

**AGENDA
LOVELAND CITY COUNCIL
STUDY SESSION
TUESDAY, DECEMBER 10, 2013
CITY COUNCIL CHAMBERS
500 EAST THIRD STREET
LOVELAND, COLORADO**

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6:30 P.M. STUDY SESSION - City Council Chambers

STUDY SESSION AGENDA

1. **ECONOMIC DEVELOPMENT** **(presenter: Mike Scholl, 60 min)**
Downtown Strategic Plan Review and Investment Report
 Staff will provide an overview of the approved Downtown Strategic Plan and Downtown Vision. The study session will review the plan elements and the progress made to date. The study session will also include a review of the Ten-Year Downtown Investment Report, a discussion on the future of the Downtown Urban Renewal Area (URA), and a brief overview of upcoming projects.

ADJOURN



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AGENDA ITEM: 1
MEETING DATE: 12/10/2013
TO: City Council
FROM: Economic Development Department
PRESENTER: Mike Scholl, Economic Development Manager

TITLE:
 Downtown Strategic Plan Review and Investment Report

SUMMARY:

Staff will provide an overview of the approved Downtown Strategic Plan and Downtown Vision. The study session will review the plan elements and the progress made to date. The study session will also include a review of the Ten-Year Downtown Investment Report, a discussion on the future of the Downtown Urban Renewal Area (URA), and a brief overview of upcoming projects.

BACKGROUND:

The City has undertaken an effort to revitalize the Downtown district beginning with the creation of the Downtown URA in 2003. A strategic plan was approved by Council in 2009, and a Vision Book was approved a year later. The effort has yielded some success including the Lincoln Place Project, Rialto Theater Center, Gallery Flats Project, Art Space Lofts, and other smaller projects.

The purpose of the study session is to check in with Council on the progress that has been made, review the enabling policies (Strategic Plan, URA, etc.), and get direction on the next steps.

The presentation will also include a review of a Ten-Year Investment Report completed by staff. This report chronicles the total private and public investment in Downtown, since 2003.

REVIEWED BY CITY MANAGER:

LIST OF ATTACHMENTS:

1. Downtown Investment Report
2. PowerPoint Presentation

A Decade Downtown

2003-2013 Downtown Investment Report



Loveland, Colorado

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Executive Summary

Successful rebuilding of a downtown district is always a collaborative venture.

This Downtown Investment Report provides detailed information on private and public investments in downtown Loveland since 2003, and describes how the two sectors acted in partnership.

The financial information in this report demonstrates how private resources have taken a lead in pushing redevelopment work forward, with the help of a modest but effective level of public participation in the process.

Since 2003 some projects received direct public support via façade grants, investment in public improvements or real estate purchases. Other projects benefited from automatic fee waivers in place throughout the district.

The report also reviews ways in which the City had a direct involvement in conceiving and constructing projects – such as the Rialto Theater Center and Lincoln Place – and features two ongoing partnerships, Art Space Loveland Lofts and Gallery Flats.

The report was compiled from information publicly available and verifiable through the citizen access portal on the City’s website. For more information, see the section titled “How this study was done.”

During the period of focus, the City engaged in a series of steps to plan the future of Loveland’s downtown. The Downtown Strategic Plan and the Downtown Infrastructure Plan (HIP Streets Master plan) in 2009 laid out the strategy of public support for private investments in downtown.

The 2010 Vision Book set forth the history, purpose, and rationale for downtown Loveland’s redevelopment. More recently, an “expression of interest” process fostered open and transparent consideration of downtown development proposals.

This report builds upon the City’s prior commitment to downtown and demonstrates the effectiveness and efficiency of public and private partnership in downtown Loveland’s development.



Investment Summary

Since 2003, public and private entities have collectively invested \$43,883,668 into property in downtown. Of these investments, 83% were private, 14% were City of Loveland Investments, and 3% were funds invested by other public entities (see graphics below).

Percentage of Downtown Investment Share 2003-2013

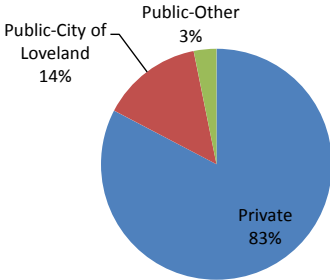


Table 1: 2003-2013 Total Downtown Investments

	Amount
Private	\$36,283,225
Public-City of Loveland	\$6,206,990
Public-Other	\$1,393,453
Total	\$43,883,668

Another interesting way to examine the decade of development in downtown Loveland is by understanding the project type. Private projects that have received fee waivers make up the majority of investments that have been made in downtown Loveland over the last ten years.

Table 2: 2003-2013 Downtown Investments By Type

Project Type	Total Private Investment	Total Public Investment	Overall Investment
Private Only	\$1,861,789	\$0	\$1,861,789
Private with Fee Waivers	\$27,759,159	\$3,282,404	\$31,041,563
Private-Public Partnerships	\$6,662,277	\$3,291,172	\$9,953,449
Public Only	\$0	\$1,026,867	\$1,026,867
Totals:	\$36,283,225	\$7,600,443	\$43,883,668

Finally, it is worth noting that across all project types, the City of Loveland has invested in projects in the downtown area through granting project fee waivers. Fee waiver investments total \$3,701,678, accounting for 60% of the City’s Investments in Loveland’s downtown from 2003-2013. Together, City grants, loans, cash, and other investments account for the additional 40% of the City’s investments.

