle Rock residents and will also set Castle Rock apart as one of the best places to recreate in the Front Range. We're excited about all of the possibilities and look forward to working with the Town of Castle Rock to transform this site.