

TOWN MANAGER

# ENCORE PROJECT UPDATE

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TOWN COUNCIL MEETING JULY 16, 2019



# PROPOSED TIMELINE FOR CONSIDERATION

## ENCORE PROJECT



Consideration of items related to Encore:

- Follow up on questions/concerns from proposed project
- Ordinances considered on First reading:
  - Redevelopment Agreement
  - Vacating right-of-way/alley
  - Authorizing Certificate of Participation
- Consideration of leases for temporary Town Hall employee parking

**If approvals in place, construction would start after the ordinances have passed their referendum period in October**



## What is Encore?

Encore is a proposed 181,000-square-foot, mixed-use development on the three lots immediately south of Town Hall. The \$72.3 million project would be completed by the same local developer of the successful Riverwalk project and would feature a similar timeless design. The development plan has not been finalized, but estimated uses by square footage are at right.



## What is Town Council considering, and why?

A strong, vibrant Downtown needs adequate public parking. The proposed Encore project would:

- Generate sufficient revenues to allow the Town to purchase 308 public parking spaces in a new parking garage located with the project, just south of Festival Park and Town Hall
- Provide \$900,000 in funding for the implementation of a Downtown railroad quiet zone
- Install a new civic plaza between Town Hall and Encore, creating another community gathering spot
- Construct a new roundabout at South and Wilcox streets, improving traffic flow in the area

Planned use	Estimated square footage
Residential	151,151
Retail	17,881
Office	11,921
<b>TOTAL</b>	<b>180,953*</b>

Source: Confluence Companies, Inc.

\*These estimates are not final and reflect the most recent plan from the proposed developer.

## What are some additional benefits a fully developed Encore WOULD BRING TO CASTLE ROCK?

- The project would further several core priorities for Downtown redevelopment, including more intensive physical development at an urban scale encompassing employment, retail, restaurants and entertainment
- The development would maximize the potential of land that's currently sitting idle, which would generate tax revenue to help support community services like public safety, transportation and parks maintenance for years to come
- The development would bring 124 for-sale condominiums to Downtown Castle Rock, a product for which the developer believes there is significant market demand
- As part of the project, the developer would construct an enclosed dog park, which would be available for public use

**Turn this sheet over to learn more about the proposed agreement. The full proposed agreement is posted at [CRgov.com/Encore](https://CRgov.com/Encore).** The Town will issue updates at key decision points. Sign up for general Town announcements at [CRgov.com/NotifyMe](https://CRgov.com/NotifyMe).

## More about the proposed Encore REDEVELOPMENT AGREEMENT

► A strong Downtown needs more public parking for the future. Through a public-private partnership, Encore would generate the necessary revenues to pay for future parking without taking funds away from transportation or any other Town needs.

- Total public revenues from the project are projected to equal \$28.7 million. It's estimated that the Town will receive \$23.5 million, or 82%, of the total public revenues. The developer will receive the remaining 18%, or \$5.2 million.
- A third-party analysis concluded that the overall project would not be financially feasible "but for" the Town's participation.

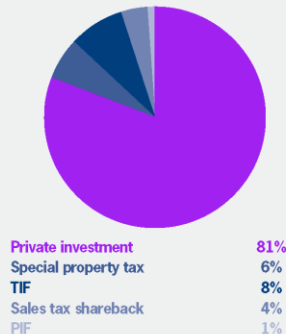
### Public revenues projected to contribute to the project consist of:

- A General Improvement District would impose a **special property tax\*** only on the private development property, which could generate up to \$11.9 million, 100% of which would be used to pay for the Town's portion of the parking garage.
- The development would generate **new property tax (increment, or "TIF")\***, 42% of which would be returned to the developer over the life of the project. This is estimated to generate \$9.3 million in project funds by when sharing ends in 2032.
- The development would generate **new sales tax**, 16% of which would be returned to the developer over the life of the project. This is estimated to generate roughly \$965,000 in project funds by when sharing ends in 2032. The Town, meanwhile, stands to receive up to \$4.9 million in new sales tax generated by the project through 2048, the latest year for which estimates are available. This new revenue would help support critical Town services like police and fire and rescue.
- The development would impose a **public improvement fee (PIF)\*** of 1% on taxable transactions, 16% of which would be returned to the developer over the life of the project. This could generate roughly \$241,000 in project funds by when sharing ends in 2032. The Town, meanwhile, could receive up to \$1.2 million from this revenue source through 2048, the latest year for which estimates are available.

### Estimated project funds

**Private investment** estimated at \$58.3 million would comprise the bulk of the funding necessary to construct the development.

Public investment from the revenue sources listed below would account for the other \$14 million.



The Town hired a third-party expert, Economic & Planning Systems Inc. (EPS), to verify the need for the proposed tax-sharing arrangement. Estimates from EPS are used throughout this fact sheet. Actual figures are likely to vary.

### Other items of note about the proposed project and agreement:

- As part of the partnership, the Town will contribute the land under the existing Town Hall parking lot, valued at \$2.5 million. The Downtown Development Authority will contribute a portion of the development fees for the project, totaling \$2.7 million. The Town would also fund any Downtown railroad quiet zone costs that exceed Encore's \$900,000 as part of the agreement.
- The Town would reimburse the developer \$10.6 million for construction of the public parking garage and civic plaza. The Town would do so using financing that will be repaid using project-generated funds comprised of the special property tax, TIF, sales tax and a public improvement fee, as further explained above. Those sources also would cover the Town's financing costs – general tax dollars are not planned to be used for that purpose.
- For more than a decade, the Plan of Development for Downtown has envisioned projects up to eight stories tall in the area in question. The proposed project would be seven stories tall, measuring 84 feet, 4 inches at its tallest. By comparison, the southern Riverwalk building across Wilcox Street from the proposed development is six stories tall and measures 74 feet at its tallest.