



Castle Rock Downtown Alliance

A partnership between the Downtown Development Authority and Downtown Merchants Association

Downtown Development Authority Mid-Year Report to Town Council 2021

Background

The Castle Rock Downtown Alliance is a partnership between the Downtown Merchants Association and Downtown Development Authority. This partnership unifies the Downtown organizations under one roof. The two organizations share one office and one staff helping to further the collective vision of a vibrant and prosperous Downtown.

The **Downtown Development Authority (DDA)** is a governmental entity that functions as an extension of the Town guided by a seven-member board that is appointed by Town Council. The DDA is charged with furthering development and place-making in Downtown Castle Rock using Tax Increment Financing (TIF) and is guided by a Plan of Development. The Plan of Development provides guidance from Town Council on the mission of the DDA and encourages the DDA to pursue “development projects” which include projects to beautify Downtown, increase commerce in Downtown and development projects which bring physical construction of buildings to Downtown.

Report

The first half of 2021 began with much of Downtown Castle Rock still under some level of capacity restrictions and an environment of uncertainty for small business owners. With many of the office employers in Downtown having employees working remotely, foot traffic was down especially during the work week. In early spring, as vaccines were more readily available, more people began to work in person, and with a need and desire to open up, restrictions were lifted. This led to more people gathering in Downtown both during the work week and in the evening and weekend hours.

In June, Downtown began to blossom, seeing more foot traffic than perhaps ever before. While many businesses are still feeling the pain of a difficult last year, it is exciting that vibrancy is apparent in Downtown. A key component in this vibrancy is people. It is people on every street corner in the core of Downtown on a Friday night, it is a line in front of the ice cream shop throughout the week, it is a 20-minute wait to eat dinner at a sit-down restaurant on a Thursday. If you want to interact with a lot of happy Castle Rock residents and visitors, come Downtown on a Sunday in the summer, when happy families line the streets as they walk to and from breakfast, or shopping at the Farmers Market. Downtown is full of life in a way not seen even pre-pandemic, and much of this life is due to the fact that Downtown has never had this many people working and living in Downtown. It is also possible that some of the residents that worked from home in Castle Rock during the last year rediscovered Downtown and discovered some of the new restaurants and shops that have recently opened.

This report documents many of the efforts, program and projects that staff has worked on this year in pursuit of creating and maintaining an active and vibrant Downtown.

Resource for Downtown Businesses and all Castle Rock Businesses

In January, information was shared with Downtown Businesses about the third round of the Paycheck Protection Program (PPP) from the US Small Business Administration. Downtown Alliance and EDC Staff

continue to serve as a resource for the entire Castle Rock business community to help answer questions on business assistance for businesses impacted by COVID-19.

In April, the Downtown Alliance held a spring Downtown Stakeholders meeting to provide information on Downtown Alliance programs and projects. In addition, Stephen Collier, with the U.S Small Business Administration, joined the meeting to provide information on the Restaurant Revitalization Fund before it was launched. Hopefully this early information provided Castle Rock businesses an advantage.

Downtown Projects and Programs

The following section of this report provides information on DDA projects and programs.

Rink at the Rock

The DDA completed its ninth successful season of the Rink at the Rock in February with an attendance of 10,436 skaters during the three-month winter skating season. After facing numerous COVID-19 related challenges at the start of the 2020-2021 season, the season was a success. Overall attendance was lighter than any of the prior 5 years, however skating attendance was significantly limited by capacity restrictions. Key decisions that led to success included increasing the admission price \$2 for children and adults and launching an online ticketing system that allowed customers to buy tickets for a 2-hour time period. The ticketing system effectively kept a 35-person limit on the ice per 2-hour period and pushed overflow reservations to less busy times. The result was a more consistently busy ice-skating rink which helped maximize attendance within the capacity limit.

Having a local management company, Douglas County Maintenance & Repair (DCM&R) once again proved to be beneficial including having top management visit the rink frequently and their ability to maintain the facility in addition to manage the retail operation.

