

Appendix A: Market Study

January 2007

DESIGNWORKSHOP

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A. Introduction

Design Workshop has been retained by the Town of Avon to perform a market investigation for the West Town Center redevelopment project in order to provide insight into the following three key questions:

- What is the optimal retail market focus for West Town Center?
- What is the critical mass and mix of new retail space that is required to provide the necessary vitality for the area?
- What is the critical mass and mix of new residential space that will best support the retail component of the project?

The report begins by reviewing the key contextual elements that frame the analysis. Information on existing conditions, demographics and trends, competitive context, comparable analysis all have an impact on the analysis specific to the three questions.

Each subsequent section is oriented towards investigating a specific question. The sections begin by presenting the additional research and analysis required to examine and understand the specific question. Recommendations are drawn from both the overall context analysis and the specific research completed for each question. The report concludes by recommending a series of next steps in the design and development of the West Town Center project.

Design Workshop recommends that West Town Center District's retail and commercial market focus be oriented towards supporting the lifestyle goals and objectives of Avon's residents and visitors. This lifestyle-oriented focus will establish a competitive niche that is currently missing in the market, and will complement the Comprehensive Plan goal of transforming West Town Center into the community's gathering place and social hub. The development program should include 85,000 square feet of street-level retail space plus an additional 40,000 square feet of commercial space on the second and third floors of Main Street buildings. The residential component should include between 500 and 750 units consisting of condominium, hotel and affordable housing units.

B. Avon Context

Avon Demographics

Avon's population consists of year-round residents, seasonal residents and visitors. A previous report prepared by EPS for the Comprehensive Plan established the existing and projected population for the Town of Avon.⁴ The projected population for Avon was assumed to exist at a build out condition based on existing entitlements, which for purposes of this study is assumed to occur in 2015. Average per capita income is calculated by applying income figures obtained from previous studies to arrive at a weighted income average based on population segments. This weighted average is used in this market investigation to examine retail demand.

Additional demographic information for the Avon year-round resident population that is pertinent to this analysis is presented in Table 2.1. This data was generated by examining the area within a 1.5 mile radius of Avon Road and Interstate 70.

Eagle Valley Demographics

A population and income analysis for the Eagle Valley is useful for understanding the larger context in which Avon exists, and provides information regarding the larger market area from which Avon draws retail customers. The Eagle Valley is defined for this study as the 80 square mile area encompassing Vail, Eagle-Vail, Beaver Creek, Edwards and the surrounding unincorporated areas (see Figure 2.2)⁵.

The Vail Resorts Marketing Research Department's 2005 Town of Vail Summer Survey Results report contains demographic information for visitors to the Eagle Valley. The information was obtained by surveying 1,200 summer visitors, and the findings include:

- 47% of visitors were couples with children living at home, a significant increase over previous years. The average number of children was 2.1. The other highest categories of visitors were married empty nesters (21%) and singles with no children (20%).

- The mean income of summer visitors was \$118,563, while winter mean income was \$200,841. This analysis uses the average of the two incomes, \$159,702, to represent the mean visitor income.
- Shopping was listed by 84% of visitors as one of the activities they planned to do while in the Eagle Valley, making it the most popular of the 20+ activities on the survey. Other popular activities include dining (81%), general sight-seeing (74%), special events (67%) and hiking (48%).

Figure 2.2: Eagle Valley Study Area

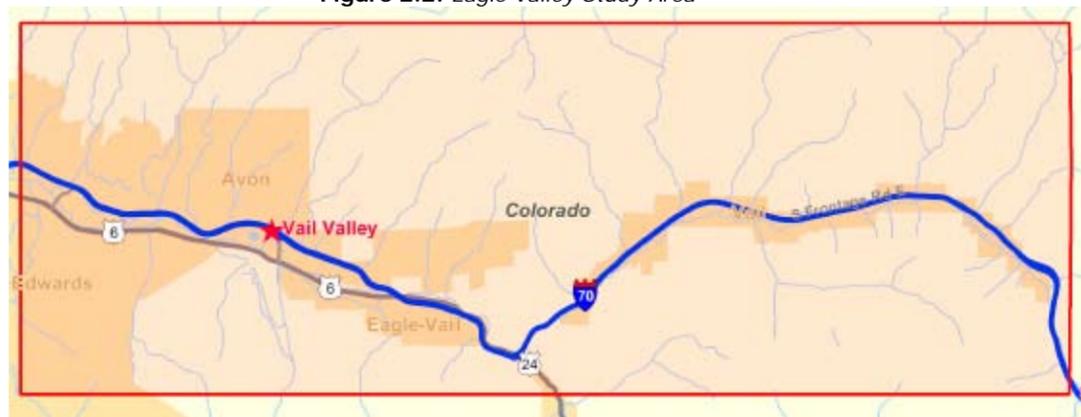


Table 2.1: Avon Year-round Resident Demographics⁶

Households	Households	2,249
	Average household size	2.8
	% of family households	50.8%
	% of family households with related children	27%
Age	% of non-family households	49.2%
	% of population aged 55+ (2000)	7.7%
Race	% of population aged 55+ (2010)	12.2%
	% of population of Hispanic origin (2000)	27.9%
Per Capita Income	% of population of Hispanic origin (2010)	34.8%
	Median per capita income (2005)	\$42,447
	Median per capita income (2010)	\$53,939
Home Value	% change 2005-2010	3.5%
	Median home value (2000)	\$307,031
	Median home value (2010)	\$544,863

Table 2.3: Avon Existing Population⁷

Unit Type	Units	Persons/ Unit	Annual Occupancy	Year-Round Equivalent Population	Average Per Capita Income of Residents ⁸
Year-Round Dwelling Units	2,187	2.8	100%	6,081	\$42,447
Second Homes	365	3.0	23%	252	\$264,680
Condo-hotel Units	365	2.0	45%	328	\$159,702
Hotel Bedrooms	157	1.5	45%	106	\$159,702
TOTAL	3,074			6,767	\$58,242 (weighted avg.)

Table 2.4: Avon Projected Population⁹

Unit Type	Units	Persons/ Unit	Annual Occupancy	Year-Round Equivalent Population
Year-Round Dwelling Units	3,908	2.8	100%	7,802
Second Homes	571	3.0	23%	395
Condotel Units	1,014	2.0	45%	912
Hotel Units	632	1.5	45%	427
TOTAL	6,125			9,536
% Annual Increase (2005-2015)	9.9%			4.1%

Table 2.5: Eagle Valley Existing Population

Unit Type	Units ¹⁰	Persons/ Unit ¹¹	Annual Occupancy	Year-Round Equivalent Population	Average Per Capita Income of Residents ¹²
Year-Round Dwelling Units	7,578	2.8	100%	21,218	\$27,490
Second Homes	5,045	3.0	23%	3,482	\$264,680
Condotel Units	(included with hotel units)	2.0	45%	(included with hotel units)	\$159,702
Hotel Units	2,723	1.5	45%	1,838	\$159,702
TOTAL	15,346			26,538	\$67,769 (weighted avg.)

Significance of Context and Demographics

Analysis of the context and demographic information for Avon and the Eagle Valley reveals the following significant items that pertain to the retail and residential analysis of West Town Center:

Population Growth

Continued population growth is forecasted for both Avon and the Eagle Valley. The Town of Avon will experience significant population growth as evidenced by the residential unit buildout estimates. The Eagle Valley is also continuing to experience extensive growth. The Colorado State Demographer projects that the Eagle County population will increase by 2.5% per year between 2000 and 2015, growing from 43,355 to 61,710 residents¹³.

The population growth will increase the size of the market from which West Town Center District will draw retail customers and result in a net increase in the amount of supportable retail space within the Avon and Eagle Valley market areas.

Second Homes

The increasing number of second home and seasonal residents is changing the nature of retail and residential demand in Avon. With a higher income, this market has more residential purchasing power and higher retail expenditures and different buying behaviors than year-round residents. The NWCCOG 2003 Mountain Resort Homeowner's Survey indicated that second homeowners spend five times as much as single homeowners on home improvement, home maintenance services, clothing and recreational equipment, along with a preference for making these expenditures locally¹⁴.

Visitors

The visitor information reveals a high mean income for both summer and winter visitors and a prioritization towards shopping and dining while on their trip. Retail and dining preferred by this group will include resort retail and local restaurants and small businesses that provide opportunities for new or different experiences that can't be obtained back home.

Hispanic Population

The Hispanic population in the region is increasing, and by 2010 residents of Hispanic origin are projected to comprise one-third of the year-round population in Avon. Consideration of cultural preferences with regard to residential and retail preferences can help to ensure that West Town Center is appealing to this large and growing market. Scheduling of festivals and events such as Cinco de Mayo that reflect the authentic traditions of the population can both attract this market and help to provide a real cultural experience for visitors and residents that is both educational and entertaining.

Housing Prices

The growing population and the increasing demand for second homes are major factors in the escalation of housing prices in Avon. Median home values are projected to increase by 77% between 2000 and 2010. Rising home prices result in affordability concerns for year-round residents. Rising home prices as a result of demand also stimulate interest from developers, which may benefit the redevelopment parcels identified within West Town Center if they include a residential component.

C. Competitive Context

This section investigates the current retail and commercial activity in the larger area that comprises the competitive environment in which West Town Center will operate. Assessment of the existing retail and commercial environment provides information on retail habits and choices already available to area residents and visitors. It also helps to identify potential opportunities for services and activities not currently offered.

Four key mixed-use town center competitive areas were identified, and include:

- Avon East Town Center
- Beaver Creek Village at Beaver Creek
- Riverwalk at Edwards
- Lionshead at Vail

These competitors were selected in part because they draw from the same target market of Eagle Valley residents and visitors and because they share many physical characteristics and retail strategies. However, each caters to a slightly different market niche, which helps to establish their competitive advantage relative to the other areas.

The analysis of West Town Center's competitive context includes an overview of each area with respect to mix of uses and total retail square footage as well as an examination of specific attributes that are relevant to West Town Center. The specific structure of each competitive profile is illustrated in the table below.

Table 3.1: Structure of Competitive Profiles

Key Competitive Attribute	Avon Town Center East	Beaver Creek Village	Riverwalk, Edwards	Lionshead, Vail
Resort Portal	X	X		X
Highway/ Interstate Adjacency and Access	X		X	
Mixed-Use Retail Center		X	X	X
Ambiance/ Character		X		X
Community Gathering Place		X	X	
Multiple Retail Areas Within Town	X			
Commercial and Retail Size (square feet)	340,000 (Town Center East)	120,000	120,000	133,000 (Lionshead)
Primary Retail Focus	Regional retail and resident-oriented	High End oriented to visitors and second homeowners	Middle-Tier, oriented to resident and second homeowners	Mid to High End, oriented to short term visitors

East Town Center: Avon, Colorado¹⁵

Located East of Avon Road, East Town Center has been developed primarily as one and two-story shopping centers oriented toward serving customer needs for both local residents and visitors traveling by automobile. With approximately 340,000 square feet of commercial space, the feel and atmosphere of Avon East Town Center is dominated by its commercial component. In addition to traditional commercial centers, Avon East Town Center is defined by vertically mixed-use buildings connected by automobile access. These buildings house a limited amount of office space as well as a moderate number of residential units. Figure 3.2 depicts the portion of East Town Center directly adjacent to Avon Road.

Further east of Avon's existing East Town Center District is the Village at Avon PUD. The Village at Avon has entitlements to develop 2,400 dwelling units and 650,000 square feet of commercial development on 1,790 acres. Super Wal-Mart and Home Depot are the major anchor tenants of this regional shopping destination.

The key attributes of Avon East Town Center that have bearing on West Town Center District include its location as a resort portal, its highway adjacency, and the focus of retail in multiple areas.

Resort Portal

- Avon's traditional role has been as a gateway to Beaver Creek, serving as a bedroom community for Beaver Creek and Vail employees and as a service provider for the two resorts. East Town Center's retail character fits this role, with an emphasis on providing services and retail options that are not available in the resorts, specifically big box regional retailers like Gart Sports, Office Depot and Pier 1.

- Avon Road is an effective means of channeling Beaver Creek-bound skiers, residents and visitors between Interstate 70 and the resort. Unfortunately, it is so successful that it provides a thoroughfare through Avon, which discourages travelers from making stops in Avon. It also effectively bifurcates the town making cross-town travel by foot or by car difficult.
- Avon East Town Center is able to attract visitors and second homeowners as well as full-time residents.

Highway Adjacency and Access

- Highway adjacency is attractive to big box and regional retailers like Wal-Mart, Home Depot, Gart Sports and Pier 1 Imports because they're able to extend the size of their market area and draw from throughout the region.
- Regional retailers and big box operators typically require visibility from the highway, although in Avon's case neither of the two major big box retailers (Wal-Mart and Home Depot) are visible from I-70.

Multiple Retail Areas within Town

- Avon East Town Center is one of the three major retail centers in Avon. It is physically separated from both West Town Center and the Village at Avon. A car is required to travel between East Town Center and either of the other retail areas.
- Better connections between areas would allow for more combined trips, such that visitors to Wal-Mart could easily also shop in East Town Center. The same applies to East Town Center and West Town Center, particularly if the two retain different retail market focuses.
- The separate highway interchange for the Vil-

lage at Avon increases the separation between the Village at Avon retailers and East (and West) Town Center because it allows customers to bypass the Town entirely when traveling to/from Wal-Mart and Home Depot.

- The multiple retail areas within the town make it difficult for Avon to establish a singular image or presence in the eyes of the full-time residents as well as second homeowners and visitors.

Retail Focus

- The chain retailers and restaurants (both chains and locally-owned) tend to be positioned at the middle tier in order to attract full-time residents but are not of a high enough quality to appeal to the other markets.
- East Town Center has numerous professional service providers located on upper level floors. The service providers are primarily oriented towards real estate development (architects, engineers, brokerage, insurance). Some medical offices also exist in East Town Center. These services generate traffic to the retail areas during the day from both employees and visitors to the offices.
- The retail mixes within East Town Center are missing key elements such as entrainment uses, clothing retailers as well as office spaces.
- A large grocery store acts as the central anchor for East Town Center and is effective at drawing residents, second homeowners and visitors to the retail area.

Figure 3.2: View toward East Town Center District¹⁶



Town Center East Significance to West Town Center

Broad Existing Retail Options

Retail options are broad within the Village at Avon PUD and Avon East Town Center: the area east of Avon Road is home to stores ranging from major big box (Wal Mart, Home Depot) to medium and smaller stores with a transaction-based focus, i.e. customers travel to these areas to obtain a specific good or service.

To compete with the retail mass of Avon East Town Center (340,000 square feet of commercial) and the Village at Avon (650,000 square feet), the West Town Center District will need to provide appeal beyond a transaction based retail environment.

Town Center East Transaction-Based Shopping Advantage

Avon East Town Center and the Village at Avon will retain a competitive advantage in transaction based shopping. At almost one million square feet, these two areas provide a significant inventory of transaction based retail uses in the immediate market area.

While West Town Center has the same advantage of highway proximity as Town Center East that could appeal to regional big box retailers, its physical configuration (both existing and planned) does not lend itself to the space,

access and surface parking needs required by these tenants. Because of the amount of existing space and the physical incompatibility presented by the site, West Town Center is better to position itself as different from these adjacent retail areas than to compete directly with them.

West Town Center Niche Opportunity

Avon East Town Center's retail tenants are physically dispersed. As a result, automobile access is the only way to access the retail environments of Town Center East. The area's vehicular dependency is evident in the dominance of parking lots in the landscape.

West Town Center District can provide shoppers with a more enjoyable experience by providing residents and visitors with pedestrian access to retail and improved linkages to the numerous amenities in the area.

Entertainment and dining options are lacking in Avon East Town Center. West Town Center District can carve out a competitive niche by providing locals and visitors with a wide variety of dining and entertainment options.

It is likely that some of Avon East Town Center's existing tenants will be able to find greater success if they relocate to an ambiance-based district. If they relocate, replacement tenants with an auto and transaction-based focus will be able to replace them so that the success of one area does not affect the success of the others.

Beaver Creek Village: Beaver Creek, Colorado¹⁷

Beaver Creek Mountain Resort is a high-end, year-round resort and second home community. The resort is located three miles south of Avon. It houses approximately 250 permanent, year-round residents with 250 homes, 1,000 condominiums and 750 hotel units. The resort consists of three inner resort ski portals and villages with retail components: Beaver Creek Village, Bachelor Gulch Village, and Arrowhead Village. This analysis focuses on the central retail center of Beaver Creek Village.

Beaver Creek is a master planned community, with Beaver Creek Village as the central retail and commercial area. Beaver Creek Village's retail element includes dining, shopping, services, entertainment, an ice skating rink and a performing arts center. Beaver Creek Village consists of 120,000 square feet of commercial and retail uses with an additional 60,000 square feet of meeting and convention space. The master planned nature of the development means that every element of the resort experience has been integrated into the overall experience - from the world flags that create a sense of arrival to the pedestrian orientation and the extensive activities and events schedule including fireworks and seasonal celebrations (see Figure 3.3). Beaver Creek Village's retail program is focused towards the high-end short-term visitor and second homeowner.

The key attributes of Beaver Creek Village that have bearing on West Town Center District include its location as a resort portal, its ambience and character, and its function as Beaver Creek's community gathering place.

Resort Portal

- Beaver Creek Village is the base area for Beaver Creek ski area, and thus draws retail customers from throughout the Eagle Valley (day skiers) as well as Beaver Creek visitors and residents.
- All of the day skier traffic passes through Avon on Avon Road on their way to and from the ski resort. Beaver Creek's second homeowners and lodging visitors also pass through Avon on their way to and from the airport or I-70.
- As a portal to the ski area, Beaver Creek's retail program includes goods and services desired by skiers and visitors: restaurants, gear, clothing, equipment rentals, sundries (snacks, sunscreen, etc).

Ambiance/ Character

- Beaver Creek has a wide range of amenities and activities that accentuate its year-round appeal and enhance the core activity of skiing. These activities and amenities include ice skating, mountain biking, balloon rides, horseback riding, spas, the performing arts center and fine dining. This wide range of activities changes every season and encourages year-round use of the resort and repeat trips from visitors.
- The character of the retail and the amenities all serve to reinforce Beaver Creek's retail focus on the high end second homeowner and visitor. The high quality of the physical design, the programming of the retail and the amenities and activities are all designed to attract this market.
- The physical layout of Beaver Creek Village emphasizes pedestrian use and discourages automobile use. This contributes greatly to the sense of place within the retail core. Pedestrian-friendly elements include heated sidewalks, escalators to assist with grade changes and free intra-village shuttle service.

Community Gathering Place

- While Beaver Creek Village is designed as the community gathering place for the resort, the mix of uses within the core is focused on retail and restaurants oriented towards the high-end second homeowners and short term visitor markets.
- The lack of a mix of uses within Beaver Creek Village negatively affects its ability to be a community gathering place. For example, there are no professional services or civic functions (library, town hall) that serve to draw people for non-retail purposes, nor are there full-time residential units located within the Village core to activate the space year-round. The lack of retail and commercial uses geared towards anything other than the high end short term visitor market results in a homogenous population of patrons.
- The central plaza is an effectively programmed and designed common space that encourages lingering and social interaction by patrons.
- The events and activities that are central to the Beaver Creek experience do a very good job of enhancing the ambience and memory-making capacity of the area. Fireworks, seasonal events like Oktoberfest, and the ice skating rink all help to reinforce the concept of community gathering and authentic experiences in the eyes of visitors.

Figure 3.3: Village Center at Beaver Creek Mountain Resort, Colorado¹⁸



Retail Focus

- Beaver Creek maintains a mix of retail and commercial uses that are geared towards the high end consumer that typifies its resident and visitor population.
- Retail uses focus on clothing boutiques and resort wear, jewelry stores, fur stores, fine art galleries and upper end outdoor outfitters.
- Services are geared towards outdoor recreation, spa facilities and real estate offices.
- Dining options are on the high end of the spectrum, with few opportunities for casual dining.

Beaver Creek's Significance to West Town Center

Beaver Creek is a significant competitor to West Town Center by virtue of its proximity and physical connections to the West Town Center area via Avon Road as well as from the ski lift connections proposed as part of the Confluence development. Beaver Creek should not be viewed purely as an adversarial competitor, however, as they serve a high-end niche that Avon has not yet pursued.

The major significant features of Beaver Creek relative to West Town Center include place making, lack of community and synergistic opportunities.

Place Making

Beaver Creek Village provides a very successful retail environment in terms of physical design, amenities, activities and events and mix of stores. All are geared towards providing an enjoyable and memorable experience for short term visitors.

Beaver Creek is particularly active in its programming of events and activities for every season and is able to create ambiance among a population of visitors and second homeowners.

The use of outdoor recreational space like the ice skating rink as passive entertainment provides atmospheric benefit that contributes to the sense of place at Beaver Creek Village. West Town Center can utilize similar opportunities with the recreation center (particularly the concept of an outdoor climbing wall), the whitewater park and Nottingham Lake.

Lack of Community

Beaver Creek, with 250 full-time residents, does not provide a critical mass of community. Avon's community center can provide the opportunities for social interaction between full-time residents, second homeowners and visitors that is desired by visitors and second homeowners but that is not possible in Beaver Creek. West Town Center can provide the backdrop for interactions between area residents that have intangible value (i.e. running into a friend at the coffee shop).

The opportunity for socialization and community interaction will entice Beaver Creek residents and visitors to visit the West Town Center Area. This opportunity will be made easier if physical and transportation connections between the areas are enhanced.

Synergistic Opportunities

West Town Center can be positioned to complement, but not directly compete with, Beaver Creek's high end retail and restaurant focus. This can be accomplished by providing amenities, retail products and services that are not on the highest end of the retail spectrum but that are still attractive to Beaver Creek's residents and visitors. Examples include family-oriented restaurants, recreational outfitters and retailers that appeal to the outdoor lifestyle, a movie theatre and other evening entertainment. These uses can be programmed at West Town Center in an additive manner without requiring leakage from Beaver Creek's retail business.

Riverwalk: Edwards, Colorado¹⁹

Riverwalk is a mixed-use development in Edwards, Colorado situated on the banks of the Eagle River. Edwards is located five minutes west of Avon and the development is easily visible and accessible from Interstate 70. The mix of uses at Riverwalk includes shopping, dining, entertainment, and offices as well as residential space and lodging for visitors. The site was approved for 385,000 square feet consisting of commercial and residential uses. Riverwalk has a dual retail focus of second-home owner-oriented retailers and services and local-focused dining and entertainment. Figure 3.4 depicts some of the streetscape and architectural style of the development.

The Edwards community differentiates itself in an area dominated by large nationally renowned resorts by catering to local residents. The population has doubled in just the past two years, and more than 5,000 permanent, year-round residents now reside in Edwards. With the Riverwalk development, the community has also developed an identity as a destination for shopping and entertainment, drawing visitors from Vail and Beaver Creek.

The applicable characteristics of Riverwalk to West Town Center include mixed-use retail center, ambiance and character and community gathering place.

Mixed-Use Retail Center

- Riverwalk consists of 14 buildings as shown in Figure 3.5. Construction on the project began in 1992.
- Mixed-use zoning for the development allows the developer to be very flexible on the type of uses and tenants located within the buildings. Residential and office tenants are mixed within the upper floors, and the selection between the two is at the discretion of the developer.
- Within Riverwalk, there are a wide variety of retailers including shops, restaurants and entertainment, and the 50 tenants occupy 120,000 square feet of ground level retail.
- Office space comprises a significant component of the development at Riverwalk. One of the major reasons that so many businesses have located at Riverwalk is because they are able to avoid a portion of the municipal taxes levied on businesses located in the core of area resorts like Vail and Beaver Creek as well as from the ever-increasing costs of leasing space in these resort cores. A large portion of the businesses located at Riverwalk are directly related to the resort real estate industry, including offices for realtors, property management services, lawyers and resort developers. Many of these businesses have relocated from the Vail area.
- Riverwalk's residential program includes lodging, residences and affordable housing. The Inn & Suites at Riverwalk offers lodging with 59 guest rooms and 16 condominiums. To date, 118 residential units have been built and sold, of which 80,000 square feet is free market housing and 50,000 square feet is employee housing.

Ambiance / Character

- A pedestrian-friendly main street environment is created through building and street layout. Buildings of varying architectural styles and sizes make the experience of walking Riverwalk more interesting, as shown in Figure 3.5.
- At Riverwalk, there are few national franchises (Starbucks) and only a handful of regionally known retailers (i.e. Brush Creek Dry Goods). The vast majority of the tenant mix consists of local or one-shop retailers across a variety of retail categories, with an emphasis on home furnishings and specialty clothing stores.
- The vitality of Riverwalk is strongly rooted in the mix of uses housed within the development. The interaction of residents, visitors, shoppers, recreationalists and employees is encouraged by its pedestrian-friendly design.

Community Gathering Place

- Convenient parking makes it easy for residents and visitors to access the retail center. Riverwalk offers patrons underground parking facilities in conjunction with surface parking lots and on-street parking.
- Key anchors, such as the super-market and movie theatre draw traffic to the site from within Edwards as well as from throughout the region.
- The large office presence also draws traffic to the site during daytime hours.
- Riverwalk provides gathering places including plazas, the river, benches, interesting shops and a variety of restaurants.

Figure 3.4: Streetscape at Riverwalk in Edwards, Colorado²⁰



Figure 3.5: Configuration of buildings at Riverwalk²¹



Riverwalk's Significance to West Town Center District

Located less than five miles from Avon, Riverwalk is a significant competitor to the future development at West Town Center District. Riverwalk also provides an informative example of a successful mixed-use retail center. In addition to its competitive position, examination of Riverwalk also reveals several important points about successfully attracting multiple target market groups and integrating a mix of uses.

Attractive to Residents and Visitors

The retail mix provides entertainment and dining options that appeal to both full and part-time residents: movie theatre, a range of dining options, family-oriented make your own art retailers.

The retail mix has also been carefully selected to appeal to the service needs of second homeowners and seasonal residents: interior decorating, home furnishings, brokerage and property management services and mortgage providers.

Riverwalk's ability to attract visitors from Vail and Beaver Creek is a byproduct of this mix of second-home focused services and retail and resident-oriented entertainment and dining.

Riverwalk's restaurants, for example, offer eating and shopping options for every budget – from budget eating to fine dining. The grocery store on site also adds convenience for residents and short-term visitors staying at the hotel.

Convenience and Access

Riverwalk provides plenty of parking both underground and in front of stores.

In addition to easy access from I-70 and Highway 6, Riverwalk is accessible via multiple forms of transportation including pedestrian, bicycle, and local transit.

Vitality through Mix of Uses

Beyond simply being a destination for shoppers seeking a blend of non-chain stores and restaurants, Riverwalk is also a professional service and recreational hub for the area.

Riverwalk's retail uses are supported through the office component of the program by generating customer traffic from the service-oriented businesses located within the development. Visitors to these businesses as well as the employees themselves become repeat customers. West Town Center can utilize the same approach to add vitality to its retail area.

West Town Center may be able to directly compete with Riverwalk for professional and office tenants because its location closer to Vail and Beaver Creek may prove attractive to office tenants that might otherwise be attracted to Edwards.

Riverwalk's residential program, both the short-term accommodations and the full-time residences, contribute to providing customers for the retail area but is not big enough in and of itself to sustain the retail component. The primary function of the residential component is to enhance the feel of the development by providing day and night activity in the area and by activating the upper levels of the buildings.

Riverwalk is highly amenitized. Its combination of local restaurants, a movie theatre and access to the river and the regional trail network all provide reasons for patrons to visit beyond just shopping.

Lionshead Village: Vail, Colorado²²

Located west of Vail and adjacent to Interstate 70, Lionshead is defined largely by the slopes it fronts and its proximity to Vail Village. The renovation of Lionshead is at the center of Vail's sweeping redevelopment plans. Steps are being taken to transform this secondary village and mountain access portal into a high-end destination in its own right.

Prior to the commencement of construction, the Village's defining elements included a gondola terminal, an accommodation bedbase, employee housing, plazas, parks, and small shops. Retail and commercial services along with food/beverage facilities are concentrated around the base of the ski slopes. There is approximately 133,000 square feet of retail/commercial space within Lionshead. Compared to Vail Village (244,000 square feet of retail/commercial), Lionshead is smaller and has few shopping options. Accommodation has traditionally been an important part of Lionshead's focus. There are approximately 675 condominium units within the Lionshead area and 56 employee housing units. 50%-60% of the condominium units are in short-term rental pools.

The redevelopment plans include a new ski area portal with skier services, 22,000 square feet of retail, 16,000 square feet of office space, an 80-room luxury condominium-hotel, 144 employee housing units, additional residential development, parking and roadway improvements and a series of pedestrian and open space enhancements.

Although Lionshead benefits from a pedestrian-friendly environment of small brick pathways benches and plazas, it has not experienced the same success as Vail Village with respect to retail viability. Lack of visual guides, large imposing buildings, and confusing circulation give it the feel of an urban outdoor mall.

Lionshead's redevelopment plans seek to address these deficiencies. Figure 3.6 is a rendering of post-redevelopment Lionshead.

The key attributes of Lionshead that have bearing on West Town Center District include its location as a resort portal, its highway adjacency, and ambience and character.

