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The Subject Site

Parker's East Mainstreet gateway is the subject area of the 2014 NAIOP Rocky Mountain Real Estate Challenge. The site consists of two parcels, 9.4 acres at the Northwest intersection of Mainstreet and Pine Drive (North Site), and 3.2 acres at the Southwest intersection of Mainstreet and Pace Center Drive (South Site). The Town of Parker has plans to include a new state of the art Public Library on the site, which will be owned and operated by the Douglas County Library District. The Library's total budget for hard and soft building costs is \$14.5 million.

The Opportunity

The property offers a unique opportunity to create a distinctive activity center in downtown Parker. The site has the potential to increase the vitality and energy of this area as it is more than just a gateway to East Mainstreet, but rather the completion of Parker's Historic Downtown Corridor. With the appropriate blend of amenities and activities, this project has an opportunity to transform the downtown experience for the visitors and residents of the Town of Parker.

Highest and Best Use

Six Sigma Development (SSD) has conceived a plan that meets current demand to serve the future needs of Parker. SSD analyzed the site and market to define the optimal development strategy for the property. After meeting with brokers, Town planners, Economic Development Directors, and Town residents, SSD gained a deep understanding of market demand and opportunities for the project. Balancing a mix of integrated uses, SSD has determined the highest and best use of the property to be a mixed-use, pedestrian friendly project that helps complete the connection of Mainstreet.

Development Vision

Six Sigma Development envisions a cohesive development that promotes gathering and functions to service multiple user groups will be of the highest benefit to the community, and should also serve as a catalyst for economic development and activity on Mainstreet. SSD proposes a project that advances the intended vision of Parker's Historic Downtown Core and Creative districts. The project will be activated in the day by the library, office and retail uses, and sustained in the evening by restaurants, the public plaza, permanent residences, and the Parker Arts, Culture and Event (PACE) Center.



At night the plaza will be an exciting place to gather for dinner and drinks before and after PACE Center events, for families to enjoy a night out, and for friends to savor a refreshing beer at their local brewery.



A patio on the public plaza will help to keep Town Square active throughout the day.



Inspired by the trend of community art and food markets around the country, the artisan market perfectly combines Parker's creative goals and strong community values.

Publicly Owned Elements

- Parker Public Library – 48,000 SF
- Town Plaza – 30,000 SF
- Parking Garage- 112 Spaces
- Public right-of-ways (streets, sidewalks, surface parking)
- Parks and Open Spaces

PARKING PROVIDED (on-site)	
Structured (on-site)	112
Surface (on-site)	330
Useable Street (on-site)	90
Total Parking	532

4.36 /1,000 SF

Privately Developed Elements: 154,800 SF

Retail – 49,000 SF

- 20,000 SF Brewpub/Entertainment Venue
- 7,000 SF Restaurant
- 4,000 SF Inline Shops
- 6,000 SF Quick Service Restaurant
- 2,000 SF Bike Shop
- 2,000 SF Café
- 8,000 SF Artisan Market

Office – 28,000 SF

- 20,000 SF 2nd & 3rd Story Above Retail
- 8,000 SF Ground Floor Office

Residential – 48 Units – 77,800 SF

- Townhomes – 30 Units
1,500 - 2,000 SF Per Unit
- Residential Flats - 18 Units (2nd & 3rd Floor)
900-1,300 SF Per Unit