The DDA started the Rink at the Rock in partnership with the Town of Castle Rock and the concept was born out of a desire to activate Downtown during the typically slower winter months. The DDA purchased rink equipment including rental skates and a Zamboni, negotiated a land lease for a location to operate the Rink and purchased a Sprung Structure (white canopy) to protect the Rink and its visitors from the elements. After nine successful seasons, the land lease will expire in August of 2021. In anticipation of this expiration, the DDA evaluated a variety of options in order to continue this attraction in Downtown. During the 2020-2021 season, the landlord sold the property to a new owner who desired to redevelop the property and had an interest in operating a rink during the winter. Following direction from the DDA Board, the Rink at the Rock and its equipment, and the Sprung Structure were sold to the new owner of the land. The new project, being called the Perry Street Social District is expected to add new dining, a beer garden and an ice rink in the winter. The Rink at the Rock was started by the DDA and Town, the concept was proven, and the private sector sought to purchase the concept with the goal to “level up” the site and the ice rink. This type of result is the ultimate goal for any DDA project.

Downtown Engagement

The Downtown Alliance often acts as the ‘voice of Downtown’. Staff spends time to meet one on one with Downtown businesses to provide information about what is going on in Downtown and collect feedback in order to represent the Downtown business perspective. Staff also shares information on Downtown programs, such as the flowerbox program, façade improvement grant program, and patio program, as well as information about DDA initiatives such as development projects, and Town initiatives such as upcoming potential ballot measure.

In June, the Downtown Alliance wrote a letter of support to the Colorado Department of Transportation to support the Town's application for grant funding to provide lighting upgrades in Downtown. To gather information for the application, DDA and Town staff met in Downtown in the late evening hours and walked Downtown to conduct a lighting assessment. The results of that assessment were used by the Public Works Department in their grant application.

In July, the Downtown Alliance wrote a letter of support to the US Department of Transportation to support the Town's request for federal funding to be used to build the Crystal Valley Interchange. This critical infrastructure project is expected to improve the Castle Rock economy with new opportunities for primary employment, and in turn is expected to improve the economy in Downtown Castle Rock.

Banners Program

The Castle Rock DDA Light Pole Banner Program uses decorative banners to publicize special events and enhance the streetscape by adding color and vitality to Downtown. In the Spring of 2021, the DDA installed brightly colored Spring/Summer banners. Continuing with the desire to provide uplifting and unified marketing during the COVID-19 pandemic, "CommUNITY" banners are currently hung on Downtown Light Poles as well as the Spring/Summer Banners.

Façade Improvement Program

The DDA actively encourages private sector partners to utilize the Façade Improvement Grant Program. This program encourages Downtown property and businesses owners to renovate facades to improve the overall appearance of Downtown Castle Rock. While Town code does not require that facades in Downtown Castle Rock look a certain way, the DDA façade improvement program encourages attractive facades that fit with historic architecture and bring a quality look to Downtown.

The micro façade grant program provides a reimbursement award of up to \$1,000 for small businesses. The micro-grant program was designed to provide a streamlined process for smaller improvements sought by Downtown merchants. For example, the program may eliminate more complex application requirements such as elevations/renderings, depending on the scope of the desired work.

The DDA Board continues to pursue beautification projects in historic Downtown Castle Rock. In the first half of 2021, staff received two façade grant requests from downtown business and property owners.

- In January, staff received a request to pursue a façade grant for improvements at 15 N. Wilcox Street, however the applicant tabled their application so that they could evaluate options for improvement.
- In April, a façade grant request was introduced to the DDA Board for 300 Wilcox Street, known as the Castle Rock Masonic Lodge #153 AF&AM. This building is one of few, but important examples of historic rhyolite architecture in Downtown Castle Rock. This important building, in an important location, was awarded a State Historic Grant for \$80,000 to aid in restoration of the building including fixing leaking windows. The State Grant requires a local match of 25% and the Castle Rock DDA Façade Grant can serve in part as local matching funds.

Flowerbox Program

For the 2021 summer, the DDA partnered with Tagawa Gardens to place flower boxes throughout Downtown. This change in provider was made after businesses indicated the desire for fuller boxes with a bigger variety of plants. Tagawa Gardens started the plants from seed in March at their greenhouse so

that the boxes would be in full bloom at delivery in May. The DDA also offered watering service for the flower boxes in cooperation with Town staff. A total of 36 businesses ordered boxes, with 20 small boxes, 82 medium and 33 large boxes rented. Watering service was provided to 10 businesses. Tagawa Gardens planted the flower boxes for the 8 Downtown patios off site and coordinated with Town staff to transport them into place in front of businesses where they are used to provide protection around the patios.