Resort Portal

- Lionshead is a secondary access portal to the Vail Mountain and draws visitors and consumers who utilize the nearby parking lots and bus drop off.
- With such close proximity to both Interstate 70 and the frontage roads, Lionshead provides visitors with an opportunity to efficiently connect to Vail Village and the ski area.
- By capturing pedestrian circulation to and from parking lots via pathways and pedestrian links, Lionshead utilizes the attributes of highway proximity as well as ease in getting people to and from the gondola terminal in a manner that exposes them to the retail spaces.

Mixed-Use Center

- The Lionshead redevelopment effort is focusing on enhancing the synergies between the uses at Lionshead – residential, retail, ski area, transportation and parking.
- The winter orientation of the town's economy has had a negative impact on the retail tenants. Lionshead retail tenants find the non-winter season very challenging.
- Existing and proposed employee housing is located in Lionshead and adds year-round vitality and provides a base of employees for the surrounding businesses.

Ambience and Character

- Lack of ambience and character are often pinpointed as one of Lionshead's greatest weaknesses. The Lionshead Redevelopment Master Plan²⁴ outlines several of Lionshead's biggest challenges including dated, unattractive architecture which has no recognizable style or cohesive image and the lack of village focal point and significant public gathering places.
- Lionshead has identified that successful destinations: provide physical and emotional comfort; offer diverse visual and physical stimuli to the visitor; and provide a variety of experiences.
- Stated within the objectives of Lionshead's Redevelopment Plan is to create a dynamic village-to examine a "creation of a place"²⁵. Figure 3.7 identifies the major areas and projects that are being undertaken in order to transform Lionshead into a successful world-class destination.

Figure 3.6: Lionshead Village, Colorado²³



Figure 3.7: A New Lionshead Project: Lionshead at Vail: Colorado²⁶



Lionshead's Significance to West Town Center District

Lionshead is a significant competitor to West Town Center by virtue of its proximity to Avon, its extensive redevelopment plans and its pedestrian, mixed-use focus. As Lionshead undergoes an extensive renovation/reorientation, changes to layout and amenities will only increase its competitive threat to Avon. Lionshead alongside Vail will likely continue to be a central draw in the Eagle Valley. The major significant features of Lionshead relative to West Town Center include:

Redevelopment to Recapture Market Share

The renewal of Lionshead will make it more difficult to draw visitors from Vail:

Lionshead's future plans include a new plaza with dining, shopping, ice-skating, entertainment, various skier services, residences, resort hotel, meeting spaces, spa, and an enhanced parking facility.

Improved layout and streetscapes will provide residents, visitors, and shoppers with a viable alternative to West Town Center District.

The focus of the Lionshead redevelopment remains short-term visitors and day skiers. West Town Center District has the opportunity to orient West Town Center to serve a broader demographic range that also includes second homeowners and residents.

Skiing Orientation

Lionshead is oriented primarily around the mountain and the skiing experience:

Winter activities, specifically skiing, dominate the ambience and focus of Lionshead Village. The village is oriented to the mountain. Lift access, ski in/ski out, and related services are the defining elements of Lionshead Village's retail focus.

Lionshead retail is also oriented around the Vail Mountain visitor. Shops tend to have an upscale orientation.

Even if Lionshead completes every element of its redevelopment plan, it is unlikely that it will manage real community gathering places because of the visitor focus.

Marketing Efforts

Intense marketing efforts have energized the Lionshead redevelopment:

Excitement and momentum is a critical element in attracting the type of quality/innovative tenants that also might be a good fit for West Town Center District.

Vail and Lionshead have spent significant resources creating excitement and momentum around their redevelopment efforts, i.e. Vail's Billion Dollar Renewal campaign. This marketing approach is deployed in part to attract retail tenants, in addition to appealing to day skiers, visitors and potential residential buyers.

In addition to competing for visitors and residents, Lionshead will likely compete with Avon Town Center for some retail tenants. Avon Town Center might benefit from a strong marketing campaign aimed at specifically desired retailers.

D. Comparable Context

Understanding the actions and challenges being faced by similar communities across the country is an excellent source of lessons learned. This comparable analysis profiles three mixed-use projects in order to provide information on how other developments in other areas have integrated retail and mixed-use within their communities. In addition to providing a source for lessons learned, this information can serve to inform the programming of the future space within West Town Center District.

Four comparable mixed-use town centers were identified, and include:

- Main Street, Basalt, Colorado
- Main Street, Frisco, Colorado
- Downtown, Truckee, California

These comparable projects were selected because they share many physical characteristics and provide applicable lessons for West Town Center. The comparable profiles include an overview of the area and an analysis focused on key attributes that are specifically related to West Town Center's retail program. Thus each competitor is analyzed differently. The specific structure of each competitive profile follows the specific areas highlighted in the table below.

Frisco Main Street: Frisco, Colorado²⁷

Established in 1879, Frisco Colorado is a historic mining town located 35 miles east of Avon. The town is adjacent to Interstate 70. Frisco has a year-round population of 2,631 and part time population of 3,884. Housing in Frisco is approximately 55 percent second home or seasonal housing and 38 percent owner occupied.

This analysis focuses on the central Main Street area of Frisco, which encompasses 4,000 linear feet of commercial frontage, although Frisco contains multiple distinct retail and commercial areas including a Wal-Mart and other big box retailers. With approximately 120,000 square feet of commercial space, the Main

Table 4.1: Structure of Comparable Profiles

Key Comparable Attribute	Frisco, CO Main Street	Truckee, CA Main Street	Basalt, CO Main Street
Resort Portal	X	X	X
Highway Adjacency	X	X	X
Mixed-Use Retail Center	X		X
Ambiance/ Character	X	X	X
Community Gathering Place		X	X
Multiple Retail Areas Within Town	X	X	X
Commercial and Retail Size (square feet)	120,000	90,000	50,000
Retail Focus	Middle-tier, oriented to visitors and resident	Middle-tier, oriented to visitors and resident	Middle-tier, oriented to visitors and residents

Street district includes a mixture of uses including shopping, dining, and office space. The Main Street area alone has 26 restaurants and bars as well as many small retail shops and professional offices. Frisco's downtown Main Street targets not only full and part time residents in the Summit County area, but is appealing to the large number of tourists that circulate through every year. Both tourists and locals are drawn to the many gathering places available along Main Street.

The key attributes of Frisco's Main Street that have bearing on West Town Center District include its location as a resort portal, highway adjacency, mixed use retail center, its ambience and character, and its multiple retail areas within town.

Resort Portal

- Frisco is centrally located near several different ski resorts including Arapahoe Basin, Breckenridge, Copper Mountain, and Keystone Resort, and is the primary portal to Breckenridge from Interstate 70. Significant skier and visitor traffic passes through the area, and Frisco has capitalized by providing a retail mix and environment that is attractive to visitors as well as residents.
- An exit from Interstate 70 leads directly to and through Main Street. This provides tremendous exposure to Main Street's retailers. The Main Street district is not, however, visible from the interstate nor is there signage directed towards highway traffic to advertise its presence and to generate additional traffic to the area.
- Frisco's Main Street tenant mix includes services and retail that is oriented towards the day skier and visitor – ski shops, restaurants, banks and service stations.

Mixed-Use Retail Center

- Frisco's Main Street is not a vertically-integrated mixed-use district. Main Street is low-den-

sity and low-rise, with most buildings fronting Main Street containing a single level of retail or commercial space.

- Residential uses are primarily located on secondary streets and vary in form from single-family structures to condominiums and town-homes.
- The Main Street district contains numerous offices and service providers, including real estate services, banks, architects, insurance companies and other small businesses.
- With 26 restaurants, Frisco provides a broad range of dining experiences. The restaurant options include ethnic cuisine, nicer sit-down restaurants, quick casual and franchise fast food, family-friendly pizzerias and restaurants and small owner-operated cafes.

Ambiance and Character

- Frisco's mining origins lend to its historical charm, and the aesthetic context of the area builds on that history. With several historic buildings and one Nationally Registered schoolhouse located along Main Street, the atmosphere of the area is defined in part by historical architecture.
- Without large entertainment options, such as a cinema, gathering places created by the town's commercial tenants are very important for Main Street. The small chocolate store, for example, is a place where local and visiting families can comfortably relax and socialize. The brewpub is another popular destination on Main Street that caters to both locals and visitors by providing opportunities for socialization.

- A connection to Frisco's Ten Mile Pathway at the west edge of Main Street provides a recreational connection to the retail area that ties in with the retail program and outdoor lifestyle focus of Frisco.

Multiple Retail Areas

- One of the main retail nodes in Frisco is the Wal-Mart located along Summit Boulevard.
- Main Street retailers have learned to coexist with their Wal-Mart neighbor. When asked about Wal-Mart, a store associate on Main Street replied, "Because we sell different things, the Wal-Mart does not seem to affect our sales downtown."²⁸
- Main Street area has a unique ambience and charm. Residents patronize Frisco's Main Street to take advantage of the ambience. Those that shop at Wal-Mart do so because they are in search of the lowest prices.

Frisco's Significance to Avon Town Center West

The following items are significant to the analysis of West Town Center:

Close proximity to Interstate 70 along with the ease of getting on and off the Interstate enable Frisco to capture business from travelers passing through, particularly Breckenridge-bound traffic that must pass through Main Street.

With Wal-Mart located just off the Interstate on Summit Boulevard, Frisco is a regional shopping destination. Shoppers visiting Wal-Mart have the opportunity to extend their stay by visiting Main Street, although for ambiance and experience reasons and not for the transaction-focused reasons that they visit Wal-Mart.

Main Street integrates civic functions into its program by incorporating the offices of the Historical Society.

Places like cafes, coffee houses, restaurants, and the breweries on the Main Street are catalysts for gathering.

A healthy mix of businesses and services energizes Frisco's Main Street and helps to maintain a more consistent level of activity throughout the day.

In part as a response to Wal-Mart, Frisco's Main Street developed into a specialty retail environment catering to both residents and visitors. Specialized service providers and retailers serving residents and visitors provide types and levels of service that big box retailers do not provide. Examples include the locksmith, barber shop, ski shops and financial services companies.

Connections to the trail network help to reinforce Frisco's outdoor lifestyle focus.

Downtown Truckee: Truckee, California²⁹

The Town of Truckee is located in California at the crest of Interstate 80 and functions as a gateway to the North Lake Tahoe recreational area. The town has long been a favorite visitor destination and has more recently become a desirable place to live and work and was recently ranked one of the country's top ski towns by Ski Magazine³⁰. Tourism is Truckee's primary economic engine. Truckee has approximately 8,000 residences, of which 30 percent are used as seasonal or second-home residences.

Truckee's downtown main street district provides a well regarded downtown experience that serves as the local and visitor gathering place for this highly livable community. The 90,000 square feet of downtown retail space consists of locally-owned retailers and restaurants, with no chain or franchise presence. The historic downtown has become a hot spot for style-conscious consumers, including many from the Reno/Sparks and Sacramento, who want to dine and shop outside of the chain store mainstream.

Truckee's downtown is comparable to West Town Center District given its location as a resort portal, its mixed-use nature, the multiple retail areas within town, and the importance it places on ambiance and character.

Resort Portal

- Located on a critical interstate, Interstate 80, Truckee is a portal to mountains and outdoor recreation for visitors from Sacramento and Reno. High levels of day skier and longer-term visitor traffic pass through Truckee.
- Eight ski and snowboard resorts are located within a 10-mile radius of the town.

- Other nearby amenities include the Truckee River that runs through town as well as numerous nearby lakes that are popular recreation destinations during the summer.
- Although Truckee is on Interstate 80, its downtown area is disconnected from the Interstate and retail businesses have a hard time drawing through traffic off of the Interstate and into the downtown.
- The seasonality of the economy, due to reliance on visitors and second homeowners, is a significant concern for downtown merchants. Truckee's 2025 General Plan Update estimates that 48 percent of sales revenue is generated during the summer and 39 percent during the winter³².

Ambiance and Character

- Successful elements of Main Street include the interesting mix of retailers, the safe and attractive streetscape environment, and the active downtown merchant's association.
- The retail presence is typified by affordable, non-chain restaurants that cater to locals but also appeal to visitors because of their independent nature (e.g. Wild Cherries owned by

former Olympic skier Kristin Krone or The Squeeze In breakfast restaurant that offers over 50 omelets) and by local-serving small businesses including Cabona's general merchandise (founded in 1918).

- The streetscape environment has been improved through a comprehensive improvement program funded through a downtown assessment district that has resulted in a better connection with the adjacent river, improved sidewalks and lighting and added extensive landscaping.
- The single-sided main street has short blocks, wide sidewalks and angled on-street parking. It is a compact assembly of storefront buildings and is three blocks in length.

Community Gathering Place

- Truckee is considered great place to live for locals. Part of this recognition stems from a downtown that offers residents numerous gathering places. According to Ski Magazine, Truckee is typified by a "happening historical downtown and strong civic pride".³³

Figure 4.2: Downtown Truckee, California³¹



- Truckee’s growing base of second-homeowners is making it increasingly difficult to maintain a vibrant downtown, one of the elements that has traditionally characterized Truckee. The number of residences being used as second-homes is outpacing the growth of the year-round population and is increasing the seasonality of the economy, which in turn is making it more difficult for retail tenants to operate successfully.
- The main street is an actively programmed public gathering place that is used for special events, car shows, street dances and popular community parades. These events appeal to locals and to visitors.
- The retail windows, architectural details, hand-crafted signs, covered walkways, streetscape and the people on the street create visual interest and vitality and lend to the sense of place that distinguishes Truckee from other resort portal towns.

Multiple Retail Areas

- Truckee does not have a big box retail presence, and as a result Truckee experiences a very high level of sales leakage to other communities. Year-round Truckee residents spend \$54 million out of \$100 million outside the community.
- New retail development in Truckee has run into a great deal of opposition from the existing downtown merchants because the other existing and planned retail nodes in Truckee are located far enough outside of the downtown core that they serve as competitors. The well-organized, well-funded vociferous downtown merchant association opposes any new development or redevelopment in the area so as to minimize any competitive threat.
- Truckee is caught between the goal of reducing sales leakage and keeping with the Comprehensive Plan. The Comprehensive Plan indicates

that, “there is sufficient leakage for the town to attract a big box store such as a Target, a car dealer, and additional fast food. Community leaders have no interest in attracting these types of stores.”³⁴

- Retail demand studies have shown demand for car dealers, gas stations, big box retailers and fast food in the downtown main street area but those types of retail have been deemed to not be sympathetic with the overall feel desired for downtown. In addition, these types of retail require highway advertising signage which is not allowed under Truckee’s general plan.

Truckee’s Significance to Avon West Town Center

Truckee’s Main Street district provides a great downtown experience that serves as the local and visitor gathering place for this highly liveable community.

Truckee’s retail focus is oriented primarily towards the resident, but in a manner that appeals to the visitor because of the primary orientation towards unique and locally-owned restaurants and retailers.

Elements that are problematic for Truckee’s Main Street include the disconnect from the highway, the lack of critical mass to attract retail customers from outside the area, decreasing local retail demand as housing units convert to second homes, competition from surrounding retail centers, and the presence of retail demand from retail types deemed not compatible for the area.

The streetscape environment has been improved through a comprehensive improvement program funded through a downtown assessment district that has

resulted in a better connection with the adjacent river, improved sidewalks and lighting and added extensive landscaping.

An active downtown merchant’s association provides advertising and event programming on behalf of the Main Street district. The heavy programming calendar – events, festivals, art shows, concerts, street fairs – give both locals and visitors reasons to visit Main Street repeatedly.

As Truckee’s housing stock converts to second homes, local retail demand, particularly year-round, is falling, making it harder for existing businesses to remain viable and limiting the ability expand the Main Street retail presence.

New retail development in Truckee has run into a great deal of opposition from the existing downtown merchants because the other existing and planned retail nodes in Truckee are located far enough outside of the downtown core that they serve as competitors. The well-organized, well-funded vociferous downtown merchant association opposes any new development or redevelopment in the area so as to minimize any competitive threat.

Basalt Main Street; Basalt, Colorado

Basalt, Colorado is located 20 miles west of Aspen on Highway 82. Long a bedroom community of Aspen, Basalt has more recently become a desirable location for second homeowners priced out of the Aspen market. Basalt has a year-round population of 3,000 residents.

This analysis focuses on the central Main Street area of Basalt, which encompasses 50,000 square feet of commercial space and includes a mixture of uses including shopping, dining, and office space. Basalt's Main Street targets full time town residents and second homeowners and provides many small outdoor gathering places and small businesses and unique retailers. Basalt's historic and small town character is illustrated in Figure 4.3 and is a central visual element to the visitor experience. The connection to the river has also been enhanced by recent developments, further adding to the ambiance of the downtown environment.

Elements of Basalt's Main Street that have bearing on the analysis of West Town Center include resort portal, highway adjacency, mixed-use retail center, ambiance and character, community gathering place and multiple retail areas within town.

Resort Portal

- Traditionally a bedroom community for Aspen workers, Basalt is increasingly becoming a second home destination because of its small town charm, lower cost of housing, access to recreation and access to Aspen.
- Ease of access to and from Aspen has been enhanced as a result of the recent expansion of Highway 82 to four lanes.
- Several resident-oriented housing projects are underway in Basalt. The largest, Willets, features small-lot single family homes and town-

homes that appeal to year round residents as well as second homeowners.

Mixed-Use Retail Center

- Numerous independently-owned businesses populate the retail area and give Basalt's main street a reputation for authenticity, as opposed to the regional retailers and chains that populate Basalt's other retail areas. Independent retailers on main street include restaurants, clothing and shoe stores and art galleries.
- Main Street is anchored on one end by town hall and the library and by a major church on the other end. These civic and cultural uses draw locals to the area for non-retail purposes but the pedestrian friendly environment encourages people to stay and linger.
- New infill developments along Basalt's main street incorporate residential units and office uses into the second and third stories of the buildings. The office uses include professional services (lawyers, real estate services) that generate additional trips to the area, while the residential units have generated new customers for the restaurants and resulted in a nighttime presence that has not previously existed downtown.
- Many small businesses have relocated from Aspen as commercial lease rates there have increased, and as their employees have increasingly chosen to move to this area. Architects, lawyers, medical services and other professionals have made the switch.

Ambience and Character

- The historic storefronts have been maintained, adding to the authentic feel of the small town main street character
- The great restaurants on main street attract patrons from Aspen and have helped contribute to the success of main street.
- Pedestrian-friendly elements including multiple crosswalks and bump outs, street lighting and covered walkways encourage movement from one building to the other along the main street corridor.
- A highly liveable community formerly oriented towards full-time residents, Basalt is becoming increasingly popular as a second-home location, and the character of Basalt's main street retail is changing accordingly, with numerous art galleries, home furnishings stores and real estate offices populating spaces previously oriented towards full-time residents.

Multiple Retail Areas and Community Gathering Place

- Basalt's main street retail area (Midland Avenue) has historically been the center of the community but the nature of the retail is changing to cater to the growing second home market.
- Numerous independently-owned businesses populate the retail area and give Basalt's main street a reputation for authenticity, as opposed to the regional retailers and chains that populate Basalt's other retail areas. Independent retailers on main street include restaurants, clothing and shoe stores and art galleries.
- The community gathering function has been largely transferred to a strip commercial center adjoining a newly annexed part of Town. While

Figure 4.3: Downtown Basalt



some of the strip commercial is located within the Town boundaries, the majority of the space is located outside, which means that sales revenue from Town residents is increasingly being leaked outside of the Town.

- A development plan to expand the downtown retail area was developed by the Town of Basalt but has not yet been implemented. The plan

aimed to address some of the major shortcomings of the existing retail area by providing a physical connection with the highway, by doubling the retail space in order to provide a critical mass that could draw people visiting Aspen and Snowmass, and by adding housing to provide 24 hour activity. The plan has not yet been implemented in part because of a lack of

political will to champion a large-scale redevelopment plan.

Basalt Main Street's Significance to West Town Center

A highly liveable community formerly oriented towards full-time residents, Basalt is becoming increasingly popular as a second-home location, and the character of Basalt's main street retail is changing accordingly, with numerous art galleries, home furnishings stores and real estate offices populating spaces previously oriented towards full-time residents.

Successful components of Basalt's main street include the pedestrian-friendly feel, the integration of civic and cultural uses with the retail, recent mixed-use infill developments, and the emphasis on independently-owned businesses.

Concerns with Basalt's main street include the disconnect from the highway, the recent re-orientation of the retail towards second home-serving businesses and the lack of critical mass to attract retail patrons from outside the area

The community gathering function has been largely transferred to a strip commercial center adjoining a newly annexed part of Town. While some of the strip commercial is located within the Town boundaries, the majority of the space is located outside, which means that sales revenue from Town residents is increasingly being leaked outside of the Town.

Basalt's main street has the smallest amount of retail square footage analyzed in this report, and this area has demonstrated a lack of sufficient critical mass that is sufficient to draw visitors from outside the area.

Civic and cultural uses can function as a main street anchor.

Mixed-use infill can successfully be integrated into existing main street development patterns.

Many small businesses have relocated from Aspen as commercial lease rates there have increased, and as their employees have increasingly chosen to move to this area. Architects, lawyers, medical services and other professionals have made the switch.

Independently-owned businesses give Basalt's main street a reputation for authenticity. Independent retailers on main street include restaurants, clothing and shoe stores and art galleries.

The great restaurants on main street attract patrons from Aspen and have helped contribute to the success of main street.

Redevelopment planning alone does not result in implementation. Political will is required to achieve the desired results.

E. Retail Market Focus

The retail market focus can be defined as the character taken by West Town Center in order to attract its target market. The retail focus is used to inform the range and mix of uses, the types of tenants, the amenities and activities that should be included in the program. The retail market focus for West Town Center is analyzed in this section through the following methods:

- Identification of the target market's retail expectations,
- Survey of existing conditions,
- Examination of Comprehensive Plan goals for the area and the results of stakeholder interviews,
- Evaluation of competitive and comparable retail areas,
- Evaluation of a series of potential market focus alternatives.

Target Market Expectations

The retail preferences of the year-round residents, second homeowners and visitors that comprise the target markets for West Town Center are changing as a result of trends affecting the local and national marketplace. Trends include shopping efficiency and the ability to combine trips, extended hours, multiple options and emphasis on experience.

Efficiency

The ability to combine trips is an increasingly important priority in order to address the lack of time available for shopping. Retail areas should have a program mix

that allows the target market to address multiple needs during one visit and the street circulation and parking networks should allow quick ingress and egress.

Extended Hours

Shopping times are extending. Longer working hours, alternate schedules and other lifestyle changes are extending the demand for hours of operation into the evening hours. Retail shopping and browsing comprises a component of the evening entertainment experience, so mixed-use areas with evening retail operation becomes more attractive evening destinations for patrons. Food is an important driver of retail, so stores benefit from being open in the evening if restaurants are also included in the mix and open for dinner business.

Experience

An increasingly important element in the expectations of the target markets for West Town Center is a desire for experiential retail opportunities. Experiential retail provides the customer with a surprise or a memory as part of the retail environment in addition to or as opposed to addressing a specific retail good need. People are increasingly looking to retail centers to provide more than just goods and services. A trend in retail programming recognizes this emphasis on retail environments for their social and entertainment appeal, and a new concept based on lifestyles is emerging as a viable alternative to the traditional mall or downtown shopping district. As stated in Urban Land, "some of the most successful lifestyle developments are those that provide for social interaction and that connect with consumers' wants and needs, going beyond the simple act of the transaction...ultimately, when consumers shop nowadays, they seek an escape – an experience that is as much recreational as it is functional"³⁵.

A lifestyle orientation includes a mix of uses that allow people to live, work, shop, socialize and play and correspondingly encompass a mix of uses that include retail, restaurant, services, residential and open space.

Options

Multiple options in a retail area, be it restaurants, retail stores, or services, attract a wider range of tastes, encourage repeat visits and encourage impulsive decision making, all of which are essential components of an experiential retail experience.

Flexibility in the retail space and program should be built in to the development vision and design in order to allow for changing tastes, technologies and product types will support the provision of new and different options in the mix.

Existing Conditions

A survey of existing conditions at West Town Center reveals the following:

- West Town Center's existing retail mix has no discernable identity or focus. Existing ground floor retail tenants include hair salons, a few restaurants, a cellular phone retailer and several real estate related offices.
- Characterized by high vacancy rates and frequent turnover, the West Town Center District has never reestablished itself as a viable retail destination that is attractive to visitors. The retail instead serves the local population and area employees.
- There is approximately 50,000 sq. ft. of existing ground level retail space in West Town Center.³⁶
- While most of the buildings in West Town Center are mixed-use in nature, the lack of connections throughout the area result in a series of stand alone mixed-use buildings instead of a mixed-use district. The result is that each retail tenant operates as a stand-alone destination and does not benefit from any kind of agglomeration and further erodes any potential to provide a

critical mass of uses that would attract customers from outside the immediate area.

- The number of vacant storefronts, empty parcels and non-retail ground floor space contributes to West Town Center's failure to successfully sustain itself as a viable retail center.
- There is a very good array of civic and recreational amenities in the area. The recreation center, Nottingham Park and lake, the library, Town Hall, the regional trail system and the nearby kayak park all serve to draw people to the area already. But none of the retail present in West Town Center currently appears to capitalize on the adjacency of these civic and recreational amenities.

Comprehensive Plan and Stakeholder Goals

As described in the Comprehensive Plan, West Town Center is intended to be the heart of the community, and a place for interaction between full-time residents, second homeowners and visitors. It is envisioned as hosting events, recreational activities, intellectual and civic gatherings. It will be a central focus of the bedbase in Avon, hosting both residential units and short term accommodations. Retail and entertainment options will help activate the area.

Stakeholder interviews were conducted as part of the Comprehensive Plan process. Some of the stakeholder comments made with regard to the retail focus and mix that they would like to see include³⁷:

- "Avon's retail inventory is stale. Avon needs to update its retail inventory with more authentic/unique shops that would contribute to creating a unique sense of place."

- "Avon needs to be a destination rather than a thoroughfare to Beaver Creek."
- "The core commercial area is nothing more than a collection of strip centers."
- "Avon has a distinct advantage over Edwards in its ability to put on large-scale special events and programs similar to Vail's Hot Summer Nights."
- "Avon needs to program its public spaces within the commercial core for activities and entertainment that attracts visitors and brings vitality to the Town."
- "While the area north of I-70 in the Village at Avon is projected to provide development geared towards visitors/second homeowners, the development on the valley floor should be more for full-time residents."
- "Avon needs to build generational bonds to Avon by creating a great scene for young adults/college kids which will in turn start personal traditions with these young people to not only come to the valley to ski, but to stay and play in Avon."
- "Providing after-hours amenities for families such as restaurants that aren't oriented towards the 'bar scene.'"
- "Avon and the rest of the valley lack affordable, quality, non-franchise clothing stores."
- "Avon should identify and then entice some of the successful local entrepreneurs with stores and restaurants in Vail and Beaver Creek to open new businesses in Avon."
- "What Avon needs are locally authentic restaurants that contribute to the experience of visiting a unique place. What are not needed are more franchise/chain restaurants."

Competitive Retail Areas

Table 5.1 (next page) summarizes the major competitive areas analyzed in this report.

The mixed-use retail districts in Riverwalk and Beaver Creek both contain sufficient critical mass by virtue of their ongoing success and ability to draw visitors. Each contains 120,000 square feet of street-level retail and commercial area. Lionshead is redeveloping to try and revitalize the area and is adding 25,000 square feet of retail to its existing inventory of 133,000 square feet, which will bring its retail base to 158,000 square feet.

Beaver Creek, Lionshead and Avon East Town Center all have a lack of entertainment options in their retail mix, leaving a strong opportunity for West Town Center. This is particularly important in attracting evening business since outdoor recreation predominates the activity and entertainment preferences of residents and visitors. The dining options in Beaver Creek and Lionshead are oriented towards the visitor market and are not desirable to the resident market in Avon and the Eagle Valley.

Potential Focus Alternatives

There are numerous retail market focus strategies that can be employed at West Town Center. Table 5.2 provides a comparative analysis of retail focus options.

Table 5.1: Assessment of Competitive Retail Areas

	Retail Market Focus	Size	Major Elements	Missing Elements
Avon Town Center East	Regional retail	340,000 sq. ft. (Town Center East) 650,000 sq. ft. (Village at Avon)	Big box retailers – Pier 1, Gart Sports, Office Depot. Franchise and casual dining. City Market. Wal-Mart and Home Depot at Village at Avon.	Entertainment, retail, dining that is attractive to higher end visitors and second homeowners. Opportunities for social interaction
Beaver Creek Village	High end resort retail	120,000 sq ft	Ski gear and apparel, resort wear, home furnishings and art, high end restaurants	Retail and dining that is attractive to year-round residents
Lionshead, Vail	Resort retail	133,000 sq. ft. (Lionshead) 244,000 sq. ft. (Vail Village)	Ski gear and apparel, resort wear, home furnishings and art, visitor oriented restaurants	Retail and dining that is attractive to year-round residents
Riverwalk, Edwards	Second home services, locally-operated restaurants, entertainment	120,000 sq. ft.	Sit down restaurants, movie theatre, real estate and remodeling services	Civic uses, anchor tenants or franchise operators, visitor oriented resort retail,

Significance of Retail Focus Analysis

West Town Center currently has no discernable retail focus or identity, which is caused in part by the fragmentation of the existing retail spaces and lack of connections. The retail that exists is primarily oriented to residents and employees. The numerous civic and recreational amenities provide a significant opportunity to establish an identity for the area but will require improved connections and cohesion in order to create a sense of place.

