

2018 DDA ANNUAL REPORT

DOWNTOWN DEVELOPMENT



519 WILCOX ST Wild Blue Yonder Brewing

3,400 SF expansion.

This redevelopment of an existing restaurant space brings a new microbrewery with a patio on Wilcox St. and Castle Rock's largest Biergarten in the backyard.
Ancillary Development – Completed in 2018



221 PERRY ST Ecclesia Market

This adaptive reuse of an old church brings a new food marketplace to Castle Rock. It proposes to have locally sourced food, dessert and drink options in hip and creative environment.

Ancillary Development – Completed in 2018



113 & 215 WILCOX ST Riverwalk

210,000 SF. 2 building, 5 & 6 story mixed used project. This catalytic project will add retail, restaurant and office space, and 228 residential units in Downtown.
DDA Project – Under Construction in 2018



300 2ND ST Festival Park Expansion & Enhancement

The Grand Opening of Festival Park was held in June 2018. This amazing community gathering space in Downtown has attracted additional investment in the Downtown Core.
DDA Project – Grand Opening 2018



14 WILCOX ST Festival Park Commons

200,000 SF. 6 story proposed mixed use project with retail, restaurant and 120 for-sale residential condo units, in addition to a 300-space public parking garage.

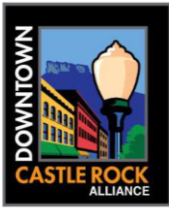
Proposed DDA Project – Property Acquired in 2018



2 PHELPS ST Eternal Rock Evangelical Lutheran Church

This adaptive reuse project upgraded the exterior façade and interior of an old auto repair shop into a church.

Ancillary Development – Completed in 2018



Castle Rock Downtown Alliance

A partnership between the Downtown Development Authority and Downtown Merchants Association

Castle Rock Downtown Alliance Downtown Development Authority Annual Report to Town Council 2018

Background

The Castle Rock Downtown Alliance is a partnership between the Downtown Merchants Association and Downtown Development Authority. This partnership of two organizations unifies the Downtown organizations under one roof, with 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

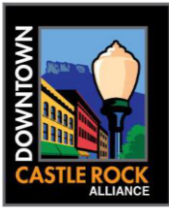
In 2018, Downtown Castle Rock continued to experience exciting development and revitalization efforts, making this another year for construction and improvement. Construction at the newly redesigned Festival Park was completed in February 2018, with a grand opening celebration on June 2, 2018. Building at the Riverwalk development continued, the former Augustine Grill opened as Wild Blue Yonder Brewing and the Festival Park Commons project continued to make progress.

Annual updates on the DDA’s revitalization and beautification efforts as well as information on approved and proposed development projects are included below.

Downtown Projects and Programs

Rink at the Rock

The DDA completed its fifth successful season of the Rink at the Rock with highest attendance to date: 13,157 attendees during the three-month winter skating season. The energy that this program generates in Downtown during the typically slower winter months is a benefit to the small businesses in Downtown. In addition, this program provides a safe place to hangout for kids and teens. This was the fourth season with Rink Management Services Corporation as the DDA’s managing partner, and fourth season with Zelem Construction for the setup and teardown of the Rink. This consistency (staffing, setup and tear down) has been important for an operation which is prone to fluctuations in expenses and sales due to weather and uncontrollable factors. We believe the cost of this operation continues to be worthy because of the activity and vibrancy that it brings to Downtown, the main goal of this revitalization project.



Castle Rock Downtown Alliance

A partnership between the Downtown Development Authority and Downtown Merchants Association

In November, the DDA began its sixth season at the Rink at the Rock. Rink attendance continues to be steady, especially over school break and holiday time. On December 8, 2018, the Rink at the Rock was featured in the 9News, 'Hometown for the Holidays' segment, highlighting exciting activities and events in Castle Rock during the holiday season.