The DDA flowerbox program aims to add to the sense of small-town charm and enhance the look and feel of the Downtown streetscape. Efforts such as this have been shown to have an impact on business success and economic activity.

The DDA flowerbox program does not use any Town General Fund tax dollars. The DDA partners with Town staff on the day of delivery for their expertise and equipment to deliver flower boxes to the private sector. In addition, the DDA contracts with the Town to provide watering service and to repair, re-stain and repaint the flowerboxes.

Patio Program

Before the DDA was created, the Town, in partnership with several interested business owners, brought in Walkable Communities Inc. to evaluate Downtown Castle Rock. This organization provided guidance to the group on building a thriving downtown which built on years of research and studies that Walkable Communities Inc. had done. One of the recommendations from this exercise was to invest in the infrastructure of wider sidewalks to encourage pedestrian activity with street-side patios. Using this research, the DDA designed a way to construct temporary street-side patios similar to those utilized by other neighboring communities. The program has had great success and positive feedback from businesses and the community.

In 2020, after the State Stay-at-Home order was lifted, the Safer-at-Home order allowed restaurants to reopen at 50% capacity for dine-in customers and required owners to maintain 6 feet between tables. With a decrease in indoor seating, outdoor dining options became crucial for the success of Downtown restaurants and several patio renters were also approved to use the parking spaces next to their patio for outdoor seating with approval first from the neighboring property owners and then from the Town of Castle Rock. As indoor capacity restrictions were lifted in March of 2021, these extra parking spaces were returned to use for public parking.

In 2021, Alliance and Town staff assisted the following businesses in utilizing the DDA temporary patio program to increase restaurant and retail space in front of their storefronts: the B&B Café, Castle Café, Z'Abbracci Pizza, Pasta & Taphouse, Scileppi's at the Old Stone Church, Angie's Restaurant, Crowfoot Coffee and Castle Rock Bike and Ski. Businesses are able to modify their liquor license with the State of Colorado to serve liquor on the street side structures. The DDA street side patios continue to provide infrastructure in Downtown for a summer pedestrian environment that encourages people to be outside in Downtown and engage with their neighbors and the Downtown community.

Colorado Lending Source Micro-Loan Program

The DDA continues to partner with Colorado Lending Source's existing Main Street Loan Program that provides Colorado entrepreneurs access to affordable financing to start or grow their business. The DDA acts as the initial contact and education point for applicants and will send eligible applications to Colorado Lending Source for further review from the loan committee. Loan amounts range from as low as \$5,000 and up to \$50,000. The DDA has not receive any applications for the micro-loan program in 2021, although it connected businesses to Colorado Lending Source for help during the COVID-19

pandemic for both the KIVA Loan Program and the FirstTier CommUNITY Loan Program, both of which are administered by Colorado Lending Source.

Parking

The Parking Committee meets quarterly to discuss the management, maintenance and operations of downtown parking including community policing, parking sign policies as well as use and allocation of parking spaces. The committee makes strategic decisions to create a positive experience for downtown customers. Policies enacted in the first half of 2021 include:

- *Wild Blue Yonder Brewery pursued a ROW Encroachment agreement to allow a mobile kitchen to be parked on 6th Street during construction.*
- *Consideration of allowing parking on the west side of Wilcox Street bridge pending review of weight limit.*
- *Discussion of changing 2-hour spaces to 3-hour spaces per request from Downtown businesses (tabled discussion until fall).*
- *Consideration of a proposed loading zone on south side of Third Street adjacent to the alley (letter sent to neighboring businesses).*
- *Review of 2-hour parking in the parking spots on the south side of Sixth Street east of Wilcox Street (request for 8-hour space denied)*
- *Discussed parking on Jerry Street near 695 Jerry Street and decided to keep the current 8-hour spaces on the north end of Jerry Street and 2-hour spaces closer to retail.*
- *Discussion of construction parking.*

Development Projects

In partnership with the Town of Castle Rock and the Castle Rock EDC, several development projects have been negotiated with the private sector, with the goal to encourage mixed use projects that follow good planning policies, contribute to vibrancy, and create a stronger economy for Downtown small businesses, as well as Castle Rock as a whole:

Riverwalk North and Riverwalk South – 113 Wilcox Street & 215 Wilcox Street

Construction of the Riverwalk South and North building was completed by the end of 2019. In 2020, Great Divide Brewery and Roadhouse, Tribe, Mod Mountain Boutique, Riverwalk Dental Arts, Glacier Ice Cream and Gelato, Craft Coworking, Renew Salon and Suites, RocketFizz and Hollis + Miller Architects all opened their doors. At the beginning of 2021, 100% of the 229 apartments were leased.