Comprehensive Plan and stakeholder comments indicate a desire for a community-friendly place that is attractive to locals and that can host events and activities. A lack of family-friendly restaurants and entertainment options in Avon is cited by stakeholders, as is retail (clothing in particular) that is accessible and affordable by local residents.

Target market expectations are increasingly oriented towards retail environments that support broader lifestyle objectives (interaction, recreation, learning) and provide the opportunities for new experiences. The provision of many options for restaurant, retail and entertainment is one means of meeting these expectations. Orienting the retail towards lifestyle and recreational lifestyles that are important in the local context will help to provide a desirable retail destination. In Avon, outdoor recreation and activity is a central lifestyle priority shared by residents and visitors alike.

Review of competitive areas in the Eagle Valley reveals that retail, dining and entertainment options that are accessible to local residents is a missing element in most other competitive areas.

The pros and cons of potential retail focus alternatives indicate that no singular retail focus can be implemented without either facing competition from multiple other retail areas in the market or without ignoring one or more potential target markets.

The retail market focus that can best complement the intended niche for West Town Center may be one that integrates different components of the product or market-based retail focus alternatives discussed in Table 5.2 into a realigned focus towards lifestyle. This approach could serve to attract year-round residents, second homeowners and short-term visitors both from within Avon and from surrounding areas. A lifestyle-oriented retail focus will complement, and not compete, with Town Center East’s regional retail focus.

Table 5.2: Potential Focus Alternatives

Potential Market Focus	Retailers	Other Complementary Uses	Pros	Cons
Home Furnishing and Art Galleries	Home furnishings, art galleries, imported furniture, (oriental, Scandinavian, etc), antique stores	Interior decorators, custom furniture makers, frame and print shops, rug/ carpet sales, coffeeshops and cafes	Attractive to the growing second home market	Not affordable by full-time resident population; doesn't complement civic and community amenities or provide social interaction; direct competition with Beaver Creek, Lionshead and Edwards
Outdoor Recreational Lifestyle	Skiing and snowboarding equipment and clothing retailers, bike stores, watersports, fishing outfitters, outdoor lifestyle clothing and shoe stores, higher end outdoor chain retailers (REI, EMS), brand stores (Patagonia, North Face, Quicksilver)	Health club, gym, activity outfitters and guide services, restaurants with healthy options,	Fits with the lifestyle activities and discretionary income preferences of many full time residents and visitors; locational advantage from adjacent recreational facilities and kayak park	Competition with all other competitive areas (especially for skiing and snowboarding retailers); not enough variety in the focus to program an entire district; not conducive to night use
Neighborhood Retail	Small grocery store, convenience store, drugstore, restaurants and cafes, coffeeshop, dry cleaner, gourmet stores	Real estate, insurance or doctors offices, repair services, health club, ethnic orientation, small nightclubs	Focus on year-round residents provides needed services and goods, encourages non-auto retail trips, can provide authenticity and identity to a neighborhood and can potentially draw visitors from outside the area (32nd and Lowell in Denver), social interaction	Amount of supportable retail space is small given the focus on immediate area population, doesn't capitalize on visitor market
Resort Retail	Men's and women's specialty clothing boutiques, resort wear, cosmetics, shoes, children's clothing boutiques, high end chain retailers (Gucci, Polo, Banana Republic, American Eagle)	Day spa, health club, coffeeshop, cafés and lunch restaurants, jewelry, furs, cosmetics, bath products, home furnishings and art galleries	Attractive to high end visitors and second homeowners, high retail sales averages	Neither desirable nor affordable by full-time resident population; doesn't complement civic and community amenities; direct competition with Beaver Creek, Lionshead and Confluence; often operate seasonally
Regional Retail	Big box retailers – Lowe's, Target, TJ Maxx, Circuit City, etc. Can operate independently or an agglomeration can constitute a regional retail center.	Franchise fast food and quick casual restaurants, specialty retailers (cd stores, sporting goods, home products)	High sales volume, benefit from adjacency to interstate, draw people from throughout area	Competition with Town Center East, requires extensive space for surface parking, signage requirements, tenants typically don't locate in mixed-use developments
Entertainment	Restaurants, bars, taverns, nightclubs, music venues, movie theatre, brewpub, live theatre or cabaret, bowling, dancehall, arcade	Impulse retail (gifts, novelties), clothing, music stores, street vendors, treats and snacks (chocolate, ice cream, street vendors)	Attractive to both year-round residents and visitors. Exciting environment. Food and beverage generate high sales tax revenues. Good fit in pedestrian environments.	Evening entertainment and dining can create conflicts with residential uses above in mixed-use (food smells, noise, parking). Tenants require year-round traffic.
Family	Family-oriented restaurants, children's clothing, toy stores, craft and hobby stores, do it yourself arts and crafts centers, ESPN Zone (family arcade and restaurant)	Treats and snacks (chocolate, ice cream, street vendors), daycare, teen entertainment and retail, events and festivals	Social interaction opportunities. Attractive to families across demographic categories. Takes advantage of civic and recreational uses – recreation center, open space and parks.	Lack of appeal (or conflict) with younger, single and empty nest component of resident and visitor markets. Emphasis on daytime versus evening use.

F. Retail Critical Mass and Mix Analysis

The retail analysis section seeks to determine the optimal critical mass and mix of uses for West Town Center District. Elements of the analysis include:

- Retail demand analysis. Evaluates supportable retail demand based on population, income, spending patterns and capture rates.
- Review of comparable and competitive projects with respect to mix and tenants,
- Identification of suitable and non-suitable street-level uses,
- Critical mass recommendations from previous West Town Center reports,
- Evaluation of the physical form and capacity of West Town Center's main street corridor.

Retail Demand Analysis

A demand analysis is a useful means of determining the potential for overall supportable levels of retail for a retail center. Below is a description of the methodology used as well as the associated results. Findings and results from the retail demand analysis are utilized in turn to examine the size, mix and program that can be successfully supported at West Town Center.

Methodology

Full-time residents, second homeowners and visitors to an area are the primary drivers that form the basis of analysis with which to develop demand projections for retail development. For the analysis of retail development at West Town Center, two retail trade areas have been identified – the Town of Avon and the Eagle Valley. For each of these trade areas, population, visitation and growth forecasts for a ten-year period have been determined (see Demographics section). By applying a median per capita income to these forecasts, a total personal income (TPI) for each of the two trade areas can be established.

Consumer spending characteristics vary across four primary retail shopping categories including Convenience Goods, Shoppers Goods, Eating and Drinking Establishments, and Building Materials. Each of the four primary retail categories includes several subcategories of specific types of retail. Standard spending patterns based on a percentage of TPI are applied to the retail categories to determine the total potential retail revenue for each trade area.

Capture rates are assigned to each retail category to represent West Town Center's ability to attract specific types of retail purchases based on the overall market. Generally conservative capture rates of between 1% and 10% are assigned to each subcategory based on the competitive environment in the area. Retail categories that already have a significant presence in the Avon market, including building materials and grocery stores, are assigned a lower capture rate. Categories with less representation in Avon are assigned a higher capture rate, including food and beverage (although less for fast food given the existing presence in the area). Higher capture rates are assigned to Avon residents given their tendency to shop in the immediate area, and lower capture rates are assigned to Eagle Valley residents since they have more options available to them.

The total revenue is then translated to a square footage of supportable retail space by applying a capture rate for each retail type and an average sales-per-square-foot factor for each shopping category. The average sales-per-square-foot information was developed using current Town of Avon retail sales information generated by Town of Avon staff.

The demand analysis includes an assessment of the existing retail demand using 2005 numbers, and projects future demand using population and income estimates for 2015.

Three scenarios are modeled using this methodology. A baseline scenario assumes conservative initial capture rates and projects that these rates will remain the same in the future. In other words, the baseline scenario models West Town Center's 'fair share' of retail business and assumes that it is no more or less competitive than other existing retail areas. The second scenario assumes that as West Town Center develops over time it will become a popular attraction within the competitive retail environment and as a result West Town Center will demonstrate higher capture rates in 2015 than exist initially. The model assumes that capture rates will grow by 25%. The third scenario is the most optimistic and assumes that West Town Center will be able to attract a greater number of retail patrons initially as well as in the future because of its high level of amenity and enjoyable environment as well as its attractive retail mix. Capture rates are adjusted by 25% from the baseline scenario in both 2005 and 2015.

The demand analysis tables are presented in Tables 6.1, 6.2 and 6.3.

Table 6.1: Retail Demand Analysis Table – Baseline Scenario — same capture rates in 2005 and 2015.

	2005				2015				
		City of Avon trade area		Vail Valley trade area	Growth Rate	City of Avon trade area	Growth Rate	Vail Valley trade area	
Trade Area Population*		6,767		26,538		9,536		33,971	
Population Growth Rate					4.10%		2.50%		
Median per capita Income (weighted average)**		\$ 58,242		\$ 67,769		\$ 82,156		\$ 95,595	
Income Growth Rate					3.50%		3.50%		
TPI generated by Area		\$ 394,123,614		\$ 1,798,453,722		\$ 783,440,503		\$ 3,247,442,117	
Percent of Total Personal Income	Capture rate		Capture rate		Capture rate		Capture rate		
Convenience Goods									
Supermarket	7.1%	1.9%	\$ 524,677	0.6%	\$ 798,064	2.3%	\$ 1,303,694	0.8%	\$ 1,801,316
Convenience	2.5%	3.1%	\$ 307,909	1.3%	\$ 562,017	3.9%	\$ 765,079	1.6%	\$ 1,268,532
Beverage Stores (coffee and liquor)	0.8%	6.3%	\$ 197,062	1.3%	\$ 179,845	7.8%	\$ 489,650	1.6%	\$ 405,930
Health and Personal Care	1.3%	9.4%	\$ 480,338	3.1%	\$ 730,622	11.7%	\$ 1,193,523	3.9%	\$ 1,649,092
Total Convenience Goods	11.7%		\$ 1,509,986		\$ 2,270,548		\$ 3,751,946		\$ 5,124,870
Square Footage		6,711		10,091		16,675		22,777	
\$/SF	\$ 225.00								
Shoppers Goods									
General Merchandise (Dept Stores, Other)	6.0%	3.1%	\$ 738,982	1.3%	\$ 1,348,840	3.9%	\$ 1,836,189	1.6%	\$ 3,044,477
Clothing and Accessories	5.0%	6.3%	\$ 1,231,636	2.5%	\$ 2,248,067	7.8%	\$ 3,060,314	3.1%	\$ 5,074,128
Furniture and Furnishings	1.6%	3.1%	\$ 197,062	3.1%	\$ 899,227	3.9%	\$ 489,650	3.9%	\$ 2,029,651
Electronics and Appliance	1.5%	3.1%	\$ 184,745	1.3%	\$ 337,210	3.9%	\$ 459,047	1.6%	\$ 761,119
Miscellaneous Retail (gifts, flowers, etc)	3.4%	9.4%	\$ 1,256,269	3.1%	\$ 1,910,857	11.7%	\$ 3,121,521	3.9%	\$ 4,313,009
Total Shoppers Goods	11.5%		\$ 3,608,694		\$ 6,744,201		\$ 8,966,721		\$ 15,222,385
Square Footage		14,435		26,977		35,867		60,890	
\$/SF	\$ 250.00								
Eating and Drinking									
Restaurants	2.9%	12.5%	\$ 1,428,698	2.5%	\$ 1,303,879	15.6%	\$ 3,549,965	3.1%	\$ 2,942,994
Fast Food/ convenience food	2.0%	9.4%	\$ 738,982	2.5%	\$ 899,227	11.7%	\$ 1,836,189	3.1%	\$ 2,029,651
Bars	0.3%	12.5%	\$ 147,796	2.5%	\$ 134,884	15.6%	\$ 367,238	3.1%	\$ 304,448
Total Eating and Drinking	5.2%		\$ 2,315,476		\$ 2,337,990		\$ 5,753,391		\$ 5,277,093
Square Footage		9,262		9,352		23,014		21,108	
\$/SF	\$ 250.00								
Building Material and Garden									
Home Centers	1.2%	1.9%	\$ 88,678	1.3%	\$ 269,768	2.3%	\$ 220,343	1.6%	\$ 608,895
Paint and Wallpaper	0.2%	1.9%	\$ 14,780	1.3%	\$ 44,961	2.3%	\$ 36,724	1.6%	\$ 101,483
Hardware	0.3%	1.9%	\$ 22,169	1.3%	\$ 67,442	2.3%	\$ 55,086	1.6%	\$ 152,224
Other	3.9%	1.9%	\$ 288,203	0.6%	\$ 438,373	2.3%	\$ 716,114	0.8%	\$ 989,455
Total Building Material and Garden	5.6%		\$ 413,830		\$ 820,545		\$ 1,028,266		\$ 1,852,057
Square Footage		1,655		3,282		4,113		7,408	
\$/SF	\$ 250.00								
Total Retail Sq ft by area (not cumulative)		32,063		49,702		79,669		112,183	
Grand Total Cumulative				81,765				191,852	

notes:

* see Avon Demographics section for population methodology

Table 6.2: Retail Demand Analysis – Increased Capture Rates 2015

	2005				2015				
			City of Avon trade area	Vail Valley trade area	Growth Rate	City of Avon trade area	Growth Rate	Vail Valley trade area	
Trade Area Population*			6,767	26,538		9,536		33,971	
Population Growth Rate					4.10%		2.50%		
Median per capita Income (weighted average)**		\$	58,242	\$	67,769	\$	82,156	\$	95,595
Income Growth Rate					3.50%		3.50%		
TPI generated by Area		\$	394,123,614	\$	1,798,453,722	\$	783,440,503	\$	3,247,442,117
	Percent of Total Personal Income	Capture rate		Capture rate	Capture rate		Capture rate		
Convenience Goods									
Supermarket	7.1%	1.5%	\$ 419,742	0.5%	\$ 638,451	1.9%	\$ 1,042,955	0.6%	\$ 1,441,052
Convenience	2.5%	2.5%	\$ 246,327	1.0%	\$ 449,613	3.1%	\$ 612,063	1.3%	\$ 1,014,826
Beverage Stores (coffee and liquor)	0.8%	5.0%	\$ 157,649	1.0%	\$ 143,876	6.3%	\$ 391,720	1.3%	\$ 324,744
Health and Personal Care	1.3%	7.5%	\$ 384,271	2.5%	\$ 584,497	9.4%	\$ 954,818	3.1%	\$ 1,319,273
Total Convenience Goods	11.7%		\$ 1,207,989		\$ 1,816,438		\$ 3,001,556		\$ 4,099,896
Square Footage \$/SF	\$ 225.00		5,369	8,073		13,340		18,222	
Shoppers Goods									
General Merchandise (Dept Stores, Other)	6.0%	2.5%	\$ 591,185	1.0%	\$ 1,079,072	3.1%	\$ 1,468,951	1.3%	\$ 2,435,582
Clothing and Accessories	5.0%	5.0%	\$ 985,309	2.0%	\$ 1,798,454	6.3%	\$ 2,448,252	2.5%	\$ 4,059,303
Furniture and Furnishings	1.6%	2.5%	\$ 157,649	2.5%	\$ 719,381	3.1%	\$ 391,720	3.1%	\$ 1,623,721
Electronics and Appliance	1.5%	2.5%	\$ 147,796	1.0%	\$ 269,768	3.1%	\$ 367,238	1.3%	\$ 608,895
Miscellaneous Retail (gifts, flowers, etc)	3.4%	7.5%	\$ 1,005,015	2.5%	\$ 1,528,686	9.4%	\$ 2,497,217	3.1%	\$ 3,450,407
Total Shoppers Goods	11.5%		\$ 2,886,955		\$ 5,395,361		\$ 7,173,377		\$ 12,177,908
Square Footage \$/SF	\$ 250.00		11,548	21,581		28,694		48,712	
Eating and Drinking									
Restaurants	2.9%	10.0%	\$ 1,142,958	2.0%	\$ 1,043,103	12.5%	\$ 2,839,972	2.5%	\$ 2,354,396
Fast Food/ convenience food	2.0%	7.5%	\$ 591,185	2.0%	\$ 719,381	9.4%	\$ 1,468,951	2.5%	\$ 1,623,721
Bars	0.3%	10.0%	\$ 118,237	2.0%	\$ 107,907	12.5%	\$ 293,790	2.5%	\$ 243,558
Total Eating and Drinking	5.2%		\$ 1,852,381		\$ 1,870,392		\$ 4,602,713		\$ 4,221,675
Square Footage \$/SF	\$ 250.00		7,410	7,482		18,411		16,887	
Building Material and Garden									
Home Centers	1.2%	1.5%	\$ 70,942	1.0%	\$ 215,814	1.9%	\$ 176,274	1.3%	\$ 487,116
Paint and Wallpaper	0.2%	1.5%	\$ 11,824	1.0%	\$ 35,969	1.9%	\$ 29,379	1.3%	\$ 81,186
Hardware	0.3%	1.5%	\$ 17,736	1.0%	\$ 53,954	1.9%	\$ 44,069	1.3%	\$ 121,779
Other	3.9%	1.5%	\$ 230,562	0.5%	\$ 350,698	1.9%	\$ 572,891	0.6%	\$ 791,564
Total Building Material and Garden	5.6%		\$ 331,064		\$ 656,436		\$ 822,613		\$ 1,481,645
Square Footage \$/SF	\$ 250.00		1,324	2,626		3,290		5,927	
Total Retail Sq ft by area (not cumulative)			25,650	39,762	63,735			89,747	
Grand Total Cumulative			65,412		153,482				

notes:

*see Avon Demographics section for population methodology

Table 6.3: Retail Demand Analysis – Increased Capture Rates 2000 and 2015

	2005				2015				
		City of Avon trade area		Vail Valley trade area	Growth Rate	City of Avon trade area	Growth Rate	Vail Valley trade area	
Trade Area Population*		6,767		26,538		9,536		33,971	
Population Growth Rate					4.10%		2.50%		
Median per capital Income (weighted average)**		\$ 58,242		\$ 67,769		\$ 82,156		\$ 95,595	
Income Growth Rate					3.50%		3.50%		
TPI generated by Area		\$ 394,123,614		\$ 1,798,453,722		\$ 783,440,503		\$ 3,247,442,117	
Percent of Total Personal Income	Capture rate		Capture rate		Capture rate		Capture rate		
Convenience Goods									
Supermarket	7.1%	1.5%	\$ 419,742	0.5%	\$ 638,451	1.5%	\$ 834,364	0.5%	\$ 1,152,842
Convenience	2.5%	2.5%	\$ 246,327	1.0%	\$ 449,613	2.5%	\$ 489,650	1.0%	\$ 811,861
Beverage Stores (coffee and liquor)	0.8%	5.0%	\$ 157,649	1.0%	\$ 143,876	5.0%	\$ 313,376	1.0%	\$ 259,795
Health and Personal Care	1.3%	7.5%	\$ 384,271	2.5%	\$ 584,497	7.5%	\$ 763,854	2.5%	\$ 1,055,419
Total Convenience Goods	11.7%		\$ 1,207,989		\$ 1,816,438		\$ 2,401,245		\$ 3,279,917
Square Footage			5,369		8,073		10,672		14,577
\$/SF	\$ 225.00								
Shoppers Goods									
General Merchandise (Dept Stores, Other)	6.0%	2.5%	\$ 591,185	1.0%	\$ 1,079,072	2.5%	\$ 1,175,161	1.0%	\$ 1,948,465
Clothing and Accessories	5.0%	5.0%	\$ 985,309	2.0%	\$ 1,798,454	5.0%	\$ 1,958,601	2.0%	\$ 3,247,442
Furniture and Furnishings	1.6%	2.5%	\$ 157,649	2.5%	\$ 719,381	2.5%	\$ 313,376	2.5%	\$ 1,298,977
Electronics and Appliance	1.5%	2.5%	\$ 147,796	1.0%	\$ 269,768	2.5%	\$ 293,790	1.0%	\$ 487,116
Miscellaneous Retail (gifts, flowers, etc)	3.4%	7.5%	\$ 1,005,015	2.5%	\$ 1,528,686	7.5%	\$ 1,997,773	2.5%	\$ 2,760,326
Total Shoppers Goods	11.5%		\$ 2,886,955		\$ 5,395,361		\$ 5,738,702		\$ 9,742,326
Square Footage			11,548		21,581		22,955		38,969
\$/SF	\$ 250.00								
Eating and Drinking									
Restaurants	2.9%	10.0%	\$ 1,142,958	2.0%	\$ 1,043,103	10.0%	\$ 2,271,977	2.0%	\$ 1,883,516
Fast Food/ convenience food	2.0%	7.5%	\$ 591,185	2.0%	\$ 719,381	7.5%	\$ 1,175,161	2.0%	\$ 1,298,977
Bars	0.3%	10.0%	\$ 118,237	2.0%	\$ 107,907	10.0%	\$ 235,032	2.0%	\$ 194,847
Total Eating and Drinking	5.2%		\$ 1,852,381		\$ 1,870,392		\$ 3,682,170		\$ 3,377,340
Square Footage			7,410		7,482		14,729		13,509
\$/SF	\$ 250.00								
Building Material and Garden									
Home Centers	1.2%	1.5%	\$ 70,942	1.0%	\$ 215,814	1.5%	\$ 141,019	1.0%	\$ 389,693
Paint and Wallpaper	0.2%	1.5%	\$ 11,824	1.0%	\$ 35,969	1.5%	\$ 23,503	1.0%	\$ 64,949
Hardware	0.3%	1.5%	\$ 17,736	1.0%	\$ 53,954	1.5%	\$ 35,255	1.0%	\$ 97,423
Other	3.9%	1.5%	\$ 230,562	0.5%	\$ 350,698	1.5%	\$ 458,313	0.5%	\$ 633,251
Total Building Material and Garden	5.6%		\$ 331,064		\$ 656,436		\$ 658,090		\$ 1,185,316
Square Footage			1,324		2,626		2,632		4,741
\$/SF	\$ 250.00								
Total Retail Sq ft by area (not cumulative)			25,650		39,762		50,988		71,797
Grand Total Cumulative					65,412				122,785

notes:

* see Avon Demographics section for population methodology

Comparative and Comparable Areas Program Mix

Table 6.4 compares the retail mix composition of the competitive and comparable areas analyzed for this investigation.

Suitable Street-Level Uses

Differentiation between different commercial uses is an important consideration in programming the mix for West Town Center. From the perspective of activating the main street environment and creating an enjoyable shopping experience, some uses are ideally located on the street-level, while others are best positioned for upper floor locations. Street-level uses most suitable for a pedestrian retail environment include retail soft and hard goods, retail services, restaurants and entertainment uses. Uses that are not best suited for the street-level in a retail environment include

professional offices (legal, medical, dental, design), real estate sales offices, professional services (travel agency, accounting). Real estate sales offices, in particular, are becoming a significant issue in many resort communities as they are able to support very high lease rates but do enhance the experience of the retail district for many patrons and do not directly contribute to sales tax revenue streams.

Previous Recommendations

Two previous reports were previously completed for West Town Center that include a critical mass recommendation:

- The EPS Comprehensive Plan Update Market Conditions report states that the retail component of West Town Center should be augmented with an additional 15,000 to 25,000 square feet in order to achieve the critical mass needed for the community.³⁸ This would constitute a total range of between 65,000 and 75,000 total square feet of retail space.

- The Avon Town Center Implementation Plan prepared by RNL Design and BBC Research & Consulting states that “in order to create an attractive mix of retail and a necessary critical mass of attractions, the area should open with at least 50,000 square feet of new street front space.”³⁹ This report also states a total potential for 90,000 square feet of retail based on the physical capacity for providing ground level space fronting on Main Street.⁴⁰

West Town Center Physical Conditions

- There already exists a significant retail inventory within Avon, and there is sufficient critical mass and mix to attract people to the area from throughout the region. There currently exists 310,000 total square feet of retail space within Avon (West Town Center and East).⁴¹ Better connections between the East and West Town Center districts can result in increased regional traffic to both of them and avoid creating competition between the two. The two areas will

Table 6.4: Comparable and Competitive Commercial Mix

Area	Total Street Level Commercial and Retail Mix*	Food/Beverage % (approx)	Entertainment % (approx)	Retail Goods % (approx)	Services % (approx)	Other Commercial % (approx)
Town Center East	260,000 sq. ft.	20%	0%	50%	20%	10%
Beaver Creek	120,000 sq. ft.	40%	10%	35%	15%	0%
Lionshead	133,000 sq. ft.	50%	5%	30%	10%	5%
Riverwalk	120,000 sq. ft.	30%	10%	35%	20%	5%
Basalt	50,000 sq. ft.	25%	5%	40%	25%	5%
Truckee	90,000 sq. ft.	30%	15%	30%	15%	10%
Frisco	120,000 sq. ft.	25%	10%	30%	30%	5%

* does not include office

have to maintain separate market focus in order to differentiate themselves while creating synergies that allow for them to perform better as a result of each other's presence.

- There is approximately 50,000 square feet of existing retail space in West Town Center.⁴² Approximately 1/2 of this space is located along the axis envisioned for Main Street. For purposes of this analysis it is assumed that the main street area will be entirely redeveloped and

that all space and uses will be new to the area. The 25,000 square feet of existing retail space located outside of the boundaries of the main street project area will remain in place.

Significance of Retail Mix Analysis

Although there is no definitive data available to determine how much retail is enough to provide a suitable critical mass, it is important to build enough retail/commercial space to service the target markets and to provide an engaging and enjoyable shopping experience worth repeating. The development must have a critical mass to make it appealing, visually engaging and economically viable.

Review of the amount of retail space in the competitive and comparable areas indicates that a wide range of retail sizes can accommodate a viable critical mass. 120,000 to 130,000 square feet was most frequently observed.

Previous recommendations for West Town Center have suggested that the suitable critical mass for the area ranges from 50,000 square feet to 90,000 square feet.

The existing conditions survey indicates that there currently exists in excess of 310,000 square feet of retail space in Avon. This suggests that the larger the retail area program area for West Town Center, the greater the likelihood that it may compete for, and take business away from, the other existing areas in the Town. The retail should instead be sized large enough to supply a critical mass of retail and other uses that serves to draw people to the area, but not sized so large as to cannibalize the other areas. Focus differentiation will be the key, not mass.

The physical nature of the main street site lends itself to a differentiated, lower-scale approach that can capitalize on the pedestrian-friendly character and opportunities for socialization and interaction.

The results from the retail demand analysis indicate a range of retail demand between 65,000 and 192,000 square feet based on time and the different capture rate scenarios

The baseline results indicate that there is demand to support a minimum of 65,000 square feet of retail across all categories in 2005, and that this amount will grow to 122,000 square feet by 2015. The more optimistic scenarios indicate the ability to support up to 82,000 square feet in 2005 and 192,000 square feet in 2015.

The product mix in the competitive and comparable areas reveals the following range of uses:

Food/ Beverage	0 – 15% of mix
Entertainment	30 – 60% of mix
Retail Goods	30 – 60% of mix
Retail Services	10 – 30% of mix
Other Commercial	0 – 10% of mix

Some uses are best located on upper floors of mixed-use pedestrian retail environments. These uses are important traffic generators to the area but do not enhance the retail experience on the street level and include real estate sales offices, professional offices (legal, medical, design), professional services (insurance, accounting) and travel agencies.

G. Residential Analysis

The residential analysis used to arrive at the recommended amount and mix of housing is presented in this section and includes:

- Review of existing and planned residential uses in the area,
- Survey of applicable residential product types,
- Review of residential factors for consideration,
- Review of residential component in competitive and comparable areas.

Existing and Planned Residential

The initial developers of Avon intended that West Town Center would comprise the lodging and residential base for Avon, and the Comprehensive Plan reiterates that intent.⁴³ The existing development pattern contains a higher density of residential uses than exists elsewhere in Avon. There are currently 775 residential units in West Town Center, which comprises 90 percent of the residential inventory in Avon's commercial core.⁴⁴ 290 of these units are hotel rooms located in the Comfort Inn and the Christie Lodge. Condominium units comprise the remainder of the residential mix and are located at the Lot C PUD (190 units), the Lodge at Avon Center (52 units) and the Seasons (103 units).⁴⁵

There are over 1,000 additional condominium, condominium-hotel and hotel units in West Town Center that are currently approved or in the approval process. The major development projects include 456 units at the Confluence, 286 units in the Lot C PUD, 110 units in the Lot B PUD and 100 units on Lot 61. These units

have been factored into the projected population figures used in the Context and Retail Analysis sections of this report.

Residential Product Types

There are three broad categories of residential product types that are relevant to the West Town Center project: hotel, condominium and affordable.

Condominium

A broad range of product offerings exists within the condominium category. Whole-ownership and fractional ownership categories (including interval, timeshare and fractional offerings) are the most prevalent options in resort communities. Condo-hotels are a more recent product offering that integrate hotel operations with condominium ownership (either together or separate within a development). Vacation clubs are a more recent form of condominium ownership. Each of these condominium products has different ownership structures, amenities requirements and developer financing issues, and there are many variations within each product offering. The two major distinguishing features of the major condominium product types for purposes of this analysis are the occupancy rates and spending patterns of tenants and the ability of a developer to obtain financing.