Downtown Engagement

The Alliance staff started a new effort in 2017 to meet one on one with Downtown businesses. In 2018, staff once again contacted the Downtown businesses with the opportunity to meet one on one to discuss the upcoming year. At these meetings, the Alliance staff provides information on what is going on in Downtown, including information to the public on Downtown programs, such as accepting orders for the flowerbox program, façade improvement grant program, patio program, and to provide updates on DDA initiatives such as Festival Park or other development projects.

In addition to these one on one meetings, staff held a Downtown Stakeholders meeting on May 17, 2018 to update the Downtown business and property owners about 2018 event information, DDA programs, development projects and updates, DMA Board election results and how to stay informed via the Alliance Google Calendar and monthly board meetings.

Banners Program

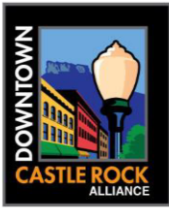
The Castle Rock DDA Street Pole Banner Program uses decorative banners to publicize special events and enhance the streetscape by adding color and vitality to Downtown. Event banners once again lined the Plum Creek Bridge to welcome visitors and draw attention to the summer events. In addition, seasonal and event banners hung along Wilcox from third street to the north entrance of Downtown. When most of the summer events concluded in mid-August, Oktoberfest banners lined Downtown to market the popular fall festival.

Façade Improvement Program

The DDA Board continues to pursue beautification projects in historic Downtown Castle Rock. Staff did not receive any façade grant requests for 2018. However, staff met with three separate property owners interested in the program.

In April of 2017, the DDA introduced a micro façade grant program, making businesses eligible for a reimbursement award of up to \$1,000. 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 did not approve any micro grants in 2018.

The DDA has had success with several façade improvements and actively encourages private sector partners to utilize both programs. The Façade Improvement 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.



Castle Rock Downtown Alliance

A partnership between the Downtown Development Authority and Downtown Merchants Association

Flowerbox Program

The DDA partnered with Douglas County Maintenance and Repair in 2018 to place flower boxes throughout Downtown. More than 30 businesses utilized the boxes, for a total of 31 small boxes and 76 medium boxes rented. The DDA flowerbox program aims to add small-town charm and enhance the look and feel of Downtown streetscapes. Efforts such as this have been shown to have an impact on business success and economic activity. In 2018, Douglas County Maintenance and Repair planted the patio flower boxes on-site. Planting on-site allows the DDA to deliver patios 1 month earlier, at the request of the Downtown businesses. To preserve the life of the flowers, DCMR provided a watering service to businesses that opted in. Seven businesses signed up for the service in 2018. Flower box watering costs approximately \$400 per business for the season. The DDA Board voted to pay half the cost of watering, making the service \$200 per business.

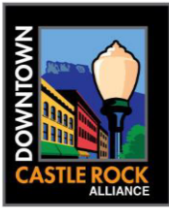
The DDA flowerbox program does not use any Town General Fund tax dollars. The Authority partners with Town staff on the day of delivery for their expertise and equipment in order to deliver flowerboxes to the private sector. In addition, the DDA contracts with the Town to repair, re-stain and repaint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

Patio Program

Before the DDA was created, the Town, in partnership with several interested business owners, brought in Walkable Communities Inc. to measure Downtown Castle Rock's walkability. This organization provided guidance to the group on building a thriving downtown through specific walkability goals. One of the recommendations from this exercise was to invest in wider sidewalks to encourage pedestrian activity, along 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. This is an alternative to much more costly investment and reengineering required to widen sidewalks.

In 2018, the State Liquor Licensing Authority doubled the cost of the liquor license modifications from \$300 to \$600 annually; this fee is in addition to the bar/restaurants annual permanent liquor license fee of \$500. This increase caused a financial burden on the Downtown business owners and caused many to reconsider installing a patio in 2018. In January, the patio renters wrote letters to the Director of Liquor and Tobacco Enforcement at the State of Colorado. While the cost was not reduced in time for this season, staff communicated with organizations across multiple communities where businesses had also expressed their concerns to the State. To help alleviate the cost burden and continue the popular program, the DDA Board voted in March to reduce the DDA patio rental fee from \$500 to \$250 and the Town reduced their encroachment fee from \$100 to \$25. On January 1, 2019, the State reduced the liquor license modification fee back to \$300.