As has been discussed previously, this project fits many aspects of the Plan of Development, including a more well-defined street grid that encourages walkability and parking off of the main street. It also adds much needed population density to support the small businesses in Downtown, and thus creating a vibrant Downtown atmosphere. The project location is specifically called out in the Plan of Development as a priority, providing residential space near the enhanced Festival Park project. The Plan of Development calls for the redevelopment of strip malls encouraging a more walkable window-shopping environment. All of these are reasons why this project is expected to be positive for Downtown.

Comments from Downtown businesses in March of 2021 included anecdote that they have never seen so much foot traffic in Downtown, ever, and a comment from one Downtown restaurant that had it not been for Riverwalk the pandemic would have put them out of business.

Recognizing the amazing transformation of Downtown Castle Rock, which in large part is owed to the Riverwalk project, the project is among the 3 finalists statewide for an Impact Award with the Urban Land Institute of Colorado. The ceremony is on September 23, 2021.

Encore – 8 Wilcox, 14 Wilcox, 20 Wilcox and the Town Hall Parking Lot

In May of 2018, the DDA and Town Council approved a non-binding MOU for the Festival Park Commons Project, now known as the Encore Project. In January of 2020, the Encore Project broke ground and made tremendous progress in the first 12 months. Despite the COVID-19 pandemic, 100% of the residential and commercial condo units are pre-sold even before the project is completed or can even be toured by prospective buyers. First floor tenants have not been announced however 2 restaurants and multiple office users are among the buyers.

Confluence Companies has shared data on the project noting that it has been the penthouse and higher end residential units that sold first, even noting that two professional athletes have purchased residential condos. Confluence also shared that of Encore condo sales, 79% of the buyers are from Douglas County, 28% of those are from the Meadows, 16% from Castle Pines, the rest are from Terrain, Downtown, Larkspur and Elizabeth.

The public parking garage in Encore opened to the public in June of 2021 and the project is expected to be completed in the first half of 2022.

The View at Castle Rock – 610 Jerry Street

The View project was introduced to the DDA Board and Town Council in 2020. The project held 4 neighborhood meetings and in April of 2021 the project was presented to Town Council who approved a redevelopment agreement for the project. The project will build 221 apartments, 14,232SF of office space and 5,000SF of restaurant space. The project will construct 399 public parking spaces in the building. The Town of Castle Rock will own 100 of the 399 spaces, which will be purchased by the DDA Special Fund with the payment of project fees for the developer. There will also be 33 street parking spaces constructed where there are currently 22 spaces. This project represents a significant, strategic investment in parking for current and future parking needs of the community.

As we have learned with the previous projects in Downtown, and as demonstrated by redevelopment projects across the nation over the last 30 years, vibrancy comes from people. People that work in Downtown during the day and live, dine, shop and find entertainment in Downtown during the evening and weekend that make a downtown successful. This project has the ability to strengthen the Downtown economy in a major way and staff is optimistic for the progress of this project.

221 Wilcox Street

In 2015, Niebur Development purchased the property and proposed a mixed-use project at the site. They evaluated potential projects ranging from 3-5 stories, and the need for parking associated with its likely tenants. A redevelopment agreement for a 5-story project was approved by the DDA Board and Town Council which provided assistance for some of the fees and a share back with some of the property and sales tax generated by the project. Ultimately, Niebur Development was unable to make this project work, due to several challenges including the inability to provide parking at a reasonable cost. Niebur Development came back to the DDA Board and proposed an idea to add a floor to the then current building with a plan to utilize the boarded-up drive through for a quick serve / fast food tenant. This concept was not supported by the DDA Board and the project was put on hold. The TIF agreement has since expired.