Spending patterns vary by condominium product type. The primary difference in spending patterns rests between hotel units (condo-hotel) and condominium units (fractional and interval), notably because of the lack of a kitchen in most hotel rooms and the higher resulting rate of expenditures for restaurants for these tenants. A report prepared by PricewaterhouseCoopers determined that hotel guests expend an average of \$26 per day in Avon on items that are subject to the Town's four percent sales tax, and that interval (fractional) guests/owners spend an average of \$22 per

day on sales tax-applicable goods⁴⁶. The same report stated that average annual occupancy for hotels is 55 percent, and that interval (fractional) condominiums maintain average annual occupancy rates of 80 percent. Condo-hotel rooms are assumed to take the form of a hotel room (no kitchen), hence they exhibit the same spending patterns as hotels. A basic analysis indicates that the spending potential differences between the two major condominium categories as relates to West Town Center is \$500 per year.

The financability of the different condominium product types is different based on market conditions, developer requirements, timing, project size and a host of other factors. The product type for a project is often determined by the ability of a developer to attract financing for that product type. The important point is that one product type may be more attractive from a financing standpoint to a developer, and is thus more likely to actually get constructed than other options.

The difference between the condominium types with respect to tenant expenditures as relates to the overall success of the West Town Center project is negligible when compared to the fundamental question of whether or not something will get built. Consequently, the full range of condominium product types should be allowed within the West Town Center project. The amount of residential units provided will have a greater bearing on the retail viability than will the type of units.

The market for residential condominium space in mixed-use and urban environments is particularly favorable among the growing number of empty-nest households without children, but is also popular with younger couples and singles. Both year-round residents and second homeowners are potential customers for condominium products.

Condominium buildings can range in size from 5 to 50 units, with unit sizes ranging from 500 to 2,000 square feet.

Hotel

Hotels have a multi-faceted role in mixed-use developments:

- Hotels with strong brands can enhance a project's image, create a special address, or provide name recognition for the project through an established name and proven marketing program.
- Hotel visitors in Avon are typically on vacation, and will constitute great users of the restaurant, retail and entertainment uses during their stay.
- Hotels bring day and night activity to an area.
- Hotels can provide dining, entertainment, recreation, spas, and other amenities that serve not only hotel guests but also retail customers, visitors, office employees and residential tenants.

A hotels' viability, in turn, benefits from the site advantages of a mixed-use, pedestrian-oriented environment:

- The retail mix, entertainment uses, pedestrian orientation, open space and recreation and community facilities will all enhance the guest experience
- Hotel services including restaurants and retail benefit from the demand from employees, residents and main street retail traffic.
- Second home-owners of condominiums will be the most frequent users of hotel services including restaurants and spas.
- Area office tenants and small businesses will use hotel rooms and meeting space.

An optimal hotel size is 120 rooms, with a range of between 100 and 150 rooms. With a typical unit size of 450 square feet, hotels range in size from 45,000 square feet to 72,500 square feet, exclusive of functional space and amenities. Hotels can occupy space within a mixed-use building or can function as stand-alone structures.

Condominium-hotels and other emerging hotel concepts are appropriate for the West Town Center site - they maintain high occupancy levels relative to condominiums, they provide a visitor short-term stay option similar to that provided by a hotel, and they are increasingly proving easier to finance by developers than hotels.

Affordable Housing

The presence of year-round residents has already been established as an important element of activating the district and establishing a sense of genuine community for the area. Given the demand from prospective second-home owners for residential product in Avon, it is likely that year-round residents and employees earning at or around the median income might not be able to afford the price points that will likely be established by the free market condominiums. Inclusion of an affordable housing component can provide residential opportunities for working residents and employees at West Town Center while also addressing larger community-wide affordable housing goals.

Affordable housing at West Town Center will take the form of condominium units given the physical form and vertical mixed-use nature of the development, but specific unit types and sizes should be determined through a housing needs assessment to determine the types of affordable housing most lacking in the community.

Affordable housing can be provided by either the public or the private sectors, or can be developed jointly. Affordable housing will ultimately be of benefit to private developments, as the residents provide an on-site employment source for retail tenants and businesses. Parking and transportation impacts from employees commuting in to the area will be smaller the greater the number of employee housing units provided.

Competitive and Comparable Areas - Residential

Lionshead, Beaver Creek, Riverwalk, Basalt and Frisco all have residential components in their mixed-use retail areas (Table 7.1). Each of the five has both hotel and condominium and hotel uses within the residential program. Lionshead, Riverwalk and Basalt also have an employee housing component.

Condominium

Lionshead and Beaver Creek have a significant condominium component in their mixed-use centers. These condominium units are oriented towards the high-end second-home owner market. Both whole-ownership and fractional ownership structures exist in these two areas. Some of these condominium projects allow for owners to place their unit in a short-term rental pool which provides the owners with a cash flow stream while serving to increase occupancy levels.

Riverwalk, Basalt and Frisco all have condominium projects either integrated vertically into mixed-use buildings on the main street or as stand-alone developments. The target market for these condominiums consists of both year-round residents and, increasingly, second-home owners that have either been priced out of the primary resort area or who desire more of a year-round community locale for their second home.⁴⁷

Hotel

All of the areas studied for this investigation have a hotel component in their development program. Several, primarily the resort locales, have multiple hotels and condominium-hotels. The resort hotels tend towards the high price-point, while the resort portal towns of Basalt, Truckee, Frisco and Avon offer mid-level hotel products that provide an economical lodging alternative located slightly off of the ski area. Each of the areas

Table 7.1: Condo-hotel versus Fractional Condominium Guest Spending Potential

	Condo-Hotel	Interval (Fractional) Condominium
Guest Spending Per Day in Avon	\$26	\$22
Average Annual Occupancy	55%	80%
West Town Center Capture Rate (assumed)	40%	40%
Annual Expenditures per Guest at West Town Center	\$2,087	\$2,569

Table 7.2: Competitive and Comparable Residential Types

	Condo	Hotel	Affordable Housing
Avon Town Center East	X	X	
Riverwalk, Edwards	X	X	X
Lionshead, Vail	X	X	X
Beaver Creek	X	X	
Basalt	X	X	X
Frisco		X	
Truckee		X	

has at least one hotel along the Main Street, with additional hotels located in the surrounding area.

Affordable Housing

Affordable housing is a component of the residential program at Riverwalk, Basalt and Lionshead. All three areas prioritized the placement of affordable housing within the mixed-use retail core as a means of providing year-round and day and night activity in the area, as well as to address larger community-wide affordable housing needs issues.

Truckee is at the early stages of developing an affordable housing component. 85 percent of the housing stock in Truckee is currently single-family homes, which are appreciating at a more rapid rate than other types of housing. Truckee is concentrating its housing resources on the development of multi-family housing. No affordable housing is currently located along the Main Street corridor.

Other Residential Considerations

Residential considerations for the West Town Center project include the relationship of residential to retail, the role of residential in mixed-use developments, and an assessment of the desirability of West Town Center as a residential location.

Relationship between Residential and Retail

- Retail follows rooftops. Residents support retail areas with higher capture rates due to the proximity and convenience these businesses offer, especially with regards to restaurants, bars, convenience retail and grocery. With and with regards to the retail program, the more residential development in the area the better.
- The residential residents will become the best

users of some of the retail within Main Street. The residential component of the Main Street area will add to the resident bedbase that provides a year-round market supporting the Main Street retail businesses.

Role of Residential in Mixed-Use Districts

- One of the roles of the residential space is to activate the district day and night across all four seasons of the year. This will help to create a vibrant, real community and reinforce the sense of place desired for West Town Center.
- Residential units can provide an employment base for the commercial tenants and businesses in the area. In the case of Avon, the market-rate residential units are not likely to be affordable to area residents, so employee housing will play an important role in providing on-site housing for employees.

West Town Center's Residential Desirability

- The West Town Center location is very desirable for residential living. The adjacent amenities - Nottingham Park, the recreation center, the river, the future ski connection from Confluence - all serve to increase the desirability of living in this area, and increase the sales prices residential units will command.
- A broader trend towards urban living is being evidenced in resorts as well as in urban areas. The attributes of successful urban residential developments include walkability (to employment, services and recreation), access to transit, low-maintenance living and high levels of amenities including recreation facilities, business centers and common areas. Many redevelopments are underway in response to the demand

for this type of residential use - the Confluence project, for example, as well as the redevelopment of Lionshead.

- Just as West Town Center's residents will support the retail component, the presence of the lifestyle and entertainment-focused retail component will become an amenity for the residential product that will help to differentiate the stimulate demand.
- The residential component will be the greatest inducement to stimulate development of the street level retail space on the ground floor. With the market demand for residential units remaining high, developers will be most interested in pursuing redevelopment of individual parcels in the project area if there is a significant residential component allowed.
- The transit center will be an attractive element to potential residents, and transit will be particularly well-utilized by residents that live and work year-round in the Eagle Valley.

Significance of Residential Analysis

Market Issues

The 1,000 units of West Town Center condominium and lodging units in the planning process is indicative of the current high levels of demand for residential products in the Avon marketplace.

West Town Center can capitalize on development interest in the condominium segment by allowing residential uses in the program mix in order to leverage redevelopment interest in the mixed-use parcels.

With 1,775 existing and planned units (exclusive of the number that will be programmed for the Main Street redevelopment area), West Town Center is becoming a viable residential district large enough to support neighborhood-oriented retail uses including restaurants, bars, entertainment, specialty food, liquor and wine stores, coffee shops and retail goods and services. These uses are in line with the lifestyle and entertainment focus recommended for the development.

The existing and planned amenities in the area, including Nottingham Park, the recreation center, the river, the future ski connection from Confluence, all serve to enhance the attractiveness of the residential component (condominium, hotel and affordable housing) in West Town Center.

The retail component also serves to enhance the desirability of the residential units.

Residential tenants are a valuable means of support for the retail component, although they do not generate enough demand to carry the project, instead playing more of a complementary role while the greater Avon resident and visitor market will constitute the primary users in terms of sales volume.

Residential Product Types

The comparable and competitive areas studied for this investigation all have a residential component with a range of residential product types. The majority of the areas include condominium, hotel and affordable housing components in the mix.

Condominiums, in addition to being a development driver for the project, provide residential opportunities for second-owners and seasonal residents that will

allow them to become vested in West Town Center as residents. Higher occupancy condominium types including condominium-hotels and fractional ownership products will provide better overall utilization and should be allowed as a use within the development. The spending differential between condominium-hotel and fractional ownership products is not significant enough to carry the retail program, so all condominium product options should be allowed in order to best attract development interest based on market and financing factors. The amount of residential units provided will have a greater bearing on the retail viability than will the type of units.

Hotels are an important component because they provide short-term lodging accommodations for visitors, they activate an area day and night and they provide complimentary retail, restaurant and services that are open to the public and that enhance the retail district.

Affordable housing should be included within the residential program. Residents of affordable housing units will form the backbone of a year-round population that will activate the main street area. Affordable housing will also provide a means for employees of the areas retail tenants and businesses to live in the area.

Critical Mass

Residential use as a component of the West Town Center Main Street redevelopment program is important in order to activate the area day and night and year-round. Given the extensive amount of existing and planned residential development in the West Town Center area, however, this number does not have to be extensive in that other residential traffic will be generated by the adjacent developments.

A minimum of 350 units should be programmed for the area, and should include condominium, hotel and affordable housing product types. At an average of 2.8 persons per unit this translates to a residential population just under 1,000 residents when all units are occupied.

The functional maximum amount of residential space is determined by spatial considerations more so than by market or retail support factors. The demand in the residential market appears high enough that all units delivered to the marketplace will sell, and the vitality of the retail program will be enhanced by any and all residential units located in the area – in other words, the more the better.

H. Development Recommendations

This section makes development recommendations for Town Center West with respect to the three key questions of retail market focus, retail critical mass and mix, and residential critical mass and mix.

Market Focus – “Lifestyle-Oriented”

Avon Town Center West’s retail and commercial market focus should be oriented towards supporting the lifestyle goals and objectives of Avon’s residents and visitors. This “lifestyle-oriented focus” will establish a competitive niche that is currently missing in the market and will complement the community goal of transforming Town Center West into the community’s gathering place and social hub.

Elements of a lifestyle-oriented retail and commercial program include a mix of entertainment, restaurants, retail and service uses that are comprised of select national chains and locally-owned businesses and that are complemented with high quality public spaces, civic and recreational amenities and an active schedule of events and activities.

By providing a retail market focus that is based on social interaction and enjoyable experiences, users will be repeatedly drawn to the area for the experience provided instead of for a transaction-specific retail or service need. The retail and entertainment uses should be selected on the basis of being able to provide enjoyable experiences for families and groups, for their ability to provide opportunities for social interaction, and for the ability to capitalize on the lifestyle preferences that draw people to the Eagle Valley in the first place.

This focus on lifestyle-supported offerings will prove attractive to the target market of year-round residents and will also strongly appeal to second home owners and visitors. The lifestyle focus, plus the primary orientation towards year-round residents, will help to distinguish Town Center West from the competing retail centers in the area.

Other Retail Market Focus Recommendations

Placemaking

- The place should have a recognizable and distinct name that helps to differentiate it from the other retail centers in Avon and the Eagle Valley. Examples could include Avon Crossing, Avon Grove, Avon Main Street or The Hub.
- Strong destination anchors at either end of Main Street help to draw people through the area and to announce the beginning and the end of the district – a restaurant or retail anchor near Avon Road that is visible by passing cars will help to draw people in, while Nottingham Park at the other end provides a recreational, civic and open space anchor that can serve as the home for events and festivals.
- Franchise operators, both restaurants and retailers, should be programmed into the retail mix as they help to communicate and establish the image of the district to first time visitors. Franchises should be carefully selected to convey the desired lifestyle-orientation.
- The entire district should be easy to navigate by providing good sightlines, signage for both vehicles and pedestrians, and maps.
- Town Center West should be a safe place to be both day and night. This will enhance the reputation of the area, encourage families to

visit, and increase the desirability of Town Center West’s residential units. Lighting, clear visibility to and from outdoor public spaces, and day and night human activity are all important means of designing safe spaces.

- An internet presence should be established for the district. This website should be designed to appeal to a sophisticated target market of residents and visitors and contain current information on tenants, events and activities. The website should be linked to both the Town and the Chamber’s web sites and actively promoted. The Town of Avon’s current website presence is not sufficiently sophisticated to appeal to prospective retail tenants or customers.

Physical Design

- Make strong pedestrian connections between existing and planned activity nodes within Town Center West including retail, entertainment, civic and recreational. Pedestrian friendly internal circulation encourages users to visit multiple locations within the district.
- Provide pedestrian and automobile connections to adjacent districts and activity nodes including East Town Center, the Confluence and Beaver Creek.
- The second and third stories of buildings make very viable space for service-oriented businesses including professional offices, medical clinics, travel agencies or repairs. Retail space on upper levels (2nd or higher) is not viable unless it is the second level of a ground level space that fronts on the main street.
- Develop strict design guidelines so that individual developments undertaken by the private sector fit in with overall desired main street character, and so that the ultimate vision for the area is achieved as it develops incrementally over time.

- Provide high quality public spaces to encourage socialization and lingering. Fire pits and heat lamps help to make the open space more enjoyable during winters and evenings.
- Ensure easy auto access from Avon Road and provide plenty of parking. Parking should be provided on the street and in parking garages as opposed to in surface lots in order to maintain the desired pedestrian friendly character. Design Main Street to accommodate auto traffic and on-street parking initially with the option of converting to pedestrian only if future circumstances warrant.
- Create a strong gateway presence from Avon Road that proclaims Town Center West as an exciting and interesting area worth stopping at and visiting.
- Ensure a good pedestrian connection from the transit center, both to encourage use of transit within the community and to attract transit riders to walk through the area as part of their transit trip.

Operations

- Day and night activity. Retail and entertainment users should include operators that are open during the day, at night, or both. Daytime and nighttime-focused uses should be distributed within the site so that the entire area has an active feel across the day and the evening, even if some tenants are only open during one period of the day. A residential bedbase also helps to activate the streets and the upper stories of buildings both day and night and while enhancing the vibrancy of the area.
- Year-round use. As opposed to seasonal operation, year-round use will reinforce that the district is oriented towards year Avon residents and provide for better long-term viability of the

retail component. Town Center West should be a place where people know they can always go. Tenants and operators should be targeted that are not reliant on the seasonal visitor (i.e. fur stores and high end restaurants) and that can sustain operations year-round (family restaurants, entertainment and mid-tier retail including clothing, gifts and lifestyle retailers). Hours and days of operation should be regulated by covenant or by code.

- Coordinated marketing efforts on behalf of individual businesses will help to present a consistent image for the district and will help to draw visitors to the entire district instead of to individual stores.
- An active program of events, activities and festivals will provide numerous opportunities to visit East Town Center, particularly during off season and other slower periods. Events and activities also help to change the feel and look of the area on a regular basis in order to maintain interest and appeal, will provide opportunities for social interaction, and provide the unique experiences sought by second homeowners and visitors. Public art and changing seasonal displays will contribute to an ever-changing look and feel of the district.
- A free wireless internet connection should be provided in the outdoor public spaces.

Retail Critical Mass—125,000 sq ft

Critical Mass

The commercial program for Town Center West's Main Street should build out to 125,000 square feet in order to best address the market demand and to meet the goals of economic stability, suitable mix and desired character. The commercial space consists of 85,000 square feet of street-level retail space and 40,000 square feet of upper (2nd/3rd) story commercial space. The breakdown of uses within the overall commercial program is presented in Table 8.1.

85,000 square feet of commercial space should be programmed for street-level retail, restaurant and entertainment uses oriented along Main Street. This represents an increase of 35,000 square feet over the current inventory, but more importantly assumes a complete reconfiguration of the space around the retail uses. The Main Street retail area should consist of a specific mix of food and beverage, entertainment and retail uses that are further elaborated in the next section.

Other commercial uses including professional offices and services (medical, office, design) should be allowed on the second and third floors of Main Street mixed-use buildings and occupy 40,000 square feet, or 35 percent, of the total commercial program.

Program Mix

The types of uses and tenants within each category of retail need to be carefully considered with respect to the market focus and the target market.

For Town Center West, given the wide range of transaction-based retail options already in the market, the program emphasis should be on food and beverage and entertainment in addition to retail goods and services. Dining options drive traffic to retail areas,

Table 8.1: Recommended West Town Center Overall Commercial Program

Program Location	% of Total	Size
Main Street—Street Level Retail (food and beverage, entertainment, retail, retail services)	65%	85,000 sq. ft.
Main Street—2nd/3rd Level Commercial and Professional (office, professional services)	35%	40,000 sq. ft.
TOTAL	100%	125,000 sq. ft.

Table 8.2: Recommended Main Street Retail Program and Mix – Street Level

Program Element	% of Total	Size
Food and Beverage	40%	34,000 sq. ft.
Entertainment	20%	17,000 sq. ft.
Retail Goods and Services	40%	34,000 sq. ft.
Total	100%	85,000 sq. ft.

and will enhance the attractiveness of the district to patrons that might not otherwise visit.

Town Center West’s focus on lifestyle and socialization should emphasize food and beverage and entertainment options that appeal to year-round residents and visitors as well as providing a retail program of specialty goods and services that reinforce the lifestyle motivations behind living in a resort community.

Table 8.2 presents the recommended street-level retail program and mix.

Anchors

Anchors should be strategically selected to help reinforce the market focus and character envisioned for the area. Retail and restaurant anchors could include national or regional chains and will provide a known entity and experience to first-time visitors. Anchors do not have to be franchises, however, as local and unique operators can also assume this role. This approach will also capitalize on the emerging desire of higher-end franchise operations to enter in to new markets outside of their traditional downtown and mall locations. The lifestyle-oriented focus should be reinforced by the anchor tenant(s).

Anchor selection requirements include:

- No current presence in the Eagle Valley market,
- The ability to attract both the full-time resident and visitor markets,
- The ability to draw both first-time and repeat visitors.
- Restaurants can function as anchor tenants as can retail stores.
- Entertainment tenants can also function as anchors for a development.
- Anchors should have priority placement within

the site to maximize visibility from the interstate and the roadway network and to facilitate easy access from Avon Road.

Restaurant Uses

Food drives retail, and the presence of restaurant options will encourage people to visit the district that might not otherwise come. The restaurant component should provide a range of dining opportunities across breakfast, lunch and dinner, including fast-casual, sit-down, ethnic, family-friendly, franchise and local operators.

At least one national chain restaurant should be included in the program mix, and carefully selected in order to establish the right tone for the development. Chains that could provide the desired tone include Spaghetti Factory, Noodles or Chipotle. These restaurants, often located in urban downtowns and higher-end suburban malls, are increasingly looking to locate in alternative areas as a means of entering new markets⁴⁸, and Avon’s resort position may prove attractive given the market base.

While franchise restaurants can be an important means of setting the tone for the development for first time visitors, local and unique restaurants will provide the real character for the development and will become a central attraction that differentiates Town Center West from other retail areas. The restaurant program should include locally owned businesses that are unique to Town Center West or that are second locations of successful restaurants in the Eagle Valley market area. Casual dining options and restaurants with bar service, including a brewpub, should also be included in the mix. Specialty restaurants and bars, including a wine and cheese bar or a dessert restaurant, would add variety to the mix.

Restaurants and cafés should have outdoor café seating in the warmer seasons that spills out into the pedestrian area.

The restaurants in Town Center West, in addition to serving retail visitors, will be able to draw additional business from Interstate travelers, commuters and Town Center West employees which will help to sustain the district’s year-round viability.

Entertainment Uses

Entertainment uses should be emphasized in the commercial program in fitting with the social and lifestyle focuses for the development as well as to capitalize on an element that is missing in the rest of the competitive market. The entertainment should be developed with teens and families, in particular, in mind.

The entertainment uses and the food and beverage operations will be mutually self-supporting. These will be the program elements, along with residential uses and special events that activate the district at night.

Suggested entertainment uses include: a live music venue, bowling alley, a video arcade with a wide range of teen and family-oriented games and activities (equivalent to ESPN Sports Zone), an all ages nightclub, and/or a small (1-3 screen) movie theatre. The theatre would not attract a national chain due to its relatively small size but could be operated by a regional operator such as Carmike Cinemas.

Retail Uses

Retail businesses should include both specialty goods and service retailers that support the lifestyle-oriented focus as well as general merchandise retailers that provide complimentary retail products to visitors and to residents.

A national or regional outdoor and recreation retailer could function as an anchor. A higher-end national outdoor retailer such as REI or EMS would draw re-

gional traffic, while a regional operator such as Summit Canyon could expand its operations to a new market. Interactive elements such as climbing walls and product demonstrations will also serve as entertainment and education amenities for patrons and visitors.

Other retail uses that would be desirable for the lifestyle-focused orientation include a bookstore, specialty outdoor clothing stores (North Face, Title 9), ski and snowboard shops, specialty retail (cooking/kitchen, gadgets, electronics), an art gallery, children's toys, and travel stores.

Interactive retailers that provide opportunities for patrons to become engaged in the retail product should be encouraged. Rocky Mountain Chocolate Factory allows people to watch the candy making process. Paint your own pottery stores and build your own bear retailers are proving to be very successful in other retail markets by turning shopping into an engaging activity for families and groups.

Smaller spaces should be designed within the development that will serve to encourage start up and entrepreneurial retailers that help to differentiate the district and enhance the character of the retail area.

Services

Services that will help to achieve the desired project goals and attract the target markets include a day spa (could be part of a hotel operation), a yoga studio (could be operated as part of the day spa or the recreation center), optical shop, bicycle and ski repair services, flyfishing and kayaking outfitters and tour guides, and travel agencies. These services can all be located on the street level.

2nd/3rd Level Commercial Uses

The upper stories of the Main Street development should allow for either residential or commercial uses. Professional services firms, medical services and small

businesses should be encouraged as tenants because they will generate daytime traffic to the area as well as providing a base of employees that will patronize the street level retail. Office tenants will be attracted to the area because of its amenities (recreation, civic) and good auto and mass transit connections.

Tenant Recommendations

The recommended retail and commercial tenants for Town Center West are provided in the following tables.

Table 8.3: Recommended Main Street Food and Beverage

Restaurant Tenant Types	Potential Operators
Mid/ Upper Tier Restaurants (lunch, dinner)	<p>1-2 suitable mid/upper tier franchise restaurants to generate traffic and to reinforce the desired image for predictability (Spaghetti Factory, Black Angus, Tequilas, Old Chicago, Pizzeria Uno, Il Fornaio).</p> <p>Unique and/or 2nd locations of popular local restaurants. The local restaurant component should be emphasized within the overall program as it will best establish the sense of place and reputation that is unique to West Town Center.</p> <p>Restaurants that locals go to for special events (birthday parties, anniversaries, visitors)</p>
Casual dining restaurants (breakfast, lunch, dinner)	<p>Noodles, Chipotle, Panera Bread franchises</p> <p>Local operator or second location of existing successful area business.</p> <p>Family pizza restaurant for after events and birthday parties (could be a chain or a local operator).</p> <p>Burrito or wrap place for quick casual.</p> <p>Breakfast (diner, bakery)</p> <p>Takeout service options.</p>
Health food restaurant with emphasis on local, organics. Potential retail grocery component integrated.	Aspen's vegetarian restaurant is located in a bookstore
Brewpub (lunch, après ski, dinner)	Flying Dog, Rock Bottom or local operator. A non-chain operator could become a distinguishing feature of the development. McMenniman's in Oregon incorporates movie theatres into their brewpubs. A brewpub could be a hotel tenant.
Deli (plus specialty foods grocery)	Will also appeal to residents, employees and office tenants
Wine/ cheese/dessert restaurant	Focus on one or more (desert only, wine/cheese or all)
Liquor/ wine store	Could specialize in good value wines (bottles \$25 and under) to establish a niche attractive to the resident community.
Ice Cream	Interactive marble slab ice cream stores like Cold Stone and Maggie Moos are entertaining.
Bakery with sit down dining (breakfast, lunch)	Paradise Bakery, Panera Bread, Einstein Bros Bagels or local operator
Popcorn or crepe wagon, outside food vendors	Ethnic food vendors. Could be operated during warm months only or year-round.
Coffeeshop	Starbucks or local operator

Table 8.4: Recommended Main Street Retail Goods and Services

Retail Tenant Types	Potential Tenants
Outdoor retailer – clothing, equipment, instruction across multiple sports and seasons	National higher-end outdoor retailer (REI, EMS) as anchor. Sierra Trading Post outlet. Could also be operated by existing local operator (Summit Canyon in Glenwood). Interactive stores with climbing walls and product demonstrations will pull double duty as an entertainment use.
Bookstore with coffeeshop and local events (readings, music)	Borders or local operator. Larger bookstores become a defacto entertainment use.
Clothing - men's, women's and children's clothing stores (boutique or casual)	Banana Republic, North Face, Eddie Bauer, J Jill, Obermeyer, Title 9. Local operators should be encouraged.
Kayak/ whitewater equipment	Take advantage of the new whitewater park
Ski and/or snowboard shops	Equipment, clothing. Multiple shops could orient towards different age demographics – teen, adult, family
Bicycle shop	Bikes, service, clothing. Could be summer operator of a ski/ snowboard shop.
Specialty retail – cooking/kitchen, gadgets, electronics, home furnishings	Williams Sonoma, Z gallery, The Company Store, Brookstone or local operators
Baby store – clothes, gifts, classes, social events (interactive focus)	Baby Style, Janie and Jack or local operator
Art gallery	Could specialize in local and regional artists. Jewelry. Events and openings.
Cosmetics and bath products	Lush, Body Shop or local operator
Children's toys	Build A Bear is an interactive children's store concept that is proving very successful.
Arts and crafts supply	
Paint your own pottery	Engaging interactive retail format that is popular with families and groups
Chocolate shop	Rocky Mountain Chocolate Factory or local operator
Florist	
Luggage/ travel store	Could include travel agent component
Optical shop	
Day spa	Could be associated with hotel
Hair, nail salon	Could be associated with hotel and/or day spa
Dry cleaner	For area and local residents, employees
Mail Boxes, etc.	For area residents and businesses
Copy store and/or blueprint shop	Serving the professional and design offices

Table 8.5: Recommended Main Street Entertainment Uses

Entertainment Tenant Types	Potential Tenants
Video arcade	Youth and adult oriented games (golf and ski simulators, car racing games) Similar to ESPN Zone.
Pool hall	Can be combined with video arcade, with bar/restaurant or can be separate.
Bars/ restaurants	Listed separately under food and beverage, but this use is an essential component to an entertainment mix.
Dinner Theatre	As part of a restaurant or stand alone (Aspen has a very popular dinner theatre operation)
Club with live music venue (50+ person capacity)	To attract local and traveling music or comedy acts. Can host special events – plays, fundraisers, speakers, etc.
Internet café	With food and beverage service or coffeeshop
Bowling alley	The Back Bowl in Eagle is proving popular with local residents and has a successful restaurant component
2 or 3 screen movie theatre	Regional or local operator such as exists in Edwards and Aspen—scale is too small for a national chain. A brewpub could also feature a single-screen theatre.
All ages nightclub	Live and dj music, dancing

Table 8.6: Recommended Main Street 2nd/3rd Level Mix

2nd/3rd Level— Commercial, Office and Professional Tenant Types	Potential Tenants
Professional offices - services that appeal to both locals and second homeowners and that will draw people to the area during daytime hours	Dentist, doctor, optical, architecture and design, legal, real estate, financial services, accounting, small businesses
Daycare	For residents, employees, daytime visitors, hotels. Potential evening operations. Would require provision for outdoor space, which may relegate it to first floor.
Yoga studio	Stand alone or as part of recreation center or day spa
Travel agency	Can also be a street-level use
Insurance agency	

Table 8.7: Recommended Residential Program

	Mix	Units	Square Feet
Hotel	20% - 35%	125 – 200 units	67,500 – 108,000 sq ft
Condominium	60% - 70%	375 – 450 units	450,000 - 540,000 sq ft
Affordable	10% – 20%	60 – 125 units	32,400 – 67,500 sq ft
TOTAL		500 – 750 units	540,000 – 720,000 sq ft

Retail and Commercial Keys to Success

Other considerations inherent in the success of West Town Center’s retail program mix include location of uses, flexibility, and phasing.