In 2018, the DDA delivered patios to Angie's Restaurant, B&B Café, Castle Rock Bike and Ski, Castle Café and Z'Abbracci's. The DDA street side patios provide the 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.



Castle Rock Downtown Alliance

A partnership between the Downtown Development Authority and Downtown Merchants Association

Colorado Lending Source Micro-Loan Program

In March of 2018, the DDA Board approved staff 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. Funding for this loan program comes from several sources including Colorado Lending Source, banks, foundations, private entities, government agencies and the U.S. Small Business Administration and the U.S. Department of Agriculture. The DDA will act 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.

Development Projects

The DDA has had several significant building accomplishments, which would not be possible without the support of the Town of Castle Rock and the Castle Rock EDC. The projects contribute to a vibrant Downtown atmosphere and a stronger economy for Downtown small businesses:

- Festival Park – 2nd Street between Wilcox and Perry Streets

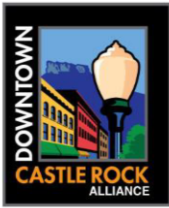
A grand opening celebration was held on June 2, 2018 for The Festival Park Enhancement and Expansion Project. The Splash Pad was running, the trees and grass were green, and kids were playing in Sellars Gulch. Creating an "active" park is directed in the Plan of Development and the vision for this park to add vibrancy is already being seen with the Mercantile Commons and Riverwalk project directly across from the park.

In 2018, Festival Park won two awards: The Colorado Chapter of the American Society of Landscape Architects awarded the park a Merit Award in the category, "Design over \$500,000 Construction Budget". The project also won a Landscape & Urban Development award in the "2018 Best Projects" competition from Engineering News-Record.

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

Construction continues on the Riverwalk Project, with construction on Riverwalk South nearly completed at the end of 2018. The developer has indicated Riverwalk North to be completed near the end of Q1 2019. Glacier Ice Cream has announced that they will be a tenant in the Riverwalk retail space, and the occupant of the restaurant space overlooking Sellars Gulch has not yet been announced. The EDC and Alliance are working with prospects for the office space.

The Riverwalk North and South 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.



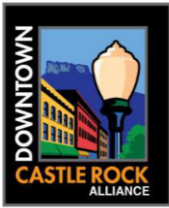
Castle Rock Downtown Alliance

A partnership between the Downtown Development Authority and Downtown Merchants Association

- Festival Park Commons – 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. The project, as outlined in the MOU, proposes to build a mixed-use development with for-sale residential condos, first floor retail, restaurant and office space, each with dedicated parking per use, plus 300 public parking spaces. The project proposes a civic plaza between the project building and Town Hall, and to pay for a Downtown train horn quiet zone (up to \$900,000).

In July of 2018, Confluence Companies partnered with Castle Brae Development to purchase the project and close on the 3 parcels adjacent to the Town Hall parking lot. In November, a ballot question to allow the property ownership to vote on a General Improvement District (GID) for the project was approved. The GID will be used to pay for the public parking garage. Confluence Companies is expected to submit their Site Development Plan in the first part of 2019.