In 2016, Confluence Companies purchased the 221 Wilcox Street site from Niebur Development to protect their investment at Riverwalk after hearing about the proposed two-story renovation of the existing building with use of a drive through. Confluence Companies introduced a project in February of 2018 to the DDA Board proposing a mixed-use project at the site. A hotel was also considered and evaluated for this location. As Confluence evaluated the potential of the site, opportunity with the Encore project was identified and Confluence, in partnership with the Town and DDA, structured an agreement for the Encore project, which among many positive outcomes, allowed Town Staff to park at 221 Wilcox while Encore was built. Of note, when this partnership was created, the DDA, Town and developer discussed that the end goal for 221 Wilcox Street was not to be a parking lot.

As construction of the garage in the Encore Project is completed and the parking lot is no longer under an agreement for use by Town staff, Confluence Companies would like to pursue investment once again in the site at 221 Wilcox Street. Their goal is to produce another high-quality development in Downtown Castle Rock that seeks to activate this prominent corner. Confluence Companies is proposing a mixed-use development with 38 residential units, 8,000SF of ground level commercial space and 60 parking spaces. This project was introduced to the DDA Board in February 2021 and has submitted preliminary documents to the Town for review. The DDA is working with Development Research Partners to analyze the potential need for assistance on this project.

Perry Street Social District

The Perry Street Social District project is currently proposed at 414 Perry Street. This proposed project will not only accomplish the goal of keeping the Rink at the Rock in Downtown but will add much desired dining options and a beer garden to Downtown Castle Rock.

As mentioned earlier in this document, the DDA has had a goal for several year to keep the Rink at the Rock in Downtown Castle Rock beyond the expiration of the Rink at the Rock's land lease. Working closely with the new owner/developer at 414 Perry Street, an agreement was structured in 2021 to sell the Sprung Structure (white canopy) and rink equipment, at a significantly reduced price as long as a rink is operated in Downtown in each of the next 10 years.

As new buildings with higher density and public parking are proposed and built in Downtown Castle Rock, it is exciting to see smaller scale, adaptive reuse projects also being proposed. A strong synergy exists between the two types of projects. Often smaller scale, adaptive reuse projects contribute to the preservation of character and history with the reuse of buildings, but do not always have the capacity for onsite parking even though a new vibrant use is likely to increase parking demand. With a goal to have successful reuse projects and have the visitor parking experience in Downtown be a positive one, Downtown Castle Rock will need to continue to identify strategic public private partnerships when larger development is proposed.

Summary

As Downtown Castle Rock moved into summer and indoor capacity restrictions were lifted, Downtown began to experience vibrancy on a level that perhaps it has never experienced before. Not only are there more people than ever, living and working in Downtown, this new density has attracted new retail and dining that Downtown Castle Rock hasn't been able to support in recent years.

- One anecdote to illustrate this point, is best explained by the community comments the Alliance has received for years asking why "we didn't have an ice cream shop in Downtown Castle Rock." When an entrepreneur would offer ice cream in Downtown, it wouldn't last and would quickly go away. Another similar question regularly received from the community asked "why

Downtown businesses don't stay open later." Downtown Castle Rock now has two different ice cream shops that stay open late, and a separate candy shop. This type of retail, which is often reliant on foot traffic, has never been successful in Downtown Castle Rock, and now 3 of them are welcoming customers.

- On a similar note, electric bike company, Pedego, also recently opened their doors in Downtown. In conversation with the owner, he commented that his other location is in a tourist destination in Clearwater, FL. While Castle Rock, may not have tourist destination status, it was the vibrancy that is occurring, and expected in the future, that attracted him and his business to Downtown.

These anecdotes are illustrative of the level of energy and pedestrian activity that is being experienced in the summer of 2021. It has been noted in previous reports, the exciting growth in outdoor dining options in Downtown in recent years. Since this last year added several more dining options, it is worth noting that, on a typical summer evening in 2021, there are multiple patios full of people including Z'Abbracci's, Angie's, Scileppi's, Wild Blue Yonder, The Office, Siena, The Backyard, Union Bistro, VistaVino, Iron Mule, Ecclesia and now add in Great Divide Brewery and Roadhouse and Tribe, as well as a line out the door at Sugar Spoon and Glacier for ice cream. Only a few years ago, about one fourth of those options existed.

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