Location of Uses

The major elements of street-level retail and commercial space that are desirable for the West Town Center district include retail goods, retail services, restaurants and entertainment. These uses are best served by being located on the street level and are typically not viable when placed in upper story locations.

Other uses are best located on upper floors of mixed-use pedestrian retail environments. These uses are important traffic generators to the area but do not enhance the retail experience on the street level. These uses include real estate sales offices, professional offices (lawyer, architect), professional services (insurance, accounting).

Residential units should not be allowed on the street level, although reception, lobbies and other circulation elements for upper-level residential uses are appropriate.

Flexibility

While the vision and focus for West Town Center should be firmly established in order to best successfully implement the project with the desired results, flexibility should remain inherent in the implementation standards in order to allow the project to grow over time, to adapt to changing circumstances, and to allow for improvement and the integration of new ideas. The list of uses and tenants presented in these recommendations is not exclusive, and new ideas that support and enhance the overall lifestyle-oriented focus should be encouraged.

Flexibility should be allowed in uses, particularly retail, to prevent vacancy while the district becomes established. As demand builds but to preserve ability to fulfill ultimate desired use. This could initially mean allowing commercial uses such as office or design firms to oc-

cupy street level retail space on Main Street, but controls should be in places that preserve the ability for the placement of the ultimately desired retail use in the space.

Flexibility of use within types of retail (food and beverage, entertainment, retail) should also be integrated into the controls for the project to allow landlords and tenants to integrate new uses into the development in response to changing demographics, retail preferences and the introduction of new product types.

Phasing

The minimum opening conditions for the new retail district should include the majority of the streetscape improvements plus 50,000 square feet of overall commercial space, including one restaurant anchor.

The restaurant anchor could be a national or regional chain that becomes a signature restaurant for the district. This anchor should be secured early in the development process in order to establish the validity and the momentum of the project, to better attract other local tenants and to create a buzz for the development with the general public.

Residential Critical Mass – 500 to 750 Units

West Town Center Main Street should be programmed with between 500 and 750 residential units consisting of all three recommended categories – condominium, hotel and affordable housing. This recommendation is based on an assessment of the suitability of this area as a residential location, the support that the residential tenants provide to the retail component, and the ability of the residential component to generate redevelopment interest for the infill parcels.

The recommended composition of the residential program for West Town Center is presented in the following

table. For size estimation purposes, unit sizes are assumed to be 450 square feet per hotel unit, 800 square feet per employee housing unit and 1,200 square feet per condominium unit. A net to gross factor of 20% is applied to account for circulation, common area and back of house space.

Other Residential Program Recommendations

A minimum of 350 residential units should be provided. This number can be considered the minimum amount needed to create a full-time year-round residential presence in the area and should include all three types of recommended housing.

The mix should include condominium, hotel and affordable housing, as all three types of housing will contribute to the success of the area, and the combination of all three will provide the most interesting environment for residents and for visitors. Residential units should not be permitted on the street-level.

Zoning should be flexible enough to let developers decide which residential products should be offered within the condominium zoning. Whole ownership, fractional ownership, condo-hotels and vacation clubs should all be permitted uses.

Generally speaking, the more residential use that is programmed for the main street area the better. The viability of the retail district, the sense of place that is created by a having a resident population and the attractiveness of the area to developers will all be enhanced by a larger residential program.

The West Town Center project should take advantage of the high levels of demand by providing as much residential product as is feasible. Feasibility should be based on the ability to maintain a high quality streetscape and a liveable environment. There does not appear to be a maximum amount of residential use based on either market considerations or retail viability. A form-based maximum amount of residential should instead be determined.

I. Next Steps

The following steps have been identified as the logical next steps for the West Town Center project:

1. Economic analysis – analysis of public and private costs and benefits to assess public revenue streams and to gauge the financial feasibility of the redevelopment project.
2. Determine the optimal amount of residential space based on urban design criteria.
3. Design revisions. The plan may need to be revised based on findings from the market investigation and economic analysis.
4. Phasing strategy – a strategy should be developed to direct the redevelopment process and to establish how to evolve towards the desired development vision.
5. Political and implementation strategy – identification of leadership, financing, operations, public-private relationships, and implementation agency or vehicle (Community Development Corporation, Business Improvement District, etc).
6. Land use code revisions

(Endnotes)

¹ Town of Avon Comprehensive Plan (October 2005) Land Use and Community Framework: Existing Land Use Patterns. Page 10.

² Town of Avon Comprehensive Plan (October 2005) Land Use and Community Framework: High Priority Districts. Page 37.

³ Town of Avon Comprehensive Plan (October 2005) Land Use and Community Framework: High Priority Districts. Page 38

⁴ Economic and Planning Systems. *Comprehensive Plan Update – Fiscal Impact Analysis of Future Development Scenarios*. November 29, 2004. Table 2: Baseline Population and Employment

⁵ These statistics exclude Avon to avoid double counting.

⁶ Data source: ESRI Business Information Systems using U.S. Census data. Projections by ESRI.

⁷ Table source and methodology: Economic and Planning Systems. *Comprehensive Plan Update – Fiscal Impact Analysis of Future Development Scenarios*. November 29, 2004. Table 2: Baseline Population and Employment

⁸ Income sources: ESRI (year-round resident), NWCCOG 2003 Mountain Resort Homeowner's Survey (second homes), Vail Resorts Marketing Research Department "Town of Vail Summer Survey Results 2005" (condotel and hotel residents)

⁹ Table source and methodology: Economic and Planning Systems. *Comprehensive Plan Update – Fiscal Impact Analysis of Future Development Scenarios*. November 29, 2004. Adapted from Table 1A: Avon Population and Employment Existing Entitlements Scenario

¹⁰ Housing sources: ESRI (year-round and second homes). Hill and Company Eagle Valley total units available report: <http://www.visitvailvalley.com/community> (hotel and condotel units)

¹¹ Persons per unit and occupancy estimates from Avon population calculations. Economic and Planning Systems. *Comprehensive Plan Update – Fiscal Impact Analysis of Future Development Scenarios*. November 29, 2004. Table 2: Baseline Population and Employment

¹² Income sources: ESRI (year-round resident), NWCCOG 2003 Mountain Resort Homeowner's Survey (second homes, same figure used for condotel and hotel residents)

¹³ Source: Colorado State Demography Preliminary Population Forecasts by County 2000-2030. November 2004. <http://dola.colorado.gov/demog/Population/PopulationTotals/Forecasts>

¹⁴ NWCCOG 2003 Mountain Resort Homeowner's Survey

¹⁵ East Town Center Source: Town of Avon

¹⁶ <http://www.city-data.com/city/Avon-Colorado.html>

¹⁷ Beaver Creek source: <http://beavercreek.snow.com> and

Design Workshop

¹⁸ Image source: <http://beavercreek.snow.com>

¹⁹ Riverwalk source: www.riverwalkonline.com

²⁰ Image source: www.riverwalkonline.com

²¹ Image source: www.riverwalkonline.com

²² Lionshead source: <http://www.vailresorts.com>, <http://www.newvail.com>

and Design Workshop

²³ <http://www.newvail.com/thenewlionshead/core.cfm>

²⁴ <http://www.newvail.com/thenewlionshead/core.cfm>

²⁵ <http://www.mapquest.com/directions>

²⁶ <http://vrdc.com/portfolio.cfm>

²⁷ Frisco sources: <http://www.townoffrisco.com/> and <http://friscolorado.org> and Design Workshop

²⁸ Comment made to Design Workshop staff during site visit October 2005.

²⁹ Truckee sources: <http://www.truckee.com/> and Design Workshop

³⁰ Ski Magazine "The 18 Best Ski towns for..." <http://www.skimag.com>

³¹ Image source: <http://www.truckee.com>

³² <http://www.truckee2025.org/econstrat/essumm.htm>

³³ Ski Magazine "The 18 Best Ski towns for..." <http://www.skimag.com>

³⁴ <http://www.truckee2025.org>

³⁵ Scholl, David and Williams, Robert. "A Choice of Lifestyles", *Urban Land*, October 2005.

³⁶ Economic and Planning Systems. *Comprehensive Plan Update – Market Conditions*. June 2004. Table

³⁷ Source: Town of Avon Comprehensive Plan Community Interviews Summary (draft in progress)

³⁸ Economic and Planning Systems. *Comprehensive Plan Update – Market Conditions*. June 2004. pg 31.

³⁹ RNL Design. Avon Town Center Implementation Plan. November 6, 2001. pg 6.

⁴⁰ RNL Design. Avon Town Center Implementation Plan. November 6, 2001. pg 6.

⁴¹ Economic and Planning Systems. *Comprehensive Plan Update – Market Conditions*. June 2004. pg 25.

⁴² Economic and Planning Systems. *Comprehensive Plan Update – Market Conditions*. June 2004. pg 25.

⁴³ Town of Avon Comprehensive Plan (October 2005) Land Use and Community Framework: Existing Land Use Patterns. Page 10.

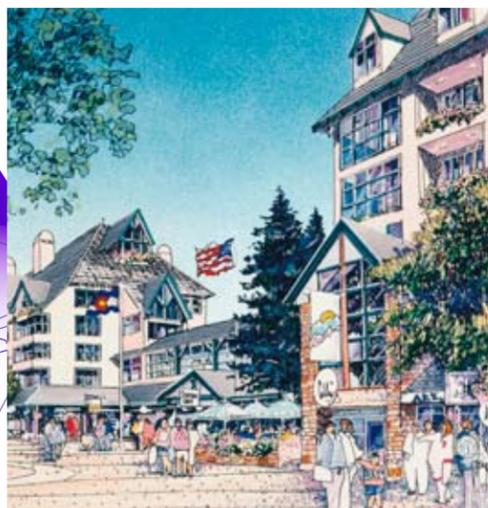
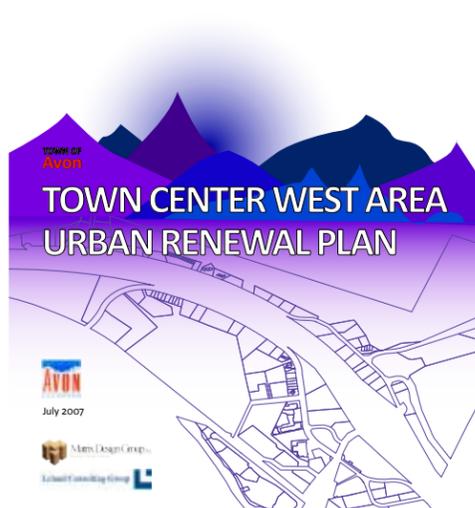
⁴⁴ Economic and Planning Systems. *Comprehensive Plan Update – Market Conditions*. June 2004. Table

⁴⁵ Economic and Planning Systems. *Comprehensive Plan Update – Market Conditions*. June 2004. Appendix Table A-3. Existing and Potential Development.

⁴⁶ PricewaterhouseCoopers LLP. *Analysis of Fiscal Impacts of Two Future Development Scenarios of the Sheraton Mountain Vista Resort in Avon, Colorado*. March 24, 2005. Page 18.

⁴⁷ Source: Design Workshop

⁴⁸ Scholl, David and Williams, Robert. "A Choice of Lifestyles", *Urban Land*, October 2005.



Appendix B: Urban Renewal Resources

July 2007

DESIGNWORKSHOP

Urban Renewal Authority Case Studies

Authority	Purpose	Created	Project Components	Board and Staffing	Budget and Funding
Fitzsimons Redevelopment Authority www.colobio.com	A partnership of the City of Aurora and University of Colorado to redevelop the Fitzsimons Army Medical Center in Aurora. Created in 1996 through an intergovernmental agreement.	1996	<ul style="list-style-type: none"> • 578-acres • 20 years timeframe • 15-million square feet of phased new construction (medical facilities, residences and commercial space) • \$4.3-billion renovation 	10 member Board of Directors (5 are Aurora City Council Members; UC Board of Regents member, UC Hospital Director, an Architect, a financial advisor)	
Lakewood Reinvestment Authority www.lakewood.org Contact: Becky Clark 303-987-7530	Created through a public vote (even though it was not required) to “maintain a strong identity and image for Lakewood, assure economic soundness of public/private development, and increase the tax base. “	1998 through a public vote	<ul style="list-style-type: none"> • Numerous projects completed to date including the award-winning Belmar, a redevelopment of the old Villa Italia Mall. 	11 member Town Council serves as URA board. Managed by the Community Development Director. One other staff member is also a City employee.	
Lowry Redevelopment Authority (LRA) www.lowry.org	Formed through intergovernmental agreement between Denver and Aurora to redevelop the former Lowry Air Force Base. The LRA serves as master planner and developer of the 1,866-acre site with responsibility for zoning, infrastructure improvements and real estate sales. It will dissolve when the redevelopment is completed.	1994	<ul style="list-style-type: none"> • 1.8 million square feet of office space and 130,000 square feet of retail is planned or underway, • 4,500 new homes and apartments <p>Redevelopment costs totaling approximately \$555 million (Seventy percent of the funding comes from private sources such as revenue bonds, bank loans, real estate sales and leasing, while the remaining 30 percent comes from public sources such as federal, state and local grants.)</p>	21 member Lowry Community Advisory Committee 10 member board of directors (board chair is someone with extensive real estate development experience)	The City and County of Denver has invested \$1.37million in Lowry, which was paid back in economic benefits in less than one month.

Authority	Purpose	Created	Project Components	Board and Staffing	Budget and Funding
Stapleton Development Corporation (SDC) www.stapletoncorp.com	A private sector, non profit entity created by Mayor Wellington E. Webb and the Denver City Council. The Stapleton Development Corporation is charged with the responsibility to implement the Stapleton Development Plan, a community-based vision for creating new jobs, housing, and open space, on the 4,700 acres airport property.	1995	17 million square feet of new commercial space and up to 10,000 units of housing.	SDC has 11 voting directors of which Denver Urban Renewal Authority appoints two directors and the Mayor of Denver appoints nine. There are five additional ex-officio directors - the Manager of Aviation, the City Council member whose district includes the Property, a member of the Citizens Advisory Board (CAB), one person each representing Commerce City and Aurora respectively.	
Estes Park Urban Renewal Authority www.estesnet.com/Epura Contact: Wil Smith, 970-577-3800	The Estes Park Urban Renewal Authority (EPURA) is a separate governmental entity, created by the Town to eliminate physical and economic blight and to plan and implement physical improvements.	1982	Current projects include: <ul style="list-style-type: none"> • Design and community involvement activities relative to extension of the Riverwalk westward. • Participation in the Estes Valley Transportation Alternatives Study. • Development of a master plan for the Knoll Property. • Working on improvement of the Estes Park "gateway area." 	Seven member board appointed by the Town Council and one staff member.	\$200,000 annual budget from property and sales tax TIF.
South Lake Tahoe Redevelopment Agency www.cityofslt.us		1988	Focusing on redevelopment and affordable housing. First project involved redevelopment of anchor resort hotels.	Five member city council serves as the board of directors. Two member staff.	

Authority	Purpose	Created	Project Components	Board and Staffing	Budget and Funding
Centennial Urban Redevelopment Authority (CURA) www.newsouthglenn.com/ura.htm Contact: Wayne Reed 303-754-3419	Demolish and redevelop the 30-year old Southglenn Mall.	Nov. 7, 2005	<ul style="list-style-type: none"> The redeveloped area will become a mixed-use center called The Streets at SouthGlenn. Alberta Development Partners, LLC, a local firm, plans almost one million square feet of retail space, 100,000 square feet of office space and 350 - 700 residences Demolition of the mall has begun; the projected completion date for the new project is mid-2008. 	City Council also serves as the URA board. Staffed by Community Development Director.	Public finance agreement (PFA) between the Centennial Urban Redevelopment Authority (CURA), the City of Centennial, and the Southglenn Metropolitan District (SGMD). All revenues from the property tax increment and 76% of the revenues from the sales tax increment will be used to repay the bonds. The remaining 24% of the sales tax increment will be remitted to the City of Centennial for general City purposes.
Steamboat Springs Urban Redevelopment Authority www.steamboatsprings.net Contact: Joe Krackum 970-379-3959	Formed to redevelop base of ski area. Considering the creation of a renewal authority focusing on downtown.	2005	<ul style="list-style-type: none"> The authority's intent is to use tax increment financing to raise money for public improvements at the base of the ski area. Lack of a permanent source of revenue for future maintenance costs related to base area projects is a key challenge to the redevelopment. 	Eleven member Urban Redevelopment Authority Advisory Committee 5 member City Council serves as the board of directors. URA is designed to end in 25 years. Staffed by consultant.	Required \$95,000 for legal fees, staff fees and studies of needs at the base area before starting.
Vail Reinvestment Authority www.ci.vail.co.us Contact: Russ Forest, Stan Zemler 970-479-2146	Focus on the redevelopment of the Lionshead area within the Town of Vail per the Lionshead Public Facilities Development Plan adopted in 2004. The area is on the south side of I-70.	2003	<ul style="list-style-type: none"> Planning to use tax increment financing for \$40 million dollar of public infrastructure improvements. 	Town Council serves as board. Community Development Director staffs the effort, public works will implement.	Town will begin collecting tax increment in 2009 and may bond to pay for infrastructure improvements. Work will be part of public works Department work plan.

Resources

Publications

Colorado Urban Renewal Authorities, 2004. The Colorado Community Revitalization Association.

<http://www.ccronline.org/CO%20URAs%202004.pdf#search=%22urban%20renewal%20authorities%20in%20colorado%22>

Continuum East West Master Developer Proposal for Union Station

http://www.denverunionstation.org/pdfs/master_developer/Continuum%20East%20West.pdf

Tax Increment Financing, 2002. National Association of Realtors. <http://assist.neded.org/TIFreport.pdf>

Economic Benefits from Community Redevelopment in Colorado, 2004. Development Research Partners.

http://www.developmentresearch.net/comm_p/co_ura_economic_benefits_report_v3.pdf

The U.S. Experience with Tax Increment Financing (TIF): A Survey of Selected U.S. Cities, 2005. City of Calgary.

http://www.calgary.ca/docgallery/bu/corporateproperties/final_report_tif.pdf

Variations in today's tax increment financing, 2005. Kenneth M. Hunter, Michael A. Harris and Steven A. Carter, of PricewaterhouseCoopers LLC.

[http://www.pwc.com/extweb/pwcpublishations.nsf/docid/A6BD5EE68B7677C68525710A004C5144/\\$file/salt-cch-whitepaper.pdf](http://www.pwc.com/extweb/pwcpublishations.nsf/docid/A6BD5EE68B7677C68525710A004C5144/$file/salt-cch-whitepaper.pdf)

People

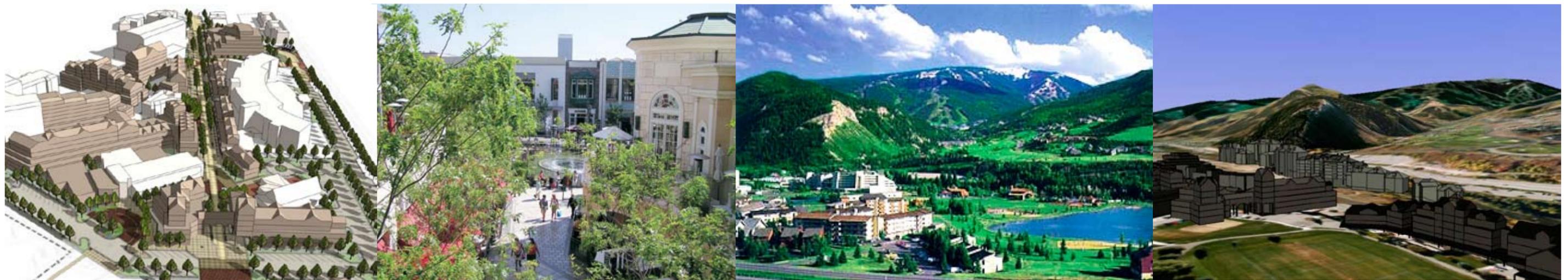
Joe Krackum – Steamboat URA, 970-379-3959

Becky Clark - Lakewood URA, 303-987-7530

Charles Ozaki - Broomfield URA, 303- 438-6300

Stan Zemler - Vail URA, 970-479-2146 (While Russ Forest was interviewed for this document, Stan Zemler is the new staff contact for the Town of Vail.)

Wil Smith - Estes Park URA, 970-577-3800



Appendix C: Financial Analysis

May 2006

DESIGNWORKSHOP

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Methodology and Assumptions

Previous tasks undertaken for the West Town Center District project include the outlining of project goals, the development of a site plan detailing the Main Street improvements and identifying key infill parcels, and the completion of a Market Investigation that analyzed critical mass and program mix for the district. The assumptions reached and data gathered during each subsequent phase form the foundation of this financial analysis. The tasks undertaken for this analysis are described in the following section.

3D Model to Establish Form

The two-dimensional site plan for West Town Center District created during the July 2005 charette resulted in the design of a mixed-use, pedestrian-oriented Main Street district. The first phase of this analysis was to extrude this plan to a three-dimensional form based on the Town's Urban Design Guidelines. View preservation, solar shading, architectural form and punctuation, vertical and horizontal stepping to maintain human scale, use of pitched roofs, building heights and pedestrian connectivity were all considered.

Development Program

Using the 3D model and the recommendations from the Market Investigation regarding critical mass and mix of uses, the total amount of retail, office and residential space to be built during redevelopment of the West Town Center District site was defined. Market rate residential uses can consist of either whole or fractional-ownership structures for purposes of this analysis. Short-term accommodation units are considered to be a condo-hotel ownership and operating structure for this analysis, as they are the increasingly

dominant form of hotel development in the resort industry, but could also consist of conventional hotel or other short-term accommodation structures.

The higher amount of retail square footage programmed for the district than was recommended in the Market Investigation report could be tempered by not including the retail space (envisioned as a restaurant and meeting spaces) programmed for the ground floor of the Nottingham Inn. However, by the time that Nottingham is developed in the last phase of the West Town Center District project there will likely be clear market demand to support this additional space.

Gross space for each level was measured from the 3D model, with a use or uses assigned. A standard efficiency multiplier was applied to each use to allow for circulation and common space (85 percent for residential, for example). The gross number is used to calculate building costs, while the net number is used to determine sales revenues.

Parking space estimates were generated by applying the Town's codes to the development program. The 15 percent reduction for mixed-use development as allowed in the code was applied. The amount of parking provided on-site was calculated by assuming 400 sq.ft. per parking space. Any excess parking requirement not provided on site was assumed to be mitigated through payment of the Town's \$33,000 parking payment in lieu fee. Reductions to the parking requirements shown for each infill development project could come from parking analysis studies prepared for each infill project during the application process.

Development Cost Assumptions

Construction costs were estimated with input from local contractors and members of the Town of Avon Community Development Committee. All construction costs are as of March, 2006.

Soft costs (i.e. permitting, sales and marketing, design and engineering, etc.) were estimated based on multipliers used by Design Workshop for work performed in the Rocky Mountain ski resort region. These soft cost assumptions were also reviewed by local contractors and members of the Community Development Committee.

The cost estimates for the public projects including the realignment of Benchmark Road (Lake Street), transit center, parking garage, town hall and Main Street improvements were prepared by Design Workshop and OTAK as part of the West Town Center District project scope.

The cost estimates for public projects were prepared using quantity takeoffs for major project components and applying cost multipliers adjusted for regional conditions. The cost estimate details have been provided to the Town in a separate document.

Infill Development Revenue Estimates

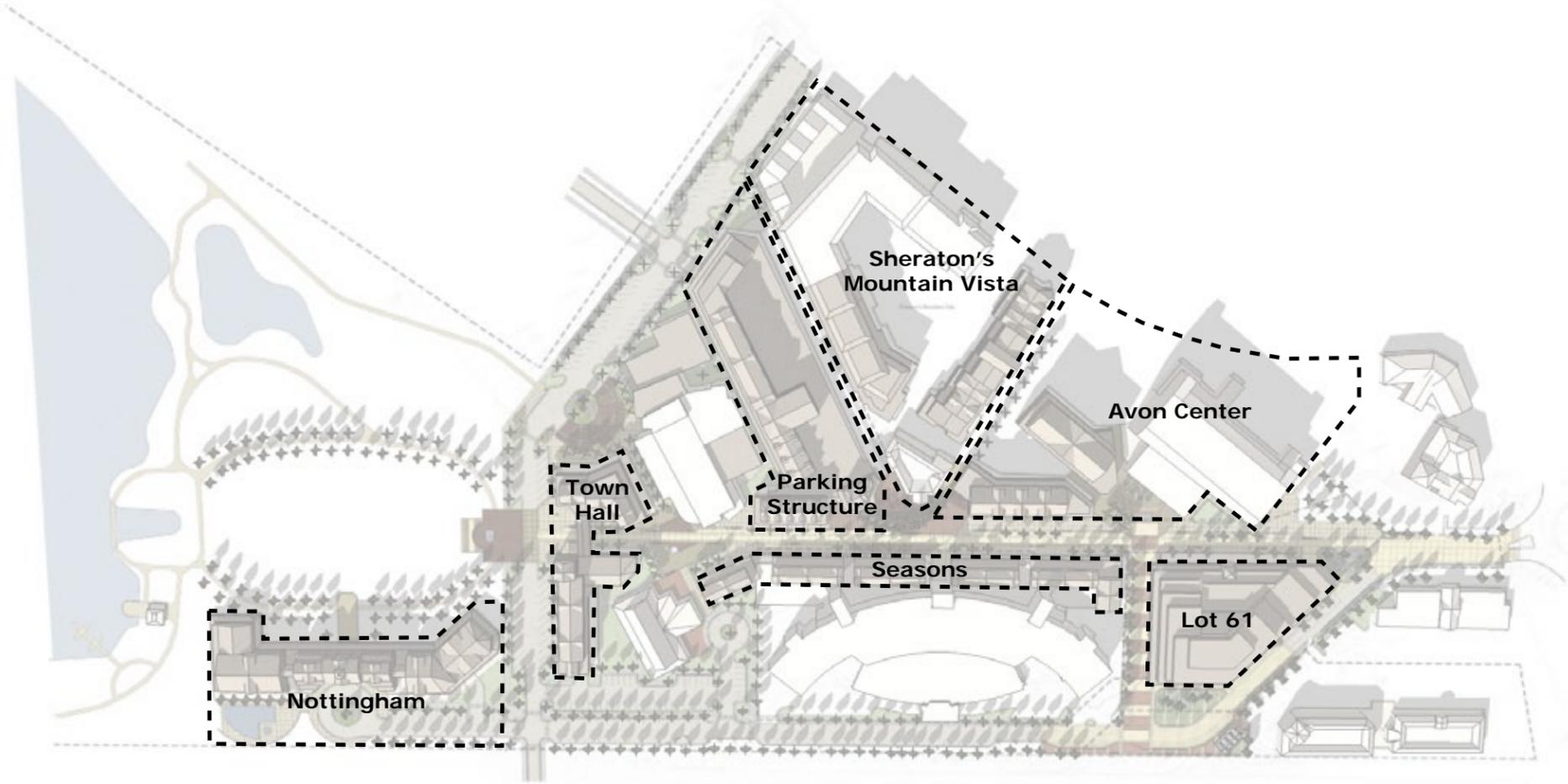
Seven infill parcels were identified during the West Town Center District charette process. The infill parcels, identified on the West Town Center District Charette Plan on the previous page, include Lot 61, the Seasons, the Sheraton, Town Hall, Nottingham, the Parking Structure and Avon Center.

The revenue potential for each market-rate component of the redevelopment (i.e. retail, office, and residential) was estimated based on input from real estate brokers regarding sales prices and lease rates in Avon and comparable sales data (for land and buildings) obtained from Assessor/Clerk & Recorder records from January 2001 through January 2006. Based on discussions with realtors, a premium of 20 percent over existing sales rates in the area was applied to account for the increased sales prices that will result from the creation of the Main Street district as well as the adjacency to the Confluence development and gondola connection.



3D Models help to quickly illustrate the massing that is possible based on the Design Guidelines.