Project Cost Summary

Development Summary

Rental Development Cost Summary			Condo Development Cost Summary			Public Development Cost Summary		
	Total	Per SF		Total	Per SF		Total	Per SF
Total Development Costs	\$17,644,327	\$229.15	Total Development Costs	\$14,589,627	\$187.53	Surface Parking	\$792,000	\$3.91
Loan Totals	\$14,971,212	\$194.43	Loan Totals	\$12,379,299	\$159.12	Underground Parking	\$2,240,000	\$11.05
Total Equity Required	\$2,673,116	\$34.72	Total Equity Required	\$2,210,329	\$28.41	Landscaping	\$100,000	\$0.49
G.P. Equity Contribution	\$267,312	\$3.47	G.P. Equity Contribution	\$221,033	\$2.84	Plaza	\$420,000	\$2.07
L.P. Equity Required	\$2,405,804	\$31.24	L.P. Equity Required	\$1,989,296	\$25.57	Drainage	\$330,000	\$1.63
						Underground HVAC	\$100,000	\$0.49
						General Sitework	\$1,053,804	\$5.20
						Land Purchase	\$1,600,000	\$7.89
						Total Public Costs	\$6,635,804	\$32.72

Due to the public/private and mixed-use nature of the project, separate ownership entities will be created to facilitate the land acquisition and to ease equity and debt interests in the project. The land will be purchased by four separate entities to include Parker Residential LP, Parker Commercial LP, Parker Metro District LP and the Douglas Public Library District.

Return Summary

Equity Requirements / Return Summary			
Equity Requirements			
	Rental	Condo / TH	Total
Limited Partner	\$2,405,804	\$1,989,296	\$4,395,100
General Partner	\$267,312	\$221,033	\$488,344
Total	\$2,673,116	\$2,210,329	
Equity Return Assumptions			
	Limited	General	
Preferred Return	8.0%	8.0%	
Return of Cap. (Pari-Passu)	90.0%	10.0%	
Excess Return	70.0%	30.0%	
Equity Returns			
	Rental	Condo / TH	Total
Limited Partner	17.69%	23.73%	19.18%
General Partner	29.48%	60.94%	32.34%
Total	17.22%	27.94%	

SSD met with CBRE in Denver to identify the best strategy to finance the project and maximize overall investment returns. Given the scope, size and location of the project it was determined that the optimal way to structure the financing is to attain both senior and mezzanine debt in addition to the equity provided by the General and Limited Partners. The senior loan will provide 70% of the cost of the project, the mezzanine loan will provide 15% of the cost and SSD, as well as its investment partners, will provide the remaining 15% in equity.

Public Financing

TIF Financing Calculation

Rental Income Property			
Rental Assessment Rate	29.0%	Current Taxes	\$16,637
Tax Rate with Metro District (3.0%)	12.9%	Incremental Tax Increase	\$448,096
Stabilized Rental Value	\$16,605,167	Bond Payment (1.25 DSCR)	\$358,477
Discounted Actual Value (75%)	\$12,453,875	Bond Annual Interest Rate	7.0%
Rental Assessed Value	\$3,611,624	Bond Term (Years)	23.0
Rental Stabilized Taxes	\$464,733		
Estimated Ann. Retail Sales/SF	\$275.00	Potential Property TIF Contribution	\$4,040,817
Retail Sales Tax (90%)	2.7%	Potential Retail Sales TIF Contribution	\$4,101,104
Retail Ann. Sales Revenue	\$363,825	Total Potential Rental TIF Contribution	\$8,141,921
Condo/Townhome Income Property			
Condo/TH Assessment Rate	8.0%	Bond Annual Interest Rate	7.0%
Condo/TH Tax Rate	3.5%	Bond Term (Years)	23.0
Condo/TH Sale Value	\$16,805,000	Bond Annual Payment	\$46,819
Condo/TH Assessed Value	\$1,337,678	Total Potential Condo/TH TIF Contribution	\$527,749
Total TIF Contribution			
Total Potential TIF Contribution	\$8,669,670.49		

The Metro District will own and maintain the public land, parking garage, plaza space and all site parking. SSD has analyzed the expected tax increments that the project is expected to generate and has created a service plan outlining how the proceeds of the TIF will be allocated to cover public development costs. Currently, the Town of Parker does not plan to include the use of sales tax revenue in its TIF program. However, SSD believes the use of sales tax increment financing is vital to make the proposed development viable given the significant investment into public space and infrastructure.