- Wild Blue Yonder Brewing Company – 519 Wilcox Street
Wild Blue Yonder Brewing purchased 519 Wilcox Street and broke ground on their project at the former Augustine Grill site in March of 2018. They demolished the Augustine Grill expansion that was completed in 2007, and had a number of issues, to make room for the new brewery. Wild Blue Yonder Brewing attended the Castle Rock Oktoberfest to promote their opening on October 27, 2018. The brewery has been a great addition to Downtown and extremely successful, serving over 1,400 patrons during their two-day, grand opening weekend.
- 5th Street Apartments – 505 Jerry Street
In October of 2017, the Town Council and DDA Board approved a redevelopment agreement for the 5th Street Apartments project. This project proposed to build a 65 unit for-rent apartment project, with 5 executive suite offices and 78 onsite parking spaces. The redevelopment agreement required the developer to pull a building permit by July 1, 2018, and the developer made a request to extend this date by 6 months, as is allowed by contract. This was approved by the Town Council in June, allowing an extension of 6 months from July 1. This extension was requested to provide the developer more time to acquire necessary financing. The developer, however, did not pull a building permit by December 31, 2018 and this contract is no longer active. The land and the project are currently for sale and staff has had conversations with several interested developers.
- Sushi Restaurant – 115 Third Street
The proposed sushi restaurant in Downtown is under construction and continues to make progress in a key location at the corner of 3rd and Jerry Streets.
- Eternal Rock Evangelical Lutheran Church – 2 Phelps Street
This adaptive reuse project upgraded the exterior façade of the old auto repair shop, Steele Tires. Eternal Rock Evangelical Lutheran Church opened on November 30, 2018.



Castle Rock Downtown Alliance

A partnership between the Downtown Development Authority and Downtown Merchants Association

2018 Town Council Agenda Items

The following agreements and action items between the Castle Rock Downtown Development Authority and Town of Castle Rock are noted below:

Feb. 22 – Downtown Parking Open House

- Public update and feedback on parking changes in Downtown Castle Rock including new parking requirements for residential and commercial projects, policies for loading zone spaces and parking space time-limit adjustments.
- Parking enforcement update with efforts conducted by Castle Rock Police Department's new Community Service Officer.
- Parking changes implemented to add nearly 20 parking spots to Downtown.

April 3 – Executive Session to discuss Festival Park Commons

May 15 – Ordinance amending Castle Rock Municipal Code concerning parking requirements for the Downtown Overlay District (Approved)

June 5 – Downtown parking request for proposals during possible construction of Festival Park Commons Project

July 17 – Appointment to Downtown Development Authority Board

- Approved Board members Dennis Dickey and Mike Trede for reappointment

Oct. 2 – Resolution approving the service contract between the Town of Castle Rock and the Downtown Merchants Association (Approved)

Oct. 16 – Resolution approving the Castle Rock Downtown Development Authority proposed annual budget for 2019

Nov. 16 – Ordinance approving one-million-dollar line of credit with FirstBank on behalf of the DDA

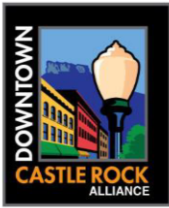
- Approved revolving line of credit promissory note, sales and property tax pledge agreement and account pledge agreement

Dec. 4 – Ordinance levying general property taxes for the year 2018, for 2019 collection (Approved)

Dec. 18 – Resolution approving an Intergovernmental Agreement between the Town of Castle Rock and the Downtown Development Authority (2019 Service Contract)

Summary

In 2018, the year concluded with continuing progress on construction projects and the grand opening of two highly anticipated projects: Festival Park Enhancement and Expansion and Wild Blue Yonder Brewing. In addition, negotiations for the Festival Park Commons Projects brings great anticipation for 2019 and beyond. DDA programs such as flowerboxes, patios, façade grants and the Rink at the Rock continue to increase the active and vibrant atmosphere in Downtown. In 2018, multiple Colorado communities reached out to Castle Rock for information on projects in our Downtown, and it is exciting that word is starting to get out to our Front Range neighbors about our accomplishments.



Castle Rock Downtown Alliance

A partnership between the Downtown Development Authority and Downtown Merchants Association

Contact:

Kevin Tilson

Director, Downtown Alliance

kevin@castlerockcdc.com

303-688-7488