Map of West Town Center District Redevelopment Parcels



Summary of Private Infill Redevelopment Analysis

Financial Summary

Description	Total Revenues	Total Development Cost	Net Proceeds
Lot 61	\$ 95,958,594	\$ 72,325,283	\$ 23,633,311
Seasons	\$ 29,868,593	\$ 26,577,551	\$ 3,291,042
Avon Center	\$ 48,890,058	\$ 38,403,740	\$ 10,486,318
Sheraton	\$ 87,071,933	\$ 72,009,082	\$ 15,062,851
Parking Structure	\$ 70,908,184	\$ 63,447,108	\$ 7,461,076
Town Hall	\$ 38,525,214	\$ 36,714,361	\$ 1,810,852
Nottingham	\$ 58,577,125	\$ 57,661,749	\$ 915,376
TOTAL VALUE CREATED	\$ 429,799,700		

Returns

Internal Rate of Return (IRR)
22.7%
12.0%
19.3%
18.9%
4.9%
2.5%
1.7%

Program Summary

Description	Commercial -			Affordable Housing		Market Housing		Condo-Hotel		Parking Analysis			
	Retail Sq.Ft.	Office Sq.Ft.	Civic Sq.Ft.	Sq.Ft.	Units	Sq.Ft.	Units	Sq.Ft.	Units	Parking Spaces Required per Code	Spaces Provided on Site	In Lieu Spaces Required	Public Parking Spaces Provided
Lot 61	12,880	10,056	-	18,029	18	-	-	130,585	131	211	221	0	
Seasons	1,360	-	-	-	-	51,620	26	-	-	49	-	49	
Avon Center	11,286	-	-	9,255	9	71,900	36	-	-	115	52	63	
Sheraton	9,767	-	-	37,638	38	128,849	81	-	-	234	223	11	
Parking Structure	6,142	5,800	-	31,200	31	82,173	41	-	-	159	369		210
Town Hall	13,307	-	27,225	30,949	31	31,179	16	-	-	194	100	94	
Nottingham	15,847	-	-	-	-	-	-	81,865	82	123	123	0	
TOTAL	70,588	15,857	27,225	127,070	127	365,721	199	212,450	212	1,085	1,087	217	210

Total Projected Public Revenues

	One Time Revenues (at buildout)	Annual Revenues (at buildout)
RETA	\$7,537,047	\$764,510
Main Street Improvement /	\$3,459,201	
Sales Tax		\$705,876
Property Tax		\$353,204
Accommodation Tax		\$418,739
Parking Payment in Lieu	\$7,160,588	
TOTAL	\$34,848,145	\$3,141,504

Funding Sources

Revenue Stream	Amount
TIF Bonding Capacity	\$9,152,445
RETA (one-time amount at buildout)	\$7,537,047
Main Street Improvement Assessment	\$3,459,201
Parking Payment In Lieu	\$7,160,588
Proceeds from Lease/Sale of Parking Strs	\$6,689,880
Land Lease/Sale of Nottingham Site	\$7,245,990
Total Funding Sources	\$44,000,590

Public Improvements Project Costs

Project	Amount
Transit Center	\$2,200,000
Realign Benchmark Road	\$5,000,000
Main Street Improvements	\$12,100,000
Town Hall	\$6,050,000
Parking Structure	\$11,070,000
Total Project Costs	\$36,420,000

Town of Avon Net Proceeds from Development

Total Funding Sources	\$44,000,590
Public Improvements Project Costs	-\$36,420,000
Net Proceeds from Development	\$7,580,590

Public Revenue Stream Summary

Projected One-Time Revenues by Project

Parcel	One Time Revenues				Total
	RETA (at buildout)	Main Street Improvement Assessment	Sale or Long- Term Lease of Parcel to Developer	Parking Payment in Lieu	
Lot 61	\$1,845,084	\$767,605		\$0	\$2,612,689
Seasons	\$622,842	264,901		1,617,000	\$2,504,743
Avon Center	\$937,287	415,928		2,079,000	\$3,432,215
Sheraton	\$2,145,341	693,077		363,000	\$3,201,418
Parking Structure	\$1,171,930	470,575	6,689,880	-	\$8,332,385
Town Hall	\$562,157	358,554	2,755,440	3,101,588	\$6,777,739
Nottingham	\$1,103,866	488,562	7,245,990	-	\$8,838,418
TOTAL	\$8,388,507	\$3,459,201	\$16,691,310	\$7,160,588	\$35,699,606

Projected Annual Revenues by Project

Parcel	Annual Revenues					Total
	RETA (annual)	Sales Tax	Property Tax	Accommodation Tax	Recreation Amenities Fee	
Lot 61	\$172,627	\$128,800	\$80,142	\$257,382	\$285,401	\$924,352
Seasons	\$62,114	13,600	23,062	-	56,410	\$155,185
Avon Center	\$87,691	112,856	40,482	-	78,571	\$319,599
Sheraton	\$194,494	97,665	82,613	-	176,004	\$550,776
Parking Structure	\$100,100	61,416	49,261	-	89,797	\$300,574
Town Hall	\$39,078	133,068	28,369	-	34,072	\$234,587
Nottingham	\$108,406	158,472	49,276	161,356	178,921	\$656,431
TOTAL	\$764,510	\$705,876	\$353,204	\$418,739	\$899,175	\$3,141,504

Total Projected Public Revenues

	One Time Revenues (at buildout)	Annual Revenues (at buildout)
RETA	\$7,537,047	\$764,510
Main Street Improvement Assessment	\$3,459,201	
Sales Tax		\$705,876
Property Tax		\$353,204
Accommodation Tax		\$418,739
Recreation Amenities Fee		\$899,175
Revenues from Land Lease or Sale	\$16,691,310	
Parking Payment in Lieu	\$7,160,588	
TOTAL	\$34,848,145	\$3,141,504

The value of the affordable housing units was determined by computing the supportable mortgage payments for a household earning the median area income and assuming a 15% down payment on a 1,000-square-foot unit.

Revenues for office and retail space that will be leased are forecasted over a period of 10 years from completion. The lease stream is capitalized at the end of the period in order to estimate the value of the future revenues. Lease rates were calculated based on information provided by the real estate brokerage community.

Land values for each development parcel were calculated by applying the current per square foot sales rate for similar land parcels in the area to the footprint of the redevelopment area. The current sales rates were garnered from review of sales records and conversations with local real estate brokers. These land values represent the theoretical market price of each infill parcel if they were to be sold to a third-party developer. The same methodology was applied to the Town Hall, Parking Structure and Nottingham parcels under the assumption that these parcels would be sold or leased to a developer prior to development. A more detailed land value assessment should be undertaken by a Broker as a next step in the process.

The Town Hall and Parking Structure parcels are assigned land values under the assumption that these parcels would be sold or leased by the Town to a developer prior to redevelopment. The developer may be a private for-profit developer or a non-profit development organization such as a Community Development Corporation (CDC). The sale or long-term (99 year) lease of these sites assumes that the Town would enter a public-private development agreement with a developer. Under the agreement, Town would receive revenues from the sale or lease of the parcel and would purchase the public component of the project (civic space or parking structure) at a price equal to its cost of construction, while the developer would purchase

or lease the parcel and build the residential and commercial components of the project in exchange for receiving the sales revenue from these uses.

Public Revenue Stream Estimates

The public revenue stream estimates consist of projections of the net incremental increase in Town revenues realized through the new growth. Public revenue streams analyzed in this model include sales tax, property tax (Town of Avon general fund mill

Town will realize from the new development following build out of each project.

A Main Street Improvement Assessment is proposed as a new revenue stream in order to offset West Town Center District public improvement costs is levied for each square foot of net new retail, office and market-rate residential space on each of the infill parcels. Affordable housing units are not included in the Assessment calculation. This contribution is assumed to be dedicated to the West Town Center District Main Street public improvement projects, which include Benchmark Road realignment (Lake Street), Main

Square Footage Allocations at West Town Center District

Use	Market Investigation Recommendation (sq.ft.)	Existing Space (sq.ft.)	Proposed Development Program (sq.ft.)	Total (sq.ft.)
Retail	85,000	25,000	70,500	95,500
Office	40,000	25,000	15,800	40,800
Residential	540,000 - 720,000 (new residential space)		705,000	
Affordable	10-20% affordable		18% affordable	

levy only), parking payment in lieu fees, the Main Street Improvement Assessment, recreational amenities fee, Real Estate Transfer Assessment (RETA) and accommodations taxes. Tax amounts and calculation methodologies were reviewed with Stan Bernstein and Associates.

The Town's \$33,000 fee-in-lieu for parking is applied to the required spaces for each development that are not projected to be built at the site.

Current tax rates (i.e. property, sales, real estate transfer, accommodation) published by the Town of Avon were applied to estimates of the new uses that generate public tax revenues. These calculations provide an understanding of the magnitude of revenues that the

Street pedestrian improvements and the transit center. The assessment amount is programmed at \$5 per square foot for this analysis, but this amount should be refined and the level ultimately determined through a public policy process.

Real estate transfer assessments (RETA) consist of both one-time revenues and ongoing revenues. The one-time revenues are projected for 100 percent of the market-rate residential and condo-hotel units at the time they initially come on the market. Affordable housing units are not programmed into this analysis as they are assumed to be exempt from this assessment. Commercial space is not assumed to be sold initially (these spaces instead are likely to be held by the building owner). Ongoing public revenues from RETA

are estimated based on a 10 percent annual turnover rate. An annualized turnover rate of 5 percent following buildout is assumed for commercial space, which typically is sold less often and in larger blocks of space than residential units.

The recreational amenities fee is applied to fractional units in order to offset their higher use of public facilities and amenities. An assumption was made for purposes of calculating this revenue stream that 50% of the market residential and condo-hotel units would be sold as fractional units, and that each unit would be able to be locked off into three separate rental units.

Phasing of Development Program and Public Improvements

A phasing plan was prepared as an input to the financial model. Input on phasing was gathered from discussion with the Design Workshop team, Town staff and the Community Development Committee.

There is a general understanding from a market perspective that the initial public improvements must be made by the Town to instill confidence in the vision for West Town Center District and to demonstrate a commitment to the revitalization of the district. Redevelopment of each of the infill parcels is unlikely to occur in the manner envisioned for the district absent this upfront commitment from the Town. Conversely, these parcels are likely to accelerate their own redevelopment schedule once the public improvements are in place and the redevelopment potential for the area is clearly evidenced.

The public improvements most important to catalyze the redevelopment of the area include the transit center, the main street pedestrian improvements and the parking component of the parking structure. From

a practical perspective, the realignment of Benchmark Road (Lake Street) must also occur up front. Town Hall, the relocation of the fire station, and Nottingham Inn can occur in later phases, with Town Hall programmed to start subsequent to the initial improvements and Nottingham Inn programmed to occur as the very last phase of development.

The infill parcels were phased across a ten year development period based on their current state in the approval process (Lot 61, for example, is an active application in the Town) as well as on their financial feasibility based on this model. Infill projects that are not as attractive financially compared to others are assumed to develop later than those projects with the highest projected returns.

For purposes of the financial model, a one-year period is assumed to pass from the commencement of each phase of construction to the time at which units will be leased or sold.

Financial Model

The program, revenue and phasing estimates were applied to each of the seven infill parcels in order to generate a detailed financial pro forma for each parcel. This pro forma analysis generates an understanding of the overall revenues and development costs associated with each parcel and each development program.

An understanding of the order of magnitude financial returns to be expected for each development is also gained, which proves helpful in gauging the viability of the development program as well as the potential timing for redevelopment. The internal rate of return for each project is identified. Internal rate of return is a common measure of investment potential used by investors. For purposes of this analysis, an internal rate of return of at least 15 to 20 percent (unlevered) or greater is considered to be financially feasible. An

unlevered rate of return measures the rate of return independent of financing. An unlevered return of 15 to 20 percent will translate to a cash on cash (levered, with financing) return of 30 percent or greater.

The pro formas for the infill projects also prove useful for establishing a baseline by which to measure the incremental public revenue streams resulting from the buildout of each parcel and of the district as a whole.

The pro forma model is constructed using Microsoft Excel in an easily updateable format which allows for the testing of different development scenarios and updating in order to reflect changing revenue, cost and public revenue stream assumptions.

Funding Analysis

A conceptual funding analysis was prepared in order to evaluate the ability of the incremental increases in public revenue streams to pay for the costs of the public improvements. The individual public revenue streams, both one-time and annually recurring are added to generate the sum total of public revenues associated with the redevelopment.

The three infill projects controlled by the public (Town Hall, the Parking Structure and Nottingham) are addressed in the funding analysis by assuming that these parcels will be sold or leased on a long-term basis to a developer in the manner described in the Infill Revenue Analysis section of this report. The developer may be a private for-profit developer or a non-profit development organization such as a Community Development Corporation (CDC). The sales or lease proceeds from these three parcels are treated as a one-time funding source to the Town.

The annually occurring public revenues (property tax, sales tax, accommodation tax, RETA) are capitalized as if they were to be bonded against via a tax-incre-

ment financing (TIF) district. It is important to note that this assumption is made only to conceptually understand the magnitude of the finances available; no determination has been made by the Town at this time as to whether these revenue streams will be bonded against, or whether a TIF district will be created.

Common Assumptions

Revenue Assumptions

Unit Type	Sales Price / sq.ft.	Notes
Residential (market)	\$600	sale price / sq.ft.
Residential (affordable)	\$250	sale price / sq.ft.
Condo-Hotel	\$650	sale price / sq.ft.
Civic	\$200	sale price / sq.ft.
Commercial - Office	\$25	annual lease rate / sq.ft.
Commercial - Retail	\$30	annual lease rate / sq.ft.

Development Cost Assumptions

Site Costs	Value	Notes
Site work and prep	\$20	per sq. ft. of site area
Driveways and parking access	\$200	/ linear foot
Underground parking	\$30,000	/ underground structured space.
Tap fees (residential)	\$10,000	per unit. Blended average
Tap fees (commercial)	\$3,000	per 1,000 sq.ft. Blended average
Landscape and site improvements	n/a	lump sum assigned per project

Building Costs	Cost	Notes
Residential (market)	\$250	/ sq. ft.
Residential (affordable)	\$150	/ sq. ft.
Condo-hotel	\$250	/ sq. ft.
Civic	\$200	/ sq. ft.
Commercial - Office	\$125	/ sq. ft., core and shell
Commercial - Retail	\$125	/ sq.ft., core and shell

Soft Costs	Value	Notes
Permits, approvals and inspections	1.0%	percent of hard costs
Planning, design, engineering	8.0%	percent of hard costs
Sales/ marketing - market rate units	6.0%	percent of sales revenue
Sales/ marketing - affordable units	3.0%	percent of sales revenue
Legal fees/ closing costs	1.5%	percent of hard costs
Project management fee	1.0%	percent of hard costs
Insurance/ bonding	2.0%	percent of hard costs
Real estate taxes	TBD	
Residential parking requirement	2.0	spaces/ unit
Commercial -retail parking requirement	4.0	spaces/ 1,000 sq.ft.
Commercial - office parking requirement	3.0	spaces/ 1,000 sq.ft.
Civic space - parking requirement	3.0	spaces / 1,000 sq.ft.
Condo-Hotel parking requirement	1.0	spaces/ unit
Parking reduction for mixed-use developments	15%	reduction on total spaces - per city.
Parking in lieu contribution	\$33,000	/parking space req'd but not provided
Main Street Improvement Assessment	\$5.00	/ sq.ft. assessment for net new space incl. residential, condo-hotel and comm.

Project Contingency	Value	Notes
Contingency	10%	hard and soft costs

Land Assumptions

Land Cost Assumption	Infill Parcel Size (sq.ft.)	Assumed Land Value/ Sq.Ft.	Value
Lot 61	40,725	\$90	\$3,665,250
Seasons (bldg pads only)	47,698	\$90	\$4,292,820
Avon Center (bldg pad only)	20,620	\$90	\$1,855,800
Sheraton (bldg pads only)	28,117	\$90	\$2,530,530
Parking Structure Parcel	74,332	\$90	\$6,689,880
New Town Hall Parcel	30,616	\$90	\$2,755,440
Nottingham/ Old Town Hall Parcel	80,511	\$90	\$7,245,990

Financial and Public Revenue Stream Assumptions

Financial Assumptions	Value	Notes
capitalization rate	10%	to capitalize commercial leases Yr 10
discount rate	15%	
financing	TBD	

Public Project Costs	Value	Notes	Estimate Source
Main Street Improvements	\$12,100,000	lump sum	Design Workshop
Transit Center Project	\$2,200,000	lump sum	Design Workshop
Realign Benchmark Road	\$5,000,000	lump sum	Design Workshop

Public Revenue Streams	Value	Notes
Retail sales tax	4%	
Real Estate Transfer Assessment (RETA)	2%	of sales price, market and condo-hotel
Property tax - commercial assessment rate	29%	
Property tax - commercial mill levy	8.96	mills - Town of Avon general fund levy only
Property tax - residential assessment rate	7.96%	
Property tax - residential mill levy	8.96	mills - Town of Avon general fund levy only
Accommodations Tax	8%	includes 4% sales tax on accommodation

Public Revenue Assumptions	Value	Notes
Retail Sales Revenue (annual)	\$250	/ sq.ft. Based on Avon 2005 actual sales
Hotel ADR	\$150	per Stan Bernstein & Assoc.
Hotel annual occupancy	45%	Hill and Co. Vail Valley ADR Report 2005
Residential unit turnover rate	10%	annual. Per Stan Bernstein & Assoc.
Commercial unit turnover rate	5%	annual. Design Workshop
Recreation Amenities Fee	\$28.02	annual fee per fractional unit

Key Input Values shaded in Blue

Sales Price Analysis

Land Values (all numbers approx)

Property	Sale Date	Parcel Size (sq.ft.)	Sales Price	\$ / Sq.Ft.
Christy Sports	2006	41,382	\$5,000,000	\$121
Lot 61	2005	40,725	\$3,645,000	\$90
Annex Bldg	2004	94,090	\$5,000,000	\$53
Annex Parcel	2006	104,980	\$6,000,000	\$57
<i>Land Value Assumed for Infill Parcels</i>				\$ 90

Market Rate Residential Unit Pricing

1. actual sales prices at Seasons following approval of Confluence are \$500/ sq.ft.					
2. evaluate premiums for new construction, amenities, gondola proximity					
premium	10%	15%	20%	25%	30%
sales price	\$ 550	\$ 575	\$ 600	\$ 625	\$ 650
3. assume 20% premium					
<i>Sales Price Assumed for Infill Parcels</i>					\$ 600

Affordable Housing Unit Pricing

1. Median Household Income in Avon is \$45,000	
2. 35% of household income towards housing is \$15,750	
3. \$15,750 per year supports a mortgage of \$207,000	
4. 15% down increases supportable price to \$250,000	
5. Average unit size of 1,000 sq.ft. can be purchased at \$250 per sq.ft.	
<i>Sales Price Assumed for Affordable Housing Units</i>	
\$250	

sources: Assessor's records and conversations with Avon real estate brokers and developers

Phasing and Absorption

Sales Period Phasing											
Public Improvement Projects and Parcels Project	Percent Coming On Line per Year										TOTAL
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Transit Center	100%										100%
Road Realignment		100%									100%
Main Street Improvements		100%									100%
Parking Structure				33%	33%	33%					100%
Fire Station		100%									100%
Town Hall			50%	50%							100%
Private Infill Projects											
Project	Percent Coming On Line and Sold Per Year										TOTAL
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Lot 61			50%	50%							100%
Avon Center				33%	33%	33%					100%
Sheraton Mountain Vista							33%	33%	33%		100%
Seasons							50%	50%			100%
Nottingham Inn								50%	50%		100%

Construction Period Phasing											
Public Improvement Projects and Parcels Project	Percent Built per Year										TOTAL
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Transit Center	100%										100%
Road Realignment		100%									100%
Main Street Improvements		100%									100%
Parking Structure		33%	33%	33%							100%
Fire Station		100%									100%
Town Hall		50%	50%								100%
Private Infill Projects											
Project	Percent Built Per Year										TOTAL
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Lot 61		50%	50%								100%
Avon Center			33%	33%	33%						100%
Sheraton Mountain Vista						33%	33%	33%			100%
Seasons							50%	50%			100%
Nottingham Inn								50%	50%		100%

Key User Input Values shaded in Blue

Infill Parcels

The following summaries outline key points related to the program and financial analysis for each of the seven infill parcels. The financial analysis for each parcel consists of two sheets: the first details the development program at the site (i.e. amount of space by use, parking program and any required parking in lieu fees), while the second sheet presents the pro forma for the individual parcel (i.e. the costs and revenues associated with that parcel applied to the phasing assumptions).

Lot 61

Lot 61 consists of an eight-story building with two levels of underground parking. A condo-hotel development also containing affordable housing, office and street-level retail uses, Lot 61 contains a total of 185,000 net square feet of space.

The condo-hotel component of the program contains 131 units at 1,000 square feet each. There are 18 affordable housing units in the program. The pro forma assumes that these units would be constructed as part of the developer's cost, although that policy determi-

nation has not been made, nor has the inclusion of affordable housing been discussed by Design Workshop with the developer at this point.

Lot 61 provides a balanced parking program, with the number of parking spaces required by Town code contained in the two levels of underground parking. Lot 61 is shown in the pro forma analysis to contain one of the highest rates of return, indicating that it would be among the first parcels to redevelop.

Lot 61 Development Program

Development Program - By Level

Bldg	Floor	Use	Gross Sq.Ft.	Efficiency	Net Sq.Ft.
B-2	Parking		44,121		44,121
B-1	Parking		44,121		44,121
F-1	Transit Center		400	100%	400
	Commercial-Retail		16,100	80%	12,880
	Lobby/ Back of House		13,593		13,593
F-2	Commercial - Office		11,831	85%	10,056
	Affordable Housing		14,648	85%	12,451
	Condo-Hotel Units		20,831	85%	17,706
F-3	Condo-Hotel Units		37,181	85%	31,604
	Affordable Housing		6,562	85%	5,578
F-4	Condo-Hotel Units		38,743	85%	32,932
F-5	Condo-Hotel Units		24,799	85%	21,079
F-6	Condo-Hotel Units		15,519	85%	13,191
F-7	Condo-Hotel Units		12,058	85%	10,249
F-8	Condo-Hotel Units		4,498	85%	3,823

TOTAL (w/out parking) 216,763 185,543

Development Program - Summary

Use	Gross Sq.Ft.	Net Sq.Ft.	Unit Size Sq.Ft. (typ)	Units	Units	Required Parking per Code
Parking	88,242	88,242	400	221	spaces	
Commercial - Retail	16,100	12,880				44
Commercial - Office	11,831	10,056				26
Civic						-
Market Housing			2,000	-	units	-
Affordable Housing	21,210	18,029	1,000	18	units	31
Condo-Hotel	153,629	130,585	1,000	131	units	111

Development Cost Assumptions

Cost Assumptions	Units
Parcel Size	40,725 sq. ft.
Land Cost	\$ 3,665,250 @ \$90/sq. ft.
driveways and parking access	- linear feet
landscape and site amenities	\$ 250,000 lump sum
parking req'd per code	211
parking provided	221
payment in lieu parking spaces	0
Parking In Lieu Payment	\$0
Main Street Improvement Assessment	\$ 767,605 towards Main Street project costs

LOT 61 Proforma

Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Market Housing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>less marketing costs</i>	-	-	-	-	-	-	-	-	-	-	-
Affordable Housing	-	-	2,253,563	2,253,563	-	-	-	-	-	-	4,507,125
<i>less marketing costs</i>	-	-	(67,607)	(67,607)	-	-	-	-	-	-	(135,214)
Condo-Hotel	-	-	42,440,011	42,440,011	-	-	-	-	-	-	84,880,023
<i>less marketing costs</i>	-	-	(2,546,401)	(2,546,401)	-	-	-	-	-	-	(5,092,801)
Civic	-	-	-	-	-	-	-	-	-	-	-
Commercial - Office Revenue	-	-	125,704	251,409	251,409	251,409	251,409	251,409	251,409	3,016,905	4,651,062
Commercial - Retail Revenue	-	-	193,200	386,400	386,400	386,400	386,400	386,400	386,400	4,636,800	7,148,400
Total Projected Revenues	-	-	42,398,471	42,717,375	637,809	637,809	637,809	637,809	637,809	7,653,705	95,958,594
Costs											
Land	-	1,832,625	1,832,625	-	-	-	-	-	-	-	3,665,250
Site Costs	-	-	-	-	-	-	-	-	-	-	-
site work and prep	-	407,250	407,250	-	-	-	-	-	-	-	814,500
driveways and parking access	-	-	-	-	-	-	-	-	-	-	-
underground parking	-	3,309,075	3,309,075	-	-	-	-	-	-	-	6,618,150
tap fees (residential)	-	743,066	743,066	-	-	-	-	-	-	-	1,486,132
tap fees (commercial)	-	34,405	34,405	-	-	-	-	-	-	-	68,809
landscape and site improvements	-	125,000	125,000	-	-	-	-	-	-	-	250,000
<i>subtotal site costs</i>	-	<i>4,618,795</i>	<i>4,618,795</i>	-	-	-	-	-	-	-	<i>9,237,591</i>
Building Costs	-	-	-	-	-	-	-	-	-	-	-
Residential (market)	-	-	-	-	-	-	-	-	-	-	-
Residential (affordable)	-	1,590,750	1,590,750	-	-	-	-	-	-	-	3,181,500
Condo-hotel	-	19,203,625	19,203,625	-	-	-	-	-	-	-	38,407,250
Civic	-	-	-	-	-	-	-	-	-	-	-
Commercial - Office	-	739,438	739,438	-	-	-	-	-	-	-	1,478,875
Commercial - Retail	-	1,006,250	1,006,250	-	-	-	-	-	-	-	2,012,500
<i>subtotal building costs</i>	-	<i>22,540,063</i>	<i>22,540,063</i>	-	-	-	-	-	-	-	<i>45,080,125</i>
Soft Costs	-	-	-	-	-	-	-	-	-	-	-
permits, approvals and inspections	-	271,589	271,589	-	-	-	-	-	-	-	543,177
planning, design, engineering	-	2,172,709	2,172,709	-	-	-	-	-	-	-	4,345,417
Legal fees/ closing costs	-	407,383	407,383	-	-	-	-	-	-	-	814,766
Project management fee	-	271,589	271,589	-	-	-	-	-	-	-	543,177
insurance/ bonding	-	543,177	543,177	-	-	-	-	-	-	-	1,086,354
Parking in lieu contribution	-	-	-	-	-	-	-	-	-	-	-
contribution towards Main Street Proj	-	383,803	383,803	-	-	-	-	-	-	-	767,605
<i>subtotal soft costs</i>	-	<i>4,050,248</i>	<i>4,050,248</i>	-	-	-	-	-	-	-	<i>8,100,497</i>
Project Contingency	-	3,120,911	3,120,911	-	-	-	-	-	-	-	6,241,821
Total Projected Costs	-	36,162,642	36,162,642	-	-	-	-	-	-	-	72,325,283
TOTAL CASH FLOW	\$ -	\$ (36,162,642)	\$ 6,235,829	\$ 42,717,375	\$ 637,809	\$ 7,653,705	\$ 23,633,311				
Net Present Value (@15%)	\$4,294,111										
Internal Rate of Return	22.7%										

Seasons

The Seasons project would consist of reorienting the current retail space along the Main Street corridor and constructing market rate housing above it. The rest of the existing Seasons building would remain the same. Approximately 1,300 square feet of new retail space would be constructed, and 26 market rate units would be added. The street level retail would front Main Street with an arcaded walkway. The development program also includes 400 square feet of transit center space, which is assumed in this model to be provided and paid for by the developer as part of their project mitigation.

The financial analysis indicates that this project would be phased later given the relatively low rate of return compared to some of the other projects. It is important to note, however, that a fairly high land price is included for this parcel under the assumption that the land/air rights for the development would be sold by the Seasons to a third-party developer at prevailing land prices. Were the current owner to develop this parcel there would be no additional assumed land cost and the project would generate a much higher rate of return.

fulfilled off-site in the public parking structure. From a market perspective, however, at least one space per new unit would be required on-site, which would require the Seasons owners to reconfigure the way they use their existing parking in order to accommodate the new uses. Some of the existing uses would likely shift to the public parking structure.

No additional parking is assumed in this program, meaning that all parking requirements would be

Seasons Development Program

Development Program - By Level

Bldg	Floor	Use	Gross Sq.Ft.	Efficiency	Net Sq.Ft.
Season B-1		Existing Parking	-	n/a	-
	F-1	Commercial - Retail	1,600	85%	1,360
	F-2	Market Housing	26,916	85%	22,879
	F-3	Market Housing	17,252	95%	16,389
	F-4	Market Housing	14,532	85%	12,352

Development Program - Summary

Use	Gross Sq.Ft.	Net Sq.Ft.	Unit Size Sq.Ft. (typ)	Units	Units	Required Parking per Code
Parking			400	-	spaces	
Commercial - Retail	1,600	1,360				5
Commercial - Office						0
Civic						-
Market Housing	58,700	51,620	2,000	26	units	44
Affordable Housing			1,000	-	units	-
Condo-Hotel			1,000			0

Development Cost Assumptions

Cost Assumptions	Units
Parcel Size	47,698 sq.ft.
Land Cost	\$ 4,292,820 @ \$90/sq.ft.
driveways and parking access	- linear feet
landscape and site amenities	\$ 100,000 lump sum
parking req'd per code	49
parking provided	-
payment in lieu parking spaces	49
Parking In Lieu Payment	\$1,617,000
Main Street Improvement Assessment	\$ 264,901 towards Main Street project costs

TOTAL (w/out parking)	60,300	52,980
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Seasons Proforma

Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL	
Market Housing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,486,060	\$ 15,486,060	\$ -	\$ 30,972,120	
<i>less marketing costs</i>	-	-	-	-	-	-	-	(929,164)	(929,164)	-	(1,858,327)	
Affordable Housing	-	-	-	-	-	-	-	-	-	-	-	
<i>less marketing costs</i>	-	-	-	-	-	-	-	-	-	-	-	
Condo-Hotel	-	-	-	-	-	-	-	-	-	-	-	
<i>less marketing costs</i>	-	-	-	-	-	-	-	-	-	-	-	
Civic	-	-	-	-	-	-	-	-	-	-	-	
Commercial - Office Revenue	-	-	-	-	-	-	-	-	-	-	-	
Commercial - Retail Revenue	-	-	-	-	-	-	-	20,400	40,800	693,600	754,800	
Total Projected Revenues	-	14,577,296	14,597,696	693,600	29,868,593							
Costs												
Land	-	-	-	-	-	-	2,146,410	2,146,410	-	-	4,292,820	
Site Costs	-	-	-	-	-	-	-	-	-	-	-	
site work and prep	-	-	-	-	-	-	476,980	476,980	-	-	953,960	
driveways and parking access	-	-	-	-	-	-	-	-	-	-	-	
underground parking	-	-	-	-	-	-	-	-	-	-	-	
tap fees (residential)	-	-	-	-	-	-	129,051	129,051	-	-	258,101	
tap fees (commercial)	-	-	-	-	-	-	2,040	2,040	-	-	4,080	
landscape and site improvements	-	-	-	-	-	-	50,000	50,000	-	-	100,000	
<i>subtotal site costs</i>	-	-	-	-	-	-	658,071	658,071	-	-	1,316,141	
Building Costs	-	-	-	-	-	-	-	-	-	-	-	
Residential (market)	-	-	-	-	-	-	7,337,500	7,337,500	-	-	14,675,000	
Residential (affordable)	-	-	-	-	-	-	-	-	-	-	-	
Condo-hotel	-	-	-	-	-	-	-	-	-	-	-	
Civic	-	-	-	-	-	-	-	-	-	-	-	
Commercial - Office	-	-	-	-	-	-	-	-	-	-	-	
Commercial - Retail	-	-	-	-	-	-	100,000	100,000	-	-	200,000	
<i>subtotal building costs</i>	-	-	-	-	-	-	7,437,500	7,437,500	-	-	14,875,000	
Soft Costs	-	-	-	-	-	-	-	-	-	-	-	
permits, approvals and inspections	-	-	-	-	-	-	80,956	80,956	-	-	161,911	
planning, design, engineering	-	-	-	-	-	-	647,646	647,646	-	-	1,295,291	
Legal fees/ closing costs	-	-	-	-	-	-	121,434	121,434	-	-	242,867	
Project management fee	-	-	-	-	-	-	80,956	80,956	-	-	161,911	
insurance/ bonding	-	-	-	-	-	-	161,911	161,911	-	-	323,823	
Parking in lieu contribution	-	-	-	-	-	-	808,500	808,500	-	-	1,617,000	
contribution towards Main Street Proj	-	-	-	-	-	-	132,451	132,451	-	-	264,901	
<i>subtotal soft costs</i>	-	-	-	-	-	-	2,033,853	2,033,853	-	-	4,067,705	
Project Contingency	-	-	-	-	-	-	1,012,942	1,012,942	-	-	2,025,885	
Total Projected Costs	-	-	-	-	-	-	13,288,775	13,288,775	-	-	26,577,551	
TOTAL CASH FLOW	\$ -	\$ (13,288,775)	\$ 1,288,521	\$ 14,597,696	\$ 693,600	\$ 3,291,042						
Net Present Value (@15%)	(\$253,499)											
Internal Rate of Return	12.0%											

Avon Center

The Avon Center project is envisioned as two additional buildings that are constructed next to the existing structures. Six story and eight story buildings contain 36 units of market rate residential and nine units of affordable housing. Street-level retail space engages the Main Street corridor.

The 19 percent rate of return indicates that Avon Center is likely to be pursued as one of the earlier redevelopment projects. While the affordable housing has not been discussed by Design Workshop with the owners of Avon Center, the pro forma analysis indicates that this use could be accommodated in the program while maintaining an appropriate level of return.

Avon Center Development Program

Development Program - By Level

Bldg	Floor	Use	Gross Sq.Ft.	Efficiency	Net Sq.Ft.
Main SB-1		Parking	10,683	n/a	10,683
	F-1	Commercial - Retail	10,683	85%	9,081
	F-2	Market Housing	10,683	85%	9,081
	F-3	Market Housing	10,683	85%	9,081
	F-4	Market Housing	7,453	85%	6,335
	F-5	Market Housing	5,987	90%	5,388
	F-6	Market Housing	4,987	85%	4,239
Tower B-1		Parking	9,938	n/a	9,938
	F-1	Commercial - Retail	2,450	90%	2,205
		Affordable Housing	6,488	85%	5,515
	F-2	Market Housing	7,738	85%	6,577
		Affordable Housing	2,200	85%	1,870
	F-3	Market Housing	7,738	85%	6,577
		Affordable Housing	2,200	85%	1,870
	F-4	Market Housing	7,875	85%	6,694
	F-5	Market Housing	5,523	85%	4,695
	F-6	Market Housing	5,523	85%	4,695
	F-7	Market Housing	5,523	85%	4,695
	F-8	Market Housing	4,523	85%	3,845
TOTAL (w/out parking)			108,257		92,440

Development Program - Summary

Use	Gross Sq.Ft.	Net Sq.Ft.	Unit Size Sq.Ft. (typ)	Units	Units	Required Parking per Code
Parking	20,621	20,621	400	52 spaces		
Commercial - Retail	13,133	11,286				38
Commercial - Office						0
Civic						-
Market Housing	84,236	71,900	2,000	36 units		61
Affordable Housing	10,888	9,255	1,000	9 units		16
Condo-Hotel			1,000			0

Development Cost Assumptions

Cost Assumptions	Units
Parcel Size	20,620 sq.ft.
Land Cost	\$ 1,855,800 @ \$90/sq.ft.
driveways and parking access	- linear feet
landscape and site amenities	\$ 300,000 lump sum
parking req'd per code	115
parking provided	52
payment in lieu parking spaces	63
Parking In Lieu Payment	\$2,079,000
Main Street Improvement Assessment	\$ 415,928 towards Main Street project costs

Avon Center Proforma

Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Market Housing	\$ -	\$ -	\$ -	\$ 14,379,990	\$ 14,379,990	\$ 14,379,990	\$ -	\$ -	\$ -	\$ -	\$ 43,139,970
<i>less marketing costs</i>	-	-	-	(862,799)	(862,799)	(862,799)	-	-	-	-	(2,588,398)
Affordable Housing	-	-	-	771,233	771,233	771,233	-	-	-	-	2,313,700
<i>less marketing costs</i>	-	-	-	(23,137)	(23,137)	(23,137)	-	-	-	-	(69,411)
Condo-Hotel	-	-	-	-	-	-	-	-	-	-	-
<i>less marketing costs</i>	-	-	-	-	-	-	-	-	-	-	-
Civic	-	-	-	-	-	-	-	-	-	-	-
Commercial - Office Revenue	-	-	-	-	-	-	-	-	-	-	-
Commercial - Retail Revenue	-	-	-	112,856	225,711	338,567	338,567	338,567	338,567	4,401,365	6,094,197
Total Projected Revenues	-	-	-	14,378,142	14,490,998	14,603,853	338,567	338,567	338,567	4,401,365	48,890,058
Costs											
Land	-	-	618,538	618,538	618,538	-	-	-	-	-	1,855,614
Site Costs	-	-	-	-	-	-	-	-	-	-	-
site work and prep	-	-	137,453	137,453	137,453	-	-	-	-	-	412,359
driveways and parking access	-	-	-	-	-	-	-	-	-	-	-
underground parking	-	-	515,473	515,473	515,473	-	-	-	-	-	1,546,420
tap fees (residential)	-	-	150,668	150,668	150,668	-	-	-	-	-	452,003
tap fees (commercial)	-	-	11,284	11,284	11,284	-	-	-	-	-	33,853
landscape and site improvements	-	-	99,990	99,990	99,990	-	-	-	-	-	299,970
<i>subtotal site costs</i>	-	-	<i>914,868</i>	<i>914,868</i>	<i>914,868</i>	-	-	-	-	-	<i>2,744,605</i>
Building Costs	-	-	-	-	-	-	-	-	-	-	-
Residential (market)	-	-	7,018,965	7,018,965	7,018,965	-	-	-	-	-	21,056,894
Residential (affordable)	-	-	544,346	544,346	544,346	-	-	-	-	-	1,633,037
Condo-hotel	-	-	-	-	-	-	-	-	-	-	-
Civic	-	-	-	-	-	-	-	-	-	-	-
Commercial - Office	-	-	-	-	-	-	-	-	-	-	-
Commercial - Retail	-	-	547,154	547,154	547,154	-	-	-	-	-	1,641,461
<i>subtotal building costs</i>	-	-	<i>8,110,464</i>	<i>8,110,464</i>	<i>8,110,464</i>	-	-	-	-	-	<i>24,331,392</i>
Soft Costs	-	-	-	-	-	-	-	-	-	-	-
permits, approvals and inspections	-	-	90,244	90,244	90,244	-	-	-	-	-	270,733
planning, design, engineering	-	-	721,954	721,954	721,954	-	-	-	-	-	2,165,863
Legal fees/ closing costs	-	-	135,366	135,366	135,366	-	-	-	-	-	406,099
Project management fee	-	-	90,244	90,244	90,244	-	-	-	-	-	270,733
insurance/ bonding	-	-	180,489	180,489	180,489	-	-	-	-	-	541,466
Parking in lieu contribution	-	-	692,931	692,931	692,931	-	-	-	-	-	2,078,792
contribution towards Main Street Proj	-	-	138,629	138,629	138,629	-	-	-	-	-	415,886
<i>subtotal soft costs</i>	-	-	<i>2,049,857</i>	<i>2,049,857</i>	<i>2,049,857</i>	-	-	-	-	-	<i>6,149,572</i>
Project Contingency	-	-	1,107,519	1,107,519	1,107,519	-	-	-	-	-	3,322,557
Total Projected Costs	-	-	12,801,247	12,801,247	12,801,247	-	-	-	-	-	38,403,740
TOTAL CASH FLOW	\$ -	\$ -	\$ (12,801,247)	\$ 1,576,896	\$ 1,689,751	\$ 14,603,853	\$ 338,567	\$ 338,567	\$ 338,567	\$ 4,401,365	\$ 10,486,318
Net Present Value (@15%)	\$1,060,471										
Internal Rate of Return	19.3%										

Sheraton

The Sheraton infill project will consist of two towers containing market rate and affordable housing. The mass and scale of the infill is consistent with the existing development, and view corridors from the street level and from the existing Avon Center units are maintained. There are 81 units of market rate housing and 38 units of affordable housing in the development program. 9,800 square feet of commercial retail spaces are located on the ground level of the building.

The inclusion of affordable housing has not been discussed by Design Workshop with the owners of the Sheraton, although the pro forma analysis indicates that this use could be accommodated in the program while maintaining an appropriate level of return on investment.

Two levels of underground parking plus a half-level of parking on the first floor of one of the towers are programmed to be constructed at the Sheraton parcel and will generate all but 11 of the required 234 parking spaces. The remainder of the required parking will be

accommodated through a payment in lieu contribution. The half level of parking on the first floor of the building will be fronted with retail on the public façade.

Sheraton Development Program

Development Program - By Level

Bldg	Floor	Use	Gross Sq.Ft.	Efficiency	Net Sq.Ft.	
East	B-2	Parking	23,600	n/a	23,600	
	B-1	Parking	23,600	n/a	23,600	
	F-1	Commercial - Retail	7,400	85%	6,290	
		Affordable Housing	4,758	85%	4,044	
	F-2	Affordable Housing	19,702	85%	16,747	
	F-3	Market Housing	13,662	85%	11,613	
	F-4	Market Housing	13,759	85%	11,695	
	F-5	Market Housing	13,566	85%	11,531	
	F-6	Market Housing	13,566	85%	11,531	
	F-7	Market Housing	9,538	85%	8,107	
	F-8	Market Housing	5,675	85%	4,824	
	F-8	Market Housing	2,480	85%	2,108	
	West	B-2	Parking	26,100	n/a	26,100
		F-1	Parking	15,730	n/a	15,730
F-1		Commercial - Retail	4,090	85%	3,477	
F-2		Affordable Housing	19,820	85%	16,847	
F-3		Market Housing	19,820	85%	16,847	
F-4		Market Housing	13,183	85%	11,206	
F-5		Market Housing	11,540	85%	9,809	
F-6		Market Housing	13,400	85%	11,390	
F-7		Market Housing	11,475	85%	9,754	
F-8	Market Housing	5,523	85%	4,695		
F-9	Market Housing	4,400	85%	3,740		
TOTAL (w/out parking)			223,087		191,983	

Development Program - Summary

Use	Gross Sq.Ft.	Net Sq.Ft.	Unit Size Sq.Ft. (typ)	Units	Units	Required Parking per Code
Parking	89,030	89,030	400	223	spaces	
Commercial - Retail	11,490	9,767				33
Commercial - Office						0
Civic						-
Market Housing	151,587	128,849	1,600	81	units	137
Affordable Housing	44,280	37,638	1,000	38	units	64
Condo-Hotel			1,000			0

Development Cost Assumptions

Cost Assumptions	Units
Parcel Size	28,117 sq.ft.
Land Cost	\$ 2,530,530 @ \$90/sq.ft.
driveways and parking access	- linear feet
landscape and site amenities	\$ 300,000 lump sum
parking req'd per code	234
parking provided	223
payment in lieu parking spaces	11
Parking In Lieu Payment	\$363,000
Main Street Improvement Assessment	\$ 693,077 towards Main Street project costs

Sheraton Proforma

Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL	
Market Housing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,769,790	\$ 25,769,790	\$ 25,769,790	\$ -	\$ 77,309,370	
<i>less marketing costs</i>	-	-	-	-	-	-	(1,546,187)	(1,546,187)	(1,546,187)	-	(4,638,562)	
Affordable Housing	-	-	-	-	-	-	3,136,500	3,136,500	3,136,500	-	9,409,500	
<i>less marketing costs</i>	-	-	-	-	-	-	(94,095)	(94,095)	(94,095)	-	(282,285)	
Condo-Hotel	-	-	-	-	-	-	-	-	-	-	-	
<i>less marketing costs</i>	-	-	-	-	-	-	-	-	-	-	-	
Civic	-	-	-	-	-	-	-	-	-	-	-	
Commercial - Office Revenue	-	-	-	-	-	-	-	-	-	-	-	
Commercial - Retail Revenue	-	-	-	-	-	-	97,665	195,330	292,995	4,687,920	5,273,910	
Total Projected Revenues	-	-	-	-	-	-	27,363,673	27,461,338	27,559,003	4,687,920	87,071,933	
Costs												
Land	-	-	-	-	-	843,426	843,426	843,426	-	-	2,530,277	
Site Costs	-	-	-	-	-	-	-	-	-	-	-	
site work and prep	-	-	-	-	-	187,428	187,428	187,428	-	-	562,284	
driveways and parking access	-	-	-	-	-	-	-	-	-	-	-	
underground parking	-	-	-	-	-	2,225,527	2,225,527	2,225,527	-	-	6,676,582	
tap fees (residential)	-	-	-	-	-	393,856	393,856	393,856	-	-	1,181,568	
tap fees (commercial)	-	-	-	-	-	9,766	9,766	9,766	-	-	29,297	
landscape and site improvements	-	-	-	-	-	99,990	99,990	99,990	-	-	299,970	
<i>subtotal site costs</i>	-	-	-	-	-	2,916,567	2,916,567	2,916,567	-	-	8,749,700	
Building Costs	-	-	-	-	-	-	-	-	-	-	-	
Residential (market)	-	-	-	-	-	12,630,987	12,630,987	12,630,987	-	-	37,892,960	
Residential (affordable)	-	-	-	-	-	2,213,779	2,213,779	2,213,779	-	-	6,641,336	
Condo-hotel	-	-	-	-	-	-	-	-	-	-	-	
Civic	-	-	-	-	-	-	-	-	-	-	-	
Commercial - Office	-	-	-	-	-	-	-	-	-	-	-	
Commercial - Retail	-	-	-	-	-	478,702	478,702	478,702	-	-	1,436,106	
<i>subtotal building costs</i>	-	-	-	-	-	15,323,468	15,323,468	15,323,468	-	-	45,970,403	
Soft Costs	-	-	-	-	-	-	-	-	-	-	-	
permits, approvals and inspections	-	-	-	-	-	182,382	182,382	182,382	-	-	547,146	
planning, design, engineering	-	-	-	-	-	1,459,057	1,459,057	1,459,057	-	-	4,377,170	
Legal fees/ closing costs	-	-	-	-	-	273,573	273,573	273,573	-	-	820,719	
Project management fee	-	-	-	-	-	182,382	182,382	182,382	-	-	547,146	
insurance/ bonding	-	-	-	-	-	364,764	364,764	364,764	-	-	1,094,293	
Parking in lieu contribution	-	-	-	-	-	120,988	120,988	120,988	-	-	362,964	
contribution towards Main Street Proj	-	-	-	-	-	231,003	231,003	231,003	-	-	693,008	
<i>subtotal soft costs</i>	-	-	-	-	-	2,814,149	2,814,149	2,814,149	-	-	8,442,447	
Project Contingency	-	-	-	-	-	2,105,418	2,105,418	2,105,418	-	-	6,316,255	
Total Projected Costs	-	-	-	-	-	24,003,027	24,003,027	24,003,027	-	-	72,009,082	
TOTAL CASH FLOW	\$ -	\$ (24,003,027)	\$ 3,360,645	\$ 3,458,310	\$ 27,559,003	\$ 4,687,920	\$ 15,062,851					
Net Present Value (@15%)	\$1,009,519											
Internal Rate of Return	18.9%											

Parking Structure

The parking structure parcel will include retail, office and residential space in addition to the public parking structure that will serve the West Town Center District site. 100,000 square feet of private space is estimated to be constructed in a seven-story building. The first four levels of this building will contain 369 parking spaces (two levels underground, two levels above ground). 22 affordable and 33 market-rate housing units are located on the upper levels of the structure. Retail space is located on the ground level of this building, and office space is programmed for the second level.

The Land Use Code requires 159 parking spaces to meet the commercial and residential development program, which leaves 210 public parking spaces. These public parking spaces offset the required parking at

the other infill parcels that are not able to provide all of their parking on site.

A key assumption for the development of the Parking Structure project is that the Town will sell or lease the parcel to a developer instead of developing the project themselves. The developer may be a private for-profit developer or a non-profit, mission-oriented development organization such as a Community Development Corporation (CDC). The developer would pay a land price of \$6.7 million to the Town based on current land prices in the district, and would be responsible for developing the entire project. The Town, in turn, would purchase from the developer the parking structure component of the program at the cost of construction, estimated at \$11 million. The developer would receive the revenues from the sale of the market rate residential and affordable housing units as well as the revenues from commercial leases from the commercial space.

Given the relatively low rate of return for this project, it is unlikely that a private developer would be interested in pursuing this project, and a Community Development Corporation or other non-profit developer would likely be the best entity to partner with the Town on this project.

Construction of this parcel is estimated to begin in year two, with privately-owned residential and commercial space becoming available for sale in year four due to the challenges associated with integrating the parking structure and these private uses. This parcel is phased early in the development period because the parking provided by this structure is required to support all of the surrounding uses present at West Town Center District.

Parking Structure Development Program

Development Program - By Level

Bldg	Floor	Use	Gross Sq.Ft.	Efficiency	Net Sq.Ft.
Pknq	B-2	Parking	54,788	n/a	54,788
	B-1	Parking	44,788	n/a	44,788
		Boiler System	11,800	n/a	11,800
	F-1	Parking	47,964	n/a	47,964
		Commercial - Retail	6,824	90%	6,142
	F-2	Parking	47,964	n/a	47,964
		Commercial - Office	6,824	85%	5,800
	F-3	Affordable Housing	20,206	85%	17,175
		Market Housing	20,500	85%	17,425
	F-4	Market Housing	18,870	85%	16,040
		Affordable Housing	16,500	85%	14,025
	F-5	Market Housing	23,512	85%	19,985
	F-6	Market Housing	20,942	85%	17,801
	F-7	Market Housing	12,850	85%	10,923
TOTAL (w/out parking)			147,028		125,315

Development Program - Summary

Use	Gross Sq.Ft.	Net Sq.Ft.	Unit Size Sq.Ft. (typ)	Units	Units	Required Parking per Code
Parking	195,504		400	369	spaces	
Commercial - Retail	6,824	6,142				21
Commercial - Office	6,824	5,800				15
Civic						0
Market Housing	96,674	82,173	2,000	41	units	70
Affordable Housing	36,706	31,200	1,000	31	units	53
Condo-Hotel			1,000			0

Development Cost Assumptions

Cost Assumptions	Units
Parcel Size	74,332 sq. ft.
Land Cost	\$ 6,689,880 @ \$90/sq. ft.
snowmelt boiler system	100,000 lump sum
landscape and site amenities	\$ 250,000 lump sum
parking req'd per code	159
parking provided	369
payment in lieu parking spaces	-210 these spaces assumed to be provided as public spaces
Parking In Lieu Payment	\$0
Main Street Improvement Assessment	\$ 470,575 towards Main Street project costs

Parking Structure Proforma

Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Market Housing	\$ -	\$ -	\$ -	\$ 16,434,580	\$ 16,434,580	\$ 16,434,580	\$ -	\$ -	\$ -	\$ -	\$ 49,303,740
less marketing costs	-	-	-	(986,075)	(986,075)	(986,075)	-	-	-	-	(2,958,224)
Affordable Housing	-	-	-	2,600,008	2,600,008	2,600,008	-	-	-	-	7,800,025
less marketing costs	-	-	-	(78,000)	(78,000)	(78,000)	-	-	-	-	(234,001)
Condo-Hotel	-	-	-	-	-	-	-	-	-	-	-
less marketing costs	-	-	-	-	-	-	-	-	-	-	-
Civic	-	-	-	-	-	-	-	-	-	-	-
Sale of Public Parking Spaces to Town	-	-	-	3,690,000	3,690,000	3,690,000	-	-	-	-	11,070,000
Commercial - Office Revenue	-	-	-	48,337	96,673	145,010	145,010	145,010	145,010	1,885,130	2,610,180
Commercial - Retail Revenue	-	-	-	61,416	122,832	184,248	184,248	184,248	184,248	2,395,224	3,316,464
Total Projected Revenues	-	-	-	21,770,266	21,880,019	21,989,771	329,258	329,258	329,258	4,280,354	70,908,184
Costs											
Land	-	2,229,960	2,229,960	2,229,960	-	-	-	-	-	-	6,689,880
Site Costs	-	-	-	-	-	-	-	-	-	-	-
site work and prep	-	495,547	495,547	495,547	-	-	-	-	-	-	1,486,640
snowmelt boiler system	-	33,333	33,333	33,333	-	-	-	-	-	-	100,000
structured parking	-	3,690,000	3,690,000	3,690,000	-	-	-	-	-	-	11,070,000
tap fees (residential)	-	240,955	240,955	240,955	-	-	-	-	-	-	722,866
tap fees (commercial)	-	11,942	11,942	11,942	-	-	-	-	-	-	35,826
landscape and site improvements	-	83,333	83,333	83,333	-	-	-	-	-	-	250,000
<i>subtotal site costs</i>	-	4,555,111	4,555,111	4,555,111	-	-	-	-	-	-	13,665,332
Building Costs	-	-	-	-	-	-	-	-	-	-	-
Residential (market)	-	8,056,167	8,056,167	8,056,167	-	-	-	-	-	-	24,168,500
Residential (affordable)	-	1,835,300	1,835,300	1,835,300	-	-	-	-	-	-	5,505,900
Condo-hotel	-	-	-	-	-	-	-	-	-	-	-
Civic	-	-	-	-	-	-	-	-	-	-	-
Commercial - Office	-	284,333	284,333	284,333	-	-	-	-	-	-	853,000
Commercial - Retail	-	284,333	284,333	284,333	-	-	-	-	-	-	853,000
<i>subtotal building costs</i>	-	10,460,133	10,460,133	10,460,133	-	-	-	-	-	-	31,380,400
Soft Costs	-	-	-	-	-	-	-	-	-	-	-
permits, approvals and inspections	-	150,152	150,152	150,152	-	-	-	-	-	-	450,457
planning, design, engineering	-	1,201,220	1,201,220	1,201,220	-	-	-	-	-	-	3,603,659
Legal fees/ closing costs	-	225,229	225,229	225,229	-	-	-	-	-	-	675,686
Project management fee	-	150,152	150,152	150,152	-	-	-	-	-	-	450,457
insurance/ bonding	-	300,305	300,305	300,305	-	-	-	-	-	-	900,915
Parking in lieu contribution	-	-	-	-	-	-	-	-	-	-	-
contribution towards Main Street Proj	-	156,858	156,858	156,858	-	-	-	-	-	-	470,575
<i>subtotal soft costs</i>	-	2,183,916	2,183,916	2,183,916	-	-	-	-	-	-	6,551,748
Project Contingency	-	1,719,916	1,719,916	1,719,916	-	-	-	-	-	-	5,159,748
Total Projected Costs	-	21,149,036	21,149,036	21,149,036	-	-	-	-	-	-	63,447,108
TOTAL CASH FLOW	\$ -	\$ (21,149,036)	\$ (21,149,036)	\$ 621,230	\$ 21,880,019	\$ 21,989,771	\$ 329,258	\$ 329,258	\$ 329,258	\$ 4,280,354	\$ 7,461,076
Net Present Value (@15%)	(\$7,774,283)										
Internal Rate of Return	4.9%										

Town Hall

Town Hall is planned to be relocated from its current location to a new building that visually anchors one end of Main Street. The two Town Hall buildings are connected by a bridge that crosses over Main Street. The mixed-use buildings consist of civic, commercial retail, market housing and affordable housing across 100,000 total square feet.

27,000 square feet of civic space is estimated at the new Town Hall. The civic space will house Town functions on the first three floors of the building. 31,000 square feet of market-rate housing and 31,000 square feet of affordable housing will occupy the upper levels of the buildings. 13,000 square feet of retail space is programmed for the ground levels.

On-site parking at Town Hall will be provided through two levels of underground parking (40,000 square feet, resulting in 100 parking spaces). Per Code, 194 spaces will be required at this parcel. For purposes of this analysis, the Town Hall project is assumed to gain credit for the spaces to be created during the re-alignment of Benchmark Road (Lake Street)(paid for as a separate public project cost), resulting in no parking payment in lieu fee.

A key assumption for the development of the Town Hall project, as with the Parking Structure project, is that the Town will sell or lease the parcel to a developer instead of developing the project themselves. The developer may be a private for-profit developer or a non-profit, mission-oriented development organization such as a Community Development Corporation (CDC). The developer would pay a land price of \$2.7

million to the Town based on current land prices in the area, and would be responsible for developing the entire project. The Town, in turn, would purchase from the developer the civic space component of the program at the cost of construction, estimated at \$6 million. The developer would receive the revenues from the sale of the market rate residential and affordable housing units located on the upper levels of the building as well as the revenues from commercial leases from the retail spaces on the ground level.

Given the relatively low rate of return for this project, it is unlikely that a private developer would be interested in pursuing this project, and a Community Development Corporation or other non-profit developer would likely be the best entity to partner with the Town on this project.

Town Hall Development Program

Development Program - By Level

Bldg	Floor	Use	Gross Sq.Ft.	Efficiency	Net Sq.Ft.
South	B-2	Parking	14,850	n/a	14,850
	B-1	Parking	14,850	n/a	14,850
	F-1	Commercial - Retail	9,850	85%	8,373
	F-2	Affordable Housing	5,000	85%	4,250
		Civic	7,850	90%	7,065
	F-3	Affordable Housing	7,000	85%	5,950
		Civic	8,900	90%	8,010
	F-4	Affordable Housing	7,000	85%	5,950
		Market Housing	5,130	80%	4,104
	F-5	Affordable Housing	5,800	85%	4,930
		Market Housing	10,330	90%	9,297
		Market Housing	8,330	85%	7,081
		Market Housing	2,100	80%	1,680
North	B-1	Parking	10,305	n/a	10,305
	F-1	Commercial - Retail	5,805	85%	4,934
		Civic	4,500	90%	4,050
	F-2	Affordable Housing	5,805	85%	4,934
		Civic	4,500	90%	4,050
	F-3	Affordable Housing	5,805	85%	4,934
Civic		4,500	90%	4,050	
F-4	Market Housing	5,250	90%	4,725	
F-5	Market Housing	4,250	85%	3,613	
F-6	Market Housing	800	85%	680	
TOTAL (w/out parking)			118,505		102,659

Development Program - Summary

Use	Gross Sq.Ft.	Net Sq.Ft.	Unit Size Sq.Ft. (typ)	Units	Units	Required Parking per Code
Parking	40,005	40,005	400	100	spaces	
Commercial - Retail	15,655	13,307				45
Commercial - Office						0
Civic	30,250	27,225				69
Market Housing	36,190	31,179	2,000	16	units	27
Affordable Housing	36,410	30,949	1,000	31	units	53
Condo-Hotel			1,000			0

Development Cost Assumptions

Cost Assumptions	Units
Parcel Size	30,616 sq.ft.
Land Cost	\$ 2,755,440 @ \$90/sq.ft.
driveways and parking access	- linear feet
landscape and site amenities	\$ 250,000 lump sum
parking req'd per code	194
parking provided	100
payment in lieu parking spaces	94 to be provided in structure, no payment in lieu
Parking In Lieu Payment	\$0
Main Street Improvement Assessment	\$ 358,554 towards Main Street project costs

Town Hall Proforma

Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Market Housing	\$ -	\$ -	\$ 9,353,700	\$ 9,353,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,707,400
<i>less marketing costs</i>	-	-	(561,222)	(561,222)	-	-	-	-	-	-	(1,122,444)
Affordable Housing	-	-	3,868,563	3,868,563	-	-	-	-	-	-	7,737,125
<i>less marketing costs</i>	-	-	(116,057)	(116,057)	-	-	-	-	-	-	(232,114)
Condo-Hotel	-	-	-	-	-	-	-	-	-	-	-
<i>less marketing costs</i>	-	-	-	-	-	-	-	-	-	-	-
Sale of Civic Space to Town	-	-	3,025,000	3,025,000	-	-	-	-	-	-	6,050,000
Commercial - Office Revenue	-	-	-	-	-	-	-	-	-	-	-
Commercial - Retail Revenue	-	-	199,601	399,203	399,203	399,203	399,203	399,203	399,203	4,790,430	7,385,246
Total Projected Revenues	-	-	15,769,585	15,969,186	399,203	399,203	399,203	399,203	399,203	4,790,430	38,525,214
Costs											
Land	-	1,377,720	1,377,720	-	-	-	-	-	-	-	2,755,440
Site Costs	-	-	-	-	-	-	-	-	-	-	-
site work and prep	-	306,160	306,160	-	-	-	-	-	-	-	612,320
driveways and parking access	-	-	-	-	-	-	-	-	-	-	-
underground parking	-	1,500,188	1,500,188	-	-	-	-	-	-	-	3,000,375
tap fees (residential)	-	232,690	232,690	-	-	-	-	-	-	-	465,380
tap fees (commercial)	-	19,960	19,960	-	-	-	-	-	-	-	39,920
landscape and site improvements	-	125,000	125,000	-	-	-	-	-	-	-	250,000
<i>subtotal site costs</i>	-	2,183,998	2,183,998	-	-	-	-	-	-	-	4,367,995
Building Costs	-	-	-	-	-	-	-	-	-	-	-
Residential (market)	-	4,523,750	4,523,750	-	-	-	-	-	-	-	9,047,500
Residential (affordable)	-	2,730,750	2,730,750	-	-	-	-	-	-	-	5,461,500
Condo-hotel	-	-	-	-	-	-	-	-	-	-	-
Civic	-	3,025,000	3,025,000	-	-	-	-	-	-	-	6,050,000
Commercial - Office	-	-	-	-	-	-	-	-	-	-	-
Commercial - Retail	-	978,438	978,438	-	-	-	-	-	-	-	1,956,875
<i>subtotal building costs</i>	-	11,257,938	11,257,938	-	-	-	-	-	-	-	22,515,875
Soft Costs	-	-	-	-	-	-	-	-	-	-	-
permits, approvals and inspections	-	134,419	134,419	-	-	-	-	-	-	-	268,839
planning, design, engineering	-	1,075,355	1,075,355	-	-	-	-	-	-	-	2,150,710
Legal fees/ closing costs	-	201,629	201,629	-	-	-	-	-	-	-	403,258
Project management fee	-	134,419	134,419	-	-	-	-	-	-	-	268,839
insurance/ bonding	-	268,839	268,839	-	-	-	-	-	-	-	537,677
Parking in lieu contribution	-	-	-	-	-	-	-	-	-	-	-
contribution towards Main Street Proj	-	179,277	179,277	-	-	-	-	-	-	-	358,554
<i>subtotal soft costs</i>	-	1,993,938	1,993,938	-	-	-	-	-	-	-	3,987,876
Project Contingency	-	1,543,587	1,543,587	-	-	-	-	-	-	-	3,087,175
Total Projected Costs	-	18,357,181	18,357,181	-	-	-	-	-	-	-	36,714,361
TOTAL CASH FLOW	\$ -	\$ (18,357,181)	\$ (2,587,596)	\$15,969,186	\$ 399,203	\$ 4,790,430	\$ 1,810,852				
Net Present Value (@15%)		(\$4,502,383)									
Internal Rate of Return		2.5%									

Nottingham

The Nottingham parcel is assumed to be developed into a condo-hotel building on the edge of the park consisting of 98,000 square feet of condo-hotel and commercial space. The Nottingham project would occupy the existing Town Hall site and parking lot and would not consume any existing park space. 82 condo-hotel units are located on the upper six levels of the building. An articulated building plan breaks up the mass into a form reminiscent of classic resort hotels.

Parking at the Nottingham site consists of two levels of underground parking with a total of 123 spaces. This is equal to the amount of parking required by code.

The Nottingham parcel is assumed to be sold by the

Town to a developer (either private or non-profit), with the proceeds from the land sale used to help pay for public improvements. The land value is derived by applying the current sales price for similar land parcels to the size of the parcel.

The projected return on investment for the Nottingham parcel is fairly low, generating a 2.5 percent internal rate of return and yielding \$1.3 million dollars against \$58 million in project costs. This relatively low rate of return indicates that Nottingham would not currently be a desirable private investment project. Nottingham is likely best suited as a final phase of the West Town Center District development, as the development value of this parcel will increase over time as the other development options get built out and the overall desirability and underlying land value of the

parcels in the district increases. This phasing conclusion also supports the political concern over redeveloping this parcel as an up front step in the West Town Center District process. Alternately, the Nottingham parcel could be developed by the same non-profit development entity that coordinates the development of the Parking Structure and Town Hall sites.

Nottingham Development Program

Development Program - By Level

Bldg	Floor	Use	Gross Sq.Ft.	Efficiency	Net Sq.Ft.
B-2		Parking	21,608	n/a	21,608
B-1		Parking	27,608	n/a	27,608
F-1		Lobby/ Back of House	10,608	n/a	10,608
		Commercial - Retail	17,608	90%	15,847
F-2		Condo-Hotel Units	28,616	85%	24,324
F-3		Condo-Hotel Units	28,616	85%	24,324
F-4		Condo-Hotel Units	24,212	85%	20,580
F-5		Condo-Hotel Units	6,174	85%	5,248
F-6		Condo-Hotel Units	6,174	85%	5,248
F-7		Condo-Hotel Units	2,520	85%	2,142
TOTAL (w/out parking)			124,528		108,320

Development Program - Summary

Use	Gross Sq.Ft.	Net Sq.Ft.	Unit Size Sq.Ft. (typ)	Units	Units	Required Parking per Code
Parking	49,216	49,216	400	123	spaces	
Commercial - Retail	17,608	15,847				54
Commercial - Office						0
Civic						0
Market Housing			2,000	-	units	0
Affordable Housing			1,000	-	units	0
Condo-Hotel	124,528	81,865	1,000	82	units	70

Development Cost Assumptions

Cost Assumptions	Units
Parcel Size	80,511 sq.ft.
Land Cost	\$ 7,245,990 @ \$90/sq.ft.
driveways and parking access	500 linear feet
landscape and site amenities	\$ 350,000 lump sum
parking req'd per code	123
parking provided	123
payment in lieu parking spaces	0
Parking In Lieu Payment	\$0
Main Street Improvement Assessment	\$ 488,562 towards Main Street project costs

Nottingham Proforma

Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Market Housing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>less marketing costs</i>	-	-	-	-	-	-	-	-	-	-	-
Affordable Housing	-	-	-	-	-	-	-	-	-	-	-
<i>less marketing costs</i>	-	-	-	-	-	-	-	-	-	-	-
Condo-Hotel	-	-	-	-	-	-	-	-	26,606,190	26,606,190	53,212,380
<i>less marketing costs</i>	-	-	-	-	-	-	-	-	(1,596,371)	(1,596,371)	(3,192,743)
Civic	-	-	-	-	-	-	-	-	-	-	-
Commercial - Office Revenue	-	-	-	-	-	-	-	-	-	-	-
Commercial - Retail Revenue	-	-	-	158,472	316,944	475,416	475,416	475,416	475,416	6,180,408	8,557,488
Total Projected Revenues	-	-	-	158,472	316,944	475,416	475,416	475,416	25,485,235	31,190,227	58,577,125
Costs											
Land	-	-	-	-	-	-	-	3,622,995	3,622,995	-	7,245,990
Site Costs	-	-	-	-	-	-	-	-	-	-	-
site work and prep	-	-	-	-	-	-	-	805,110	805,110	-	1,610,220
driveways and parking access	-	-	-	-	-	-	-	50,000	50,000	-	100,000
underground parking	-	-	-	-	-	-	-	1,845,600	1,845,600	-	3,691,200
tap fees (residential)	-	-	-	-	-	-	-	409,326	409,326	-	818,652
tap fees (commercial)	-	-	-	-	-	-	-	23,771	23,771	-	47,542
landscape and site improvements	-	-	-	-	-	-	-	175,000	175,000	-	350,000
<i>subtotal site costs</i>	-	-	-	-	-	-	-	3,308,807	3,308,807	-	6,617,614
Building Costs	-	-	-	-	-	-	-	-	-	-	-
Residential (market)	-	-	-	-	-	-	-	-	-	-	-
Residential (affordable)	-	-	-	-	-	-	-	-	-	-	-
Condo-hotel	-	-	-	-	-	-	-	15,566,000	15,566,000	-	31,132,000
Civic	-	-	-	-	-	-	-	-	-	-	-
Commercial - Office	-	-	-	-	-	-	-	-	-	-	-
Commercial - Retail	-	-	-	-	-	-	-	1,100,500	1,100,500	-	2,201,000
<i>subtotal building costs</i>	-	-	-	-	-	-	-	16,666,500	16,666,500	-	33,333,000
Soft Costs	-	-	-	-	-	-	-	-	-	-	-
permits, approvals and inspections	-	-	-	-	-	-	-	199,753	199,753	-	399,506
planning, design, engineering	-	-	-	-	-	-	-	1,598,025	1,598,025	-	3,196,049
Legal fees/ closing costs	-	-	-	-	-	-	-	299,630	299,630	-	599,259
Project management fee	-	-	-	-	-	-	-	199,753	199,753	-	399,506
insurance/ bonding	-	-	-	-	-	-	-	399,506	399,506	-	799,012
Parking in lieu contribution	-	-	-	-	-	-	-	-	-	-	-
contribution towards Main Street Proj	-	-	-	-	-	-	-	244,281	244,281	-	488,562
<i>subtotal soft costs</i>	-	-	-	-	-	-	-	2,940,947	2,940,947	-	5,881,895
Project Contingency	-	-	-	-	-	-	-	2,291,625	2,291,625	-	4,583,251
Total Projected Costs	-	-	-	-	-	-	-	28,830,875	28,830,875	-	57,661,749
TOTAL CASH FLOW	\$ -	\$ -	\$ -	\$ 158,472	\$ 316,944	\$ 475,416	\$ 475,416	\$ (28,355,459)	\$ (3,345,640)	\$ 31,190,227	\$ 915,376
Net Present Value (@15%)	(\$1,878,296)										
Internal Rate of Return	1.7%										

Public Improvement Projects

The public improvement projects required to implement the West Town Center District plan include the realignment of Benchmark Road (Lake Street), the Transit Center, the Main Street pedestrian improvements, the relocation of Town Hall, the public Parking Structure, and the relocation of the Fire Station. The scope of these public improvements is further described in an additional report submitted by Design Workshop to the Town of Avon.

The Transit Center is the first public improvement project planned for the West Town Center District district. The project is expected to be constructed in 2006 at an estimated cost of \$2.2 million dollars.

The realignment of Benchmark Road (Lake Street) will include clearing of the former right-of-way along the south and west alignments, construction of the new road alignment and creation of diagonal on-street parking spaces. The cost estimate for this project is \$5 million.

The Town Hall project has been described in the Infill Parcels section of this report. This financial analysis assumes that the Town will sell or lease the parcel to a developer, and will purchase from the developer the civic space component of the program. The developer, either a for-profit private developer or a non-profit CDC, will develop the residential and commercial components for the project and will receive those revenues. The analysis indicates that the Town will receive \$2.7 million from the land sale of the project, and will purchase the civic space from the developer at its construction cost of \$6 million.

The Main Street pedestrian improvements project covers the creation of a Main Street corridor, in which

a new pedestrian-oriented street will be constructed. This street will allow for one-way auto circulation but can be closed off, temporarily or permanently, for pedestrian-only use. A series of public plazas along the street will encourage public interaction and will be able to host formal and informal events and activities. The cost estimate for the Main Street improvements includes the work to be completed inside both the public and private right-of-ways within the corridor. The scope of work also includes the sidewalk and alley connectors between the Town Hall, Parking Structure, Sheraton, Avon Center and Lot 61 properties. The cost estimate for this project is \$12.1 million and construction is anticipated to begin in year two of the project.

The Parking Structure project has been described in the Infill Parcels section of this report. This financial analysis assumes that the Town will sell or lease the parcel to a developer, and will purchase from the developer the parking structure component of the program. The developer, either a for-profit private developer or a non-profit CDC, will develop the residential and commercial components of the project and will receive those revenues. The analysis indicates that the Town will receive \$6.7 million from the land sale of the project, and will purchase the parking structure space from the developer at its construction cost of \$11 million.

The Fire Station is assumed to be an independently planned and funded project that will be carried out by the Fire District. It is assumed to occur as one of the first phases of the project but is not required to be relocated in order to complete the pedestrian Main Street improvements. Cost estimates and funding sources for this project have not been identified as part of this financial analysis.

Public Revenue Stream Analysis

The public revenue stream analysis examines the revenues that will be received by the Town in the form of one-time payments and recurring revenue streams. The one-time payments include parking payment-in-lieu fees and the Main Street Improvements Assessment. Recurring revenues include sales taxes from retail sales, property taxes, Real Estate Transfer Assessment (RETA) taxes, the recreation amenities fee and accommodation taxes.

The public revenue stream analysis indicates that a total of \$18 million in one-time public revenues and \$3 million in annually recurring public revenues will result from the development of the infill parcels in the West Town Center District district.

It is important to note that the revenue stream analysis only examines revenues generated from the net new commercial and residential space in West Town Center District; the revenue stream analysis does not contemplate the incremental revenues that would be generated from the existing properties as a result of overall growth in property values and sales tax that would be associated with the increased vitality of the district following redevelopment.

The revenue stream analysis also only measures the initial impact of dollars spent in West Town Center District, and does not quantify the 'waterfall' effect that results in a dollar being spent multiple times: i.e. money spent by a visitor helps to pay the wage of an employee, who spends some of that wage shopping in West Town Center District.

Public Revenue Stream Analysis

Note: This estimate is of incremental tax revenue resulting from re-development. Existing tax base revenues not included in analysis.

Program Summary and Main Street Improvement Assessment

Description	Commercial - Retail Sq.Ft.	Commercial - Office Sq.Ft.	Affordable Housing Units	Market Housing Units	Condo-Hotel Units	Parking In Lieu Spaces Required	Main Street Improvement Assessment
Lot 61	12,880	10,056	18	-	131	0	\$767,605
Seasons	1,360	-	-	26	-	49	\$264,901
Avon Center	11,286	-	9	36	-	63	\$415,928
Sheraton	9,767	-	38	81	-	11	\$693,077
Parking Structure	6,142	5,800	31	41	-	0	\$470,575
Town Hall	13,307	-	31	16	-	94	\$358,554
Nottingham	15,847	-	-	-	82	0	\$488,562
TOTAL	70,588	15,857	127	199	212	217	\$3,459,201

RETA Revenues

	Market Value per Unit	RETA Rate	Fee per Unit	Units	Buildout (one time)	Annual Resales Residential 10%	Commercial 5%
Residential Units (market)	\$1,200,000	2.0%	\$24,000	199	\$4,775,199	\$477,520	N/A
Residential Units (affordable)	\$250,000	0.0%	\$0	127	\$0	\$0	N/A
Condo-Hotel Units	\$650,000	2.0%	\$13,000	212	\$2,761,848	\$276,185	N/A
Commercial Space (per sq.ft.)	\$125	2.0%	\$3	86,444	N/A	N/A	10,806
TOTAL					\$7,537,047	\$753,705	\$ 10,806

Projected Sales Tax Revenues from Retail Sales

	Annual Sales Revenue per SF	Sq. Ft.	Sales Tax Rate	Sales Tax Revenue (Annual)
Retail Sales Tax	\$250	70,588	4%	\$705,876

Property Tax Revenues

	Market Value	Assess Rate	Avon Property Tax Mill Rate	Avon Property Tax Per Unit (Annual)	Units	Property Tax Total (Annual)
Residential Units (market)	\$1,200,000	7.96%	8.96	\$856	199	\$170,287
Residential Units (affordable)	\$250,000	7.96%	8.96	\$178	127	\$22,657
Condo-Hotel Units	\$650,000	7.96%	8.96	\$464	212	\$98,490
Commercial Space (per sq.ft.)	\$275	29%	8.96	\$1	86,444	\$61,770
TOTAL						\$353,204

Public Revenue Stream Analysis, cont'd.

Accomodation Tax Revenues

	Accomodation Units	2005 ADR	Occupancy Rate (4% accomodation tax plus 4% sales tax)	Accomodation Tax Rate	Annual Revenue (buildout)
Condo-Hotel Units	212	\$150	45%	8%	\$418,739

Recreation Amenities Fee Revenues

	Market and Condo-Hotel Units	% of Units Assumed As Fractional Units	# Lockoffs per Fractional Unit	Weekly Recreation Amenities Fee Per Lockoff	Weeks Per Year	Annual Revenue (buildout)
Market Residential Units	411	50%	3.0	\$28.02	52	\$899,175

Parking Payment in Lieu Fees

	Total Payment in Lieu Spaces Required	Payment in Lieu per Space	Total Payment Generated
	217	\$33,000	\$7,160,588

Revenues from Land Lease or Sale

Parcel	Lease/Sale Revenues
Parking Structure	\$6,689,880
Town Hall	\$2,755,440
Nottingham	\$7,245,990

Notes

All tax and assesment rates per Town of Avon March 2006
 Property tax assumptions for Town of Avon genreal fund mill levy only
 ADR per Stan Bernstein. Occupancy per Hill and Co. Vail Valley ADR Report 2005
 Commercial sales per sq.ft. rate from Avon actuals 2005
 Annual unit turnover rate per Stan Bernstein and Design Workshop

Funding Analysis

The Funding Analysis provides a conceptual understanding of the ability of the public revenue streams generated from the West Town Center District redevelopment to pay for the costs of the public improvement projects.

The one-time revenues to the Town realized from redevelopment include parking payment-in-lieu fees, Real Estate Transfer Assessments (RETA) from the initial sales of the market-rate residential and condo-hotel units and the Main Street Improvement Assessment revenues. These one-time revenues are projected to total \$18.1 million by the end of the development period. Additional public revenues are modeled to come from the sale or long-term lease of the Parking Structure, new Town Hall and Nottingham parcels, and these revenues are projected to total an additional \$16.9 million. Total one-time revenues are \$34.8 million.

The sale or long-term lease of the Parking Structure, new Town Hall and Nottingham sites assumes that the Town would enter a public-private development agreement with a developer. Under the agreement, Town would receive revenues from the sale or lease of the parcel and would purchase the public component of the project (civic space or parking structure) at a price equal to its cost of construction, while the developer would purchase or lease the parcel and build the residential and commercial components of the project in exchange for receiving the sales revenue from these uses.

Annually recurring revenues include sales tax, property tax, accommodation tax, recreation amenities fee and annual RETA taxes. These revenue sources are projected to generate annually recurring revenues to the Town of approximately \$3.1 million.

A conceptual bonding analysis identifies the amount of funds that could be supported if the annual revenue streams were to be bonded via a Tax Increment Financing District (TIF). The bonding analysis assumes that 25 percent of these revenues would be bonded for a period of 23 years at an annual interest rate of seven percent. Per the above parameters, the annual public revenues are shown to be able to support a bond issue of up to \$9.1 million. It is important to note that the assumptions about bonding and about a TIF district are made only to conceptually understand the magnitude of the finances available; no determination has been made at this time as to whether these revenue streams will be bonded against, or whether a TIF district will be created.

One-time revenues consisting of fees plus sales/ leases of Town parcels (\$34.8 million) plus the bond funding secured by annual tax revenues (\$9.1 million) results in total available funds of approximately \$44 million to help fund public improvement costs. Public improvement costs are projected to total \$36.4 million, resulting in a positive differential of potentially available funds to project costs of \$7.6 million.

Funding Strategy

The funding analysis indicates that the public revenues resulting from the redevelopment will be greater than the capital costs of the initial public improvements. The projected public revenues will not be received by the Town, however, until after the infill parcels are redeveloped, which will occur some time after the public improvements are constructed. Therefore a funding strategy must be developed that determines the level of borrowing necessary to implement the public improvements and designates a source for repayment of these borrowed funds.

Potential sources of repayment for borrowed funds include:

- One-time revenues from RETA, parking in lieu and Main Street Assessment fees of \$18.1 million,
- The annualized revenue streams including sales and property taxes of \$3.1 million per year,
- Funds from the Town's Capital Improvement Plan,
- And/or other sources.

None of the revenue stream categories, individually, will be sufficient to cover the capital costs of the public improvements.

A detailed funding strategy for the public improvements should be developed as a central component of the implementation plan for West Town Center District. This detailed funding strategy should expand the analysis to forecast when the public expenditures will occur, and when the public revenues resulting from development will be realized, in order to understand the magnitude of expenditures to revenues on a year to year basis.

Identification of other funding sources and strategies, including public-private partnerships, revenues from existing properties and tax streams, additional assessment fees, and outside funding sources such as federal and state grants and loans, should be researched.

Conclusion: Public Improvements Funding Analysis

Tax Increment Financing District (TIF) Bonding Analysis

(note: TIF district is conceptual and used for bonding analysis example only)

	Property Tax	Sales Tax	Accommodation Tax	Recreation Amenities Fee	RETA	TOTAL
Annual Revenue Stream	\$353,204	\$705,876	\$418,739	\$899,175	\$764,510	\$3,141,504
Percent of Revenue Dedicated to Bond Repayment	25%	25%	25%	25%	25%	
Annual Payment Supported	\$88,301	\$176,469	\$104,685	\$224,794	\$191,128	\$785,376
Bonding period (years)	25	25	25	25	25	
Interest Rate	7%	7%	7%	7%	7%	
<i>Total TIF Bonding Capacity</i>	<i>\$1,029,023</i>	<i>\$2,056,496</i>	<i>\$1,219,951</i>	<i>\$2,619,654</i>	<i>\$2,227,321</i>	<i>\$9,152,445</i>

Funding Sources

Revenue Stream	Amount	Notes
TIF Bonding Capacity	\$9,152,445	Funds if portion of the annually received revenues were bonded against
RETA (one-time amount at buildout)	\$7,537,047	
Main Street Improvement Assessment	\$3,459,201	Funds from proposed assessment on net new commercial and residential space
Parking Payment In Lieu	\$7,160,588	Funds received from projects that don't meet their parking requirement on site
Proceeds from Lease/Sale of Town Hall Site	\$2,755,440	Assumes that the Town leases or sells the Town Hall parcel to a developer
Proceeds from Lease/Sale of Parking Structure Site	\$6,689,880	Assumes that the Town leases or sells the Parking Structure parcel to a developer
Land Lease/Sale of Nottingham Site	\$7,245,990	Assumes that the Town leases or sells the Nottingham parcel to a developer
<i>Total Funding Sources</i>	<i>\$44,000,590</i>	

Public Improvements Project Costs

Project	Amount	Notes
Transit Center	\$2,200,000	
Realign Benchmark Road	\$5,000,000	
Main Street Improvements	\$12,100,000	
Town Hall	\$6,050,000	Assumes that Town pays for the civic space component of the Town Hall project
Parking Structure	\$11,070,000	Assumes that Town pays for the parking structure component of the Parking Structure project
<i>Total Project Costs</i>	<i>\$36,420,000</i>	

Town of Avon Net Proceeds from Development

Total Funding Sources	\$44,000,590
Public Improvements Project Costs	(\$36,420,000)
Net Proceeds from Development	\$7,580,590

Conclusions and Recommendations

The financial analysis indicates that the seven West Town Center District infill parcels are financially feasible as designed and programmed, and that the public revenue streams resulting from the redevelopment will be able to pay for the costs of the public improvement projects.

Conclusions – Infill Parcels

- The design and program for the infill parcels are based on the goals for physical form outlined in the Town’s urban design guidelines and the critical mass and mix recommended in the Market Investigation;
- The infill parcels as designed and programmed in this analysis are economically viable and will attract redevelopment interest from the private sector;
- A Main Street Improvement Assessment can be levied on infill projects to help pay for Main Street project costs without unduly affecting financial viability. The amount of this assessment fee should be further investigated – while it is programmed for these purposes at \$5 per square foot of new development, it could be levied at a higher level of \$10 or even \$15 per square foot without impacting sales demand (at sales prices of \$600 per square foot for residential units, the additional \$5 Main Street Assessment has less than a 1% impact on total price);
- The inclusion of affordable housing in several of the privately-owned parcels helps to achieve the goal elaborated in the West Town Center District Market Investigation of providing between 10 and 20 percent affordable housing in order to increase the year-round

vitality of the area. The inclusion of affordable housing has not been discussed with any of the land owners but is shown in the pro forma to be financially viable within the overall development program for each of the parcels.

- Projects that are shown to not be economically viable today (as measured by an Internal Rate of Return (IRR) of 15 to 20 percent or greater) will become feasible in time as unit sales prices continue to rise in the district due to increased attractiveness of the area from redevelopment.

Conclusions - Public Revenue Streams

- Public revenue streams will consist of one-time fees including RETA, parking-in-lieu and Main Street Assessments, while recurring revenue streams include sales tax from retail sales, property tax, the recreation amenities fee, and accommodation taxes. One-time fees are projected to generate \$18.1 million by the time the project builds out, and recurring revenues will generate \$3.1 million annually.
- The incremental public revenue streams realized from redevelopment will be able to pay for the up front public improvement projects.
- A Tax Increment Financing (TIF) district or other bonding structure can be utilized to channel a portion of projected future public revenue streams to contribute towards the costs of the public projects. A bonding analysis indicates that \$9.1 million can be generated by bonding a portion of these revenue streams. No decisions regarding a bonding strategy or the creation of a TIF district have been determined by the Town of Avon; these assumptions were made solely to evaluate public revenue streams.

- The revenue stream analysis is conservative in that it only examines revenues generated from the net new commercial and residential space in West Town Center District; it does not examine growth in property values and increased sales taxes from existing properties as a result of redevelopment. It also does not measure the impact of secondary or waterfall spending resulting from employee and resident spending.
- The sale or long-term lease of public parcels, including the Parking Structure, Town Hall and possibly the Nottingham parcel, is a good strategy in that it generates funds from land sales for the Town, while transferring the risk and exposure associated with development to a private or non-profit developer. The Town is able to purchase the public components of each project (parking structure and civic space) at their cost of construction. The financial analysis indicates that the returns from these developments are not high enough to attract private development interest, so a relationship with a Community Development Corporation or other non-profit, mission-oriented developer would likely be the most feasible arrangement. A 99-year or other long-term lease structure could be used so that the Town does not permanently dispose of its land assets. A more detailed land value assessment should be undertaken by a Broker as a next step in the process.
- The funding analysis indicates that the public revenues resulting from redevelopment will be greater than the capital costs of the initial public improvements. The projected public revenues will not be received by the Town, however, until after the infill parcels are redeveloped, which will occur some time after the public improvements are constructed. Therefore a funding strategy must be developed that

determines the level of borrowing necessary to implement the public improvements, and that designates a source for repayment of these borrowed funds.

- Additional funding sources can be identified for the public projects and uses in order to further offset costs. Funding sources include state or federal transportation funds for the Main Street and transit center project and state, federal or non-profit funds for the affordable housing components.

Additional Recommendations

- The Town will need to construct the majority of the public improvements up front in order to create an environment that will attract redevelopment interest.
- This financial model was designed to be dynamic and interactive in order to test different development scenarios and alternatives. It will be crucial to regularly update this financial model over time as the project builds out in order to reevaluate public cost estimates, recalibrate assessment and tax levels and to adapt to changing circumstances.
- In order to ensure that retail space is used in the local and small-business owned manner envisioned, the Town could require that a percentage of the retail space be condominiumized and sold to business owners, or that a percentage of the retail space be deed-restricted to preserve affordability in a manner similar to affordable housing. The financial analysis as currently prepared does not model these alternatives for their impact on the financial viability of the infill projects.
- There is a need for the Town to engage the private sector in the process to obtain buy-in on the

overall project vision and development program specifics as outlined in this financial analysis.

- Nottingham does not appear to be a critical piece of the funding strategy for the Town given the range of potential funding options and the positive differential between project costs and potentially available funds. However, the Nottingham Inn idea is a critical piece of the overall placemaking program for West Town Center District but this element can be phased as one of the later developments. It is recommended that Nottingham remain a part of the program and vision for West Town Center District, but that any decisions regarding the sale and development of the parcel be made at a future point in time and in the context of a park and open space master plan.