Lincoln Place



Before

Private Investment:
\$16,829,275
86%

City Investment:
\$2,309,666
14%

Total Investment:
\$19,138,941



After

Loveland's most prominent urban redevelopment landmark began taking shape in 2004 when Boulder-based real estate development company O'Connor Group chose an entire city block in downtown Loveland for a \$20 million mixed-use project.

"Cities are getting smart about growth," O'Connor Vice President Brian Bair said as construction of the four-story Lincoln Place project began. "There's a trend across the country to move back into urban areas."

Even before its groundbreaking, Lincoln Place was getting national attention, with a 2004 "Builder and Developer" magazine calling it "one of the shining stars of urban redevelopment in the West."

The Rialto

The Rialto Theater Center is downtown Loveland's "Three-P" project, combining private, public and philanthropic resources totaling \$4 million. The city bought two single-story retail shops, adjacent to the 93-year-old theater that is a city gem, and leveled them to make way for a 20,000-square-foot, three-story building.

When the building opened in 2012, it added space that makes the city-owned theater more functional and accommodates a vibrant and popular new restaurant, Next Door. Community space on the second floor, funded by the Community Foundation of Northern Colorado, and privately leased third-floor offices complete the package. Called the "Rialto Bridge" when it was conceptualized and built, the project is a literal bridge connecting the historic theater to new space that adds diversity and function to downtown Loveland.



City Investment:

\$1,915,111

45%

Philanthropic Investment:

\$700,000

17%

Private Investment:

\$1,613,782

38%

Total Investment:

\$4,228,893



Ongoing Partnerships

artspace



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Minneapolis-based Artspace Projects is unique in the nation's development community. The company focuses on projects that give artists affordable space to live and work, adding energy and vibrancy to the neighborhoods where they are built.

Artspace chose Loveland in 2011 after an exhaustive market study that showed the city's art community was deep enough and broad enough to make the project successful. The old mill will be preserved as event and gallery

space while the new, four-story, 30-unit loft project rises on an adjacent tract.

Non-profit Artspace's finance model incorporates modest public participation with private equity and foundation support.

Investment to date

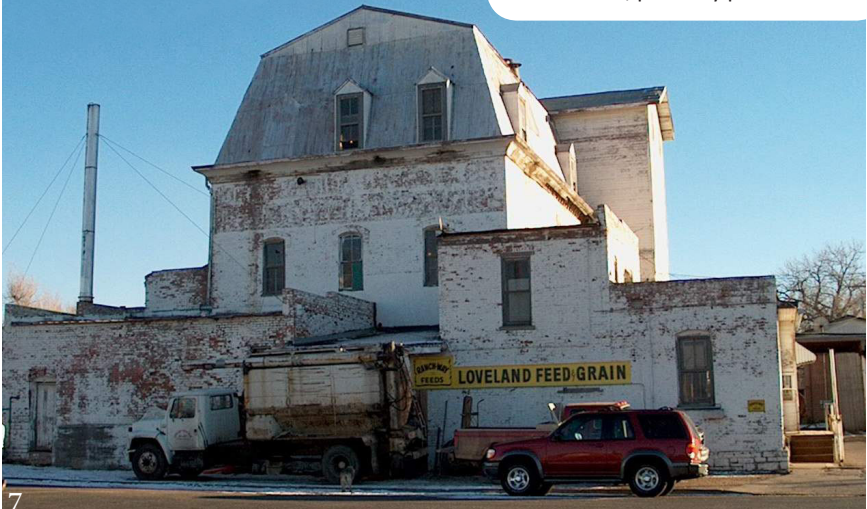
City: \$1,424,772

CO State: \$1,248,110

Private: \$568,498

Total: \$3,241,380

Estimated Loft Completion Cost: \$8.8 million, primarily private funds



Gallery Flats

Estimated Completion Cost: \$9,928,931



The City's purchase of the Home Partners is now halfway through State Bank branch office on the construction of Gallery Flats, a five-story, 72-unit apartment building with ground-floor office and studio space designed for "live-work" occupancy. Loveland Museum/Gallery.

But as the museum shifted its course in plans for expansion, so did the city in its strategy for redeveloping the Home State site.

Fort Collins-based Brinkman Lincoln Avenue will become the City's first "canyon" street, running northward between Lincoln Place to the east.



Investment to date	
City:	\$3,042,039
Private:	\$808,600
Total:	\$3,850,639



Façade Grants

The Façade program was created and funded by Council in 2007.

The program provides for matching grants for façade improvements to buildings located primarily on 4th Street.

There are two grant options.

The Façade Matching Grant is a \$1/\$1 match up to \$12,500.

The Façade Incentive Grant is equal to 100% of the façade improvement costs, capped at 10% of the total development costs. To date, Award totals are \$202,863.

Table 3: Façade Grant Recipients

Address	Recipient	Award	Total Cost
417-421 E 4th	Moca, LLC (KL&A)	\$59,000	\$1,100,000
301 E 4th	Heartland Café	\$12,500	\$29,295
247 E 4th	Stroh & Co	\$12,500	\$26,303
200 E 4th/330 N Cleveland	MDHF/ State Mercantile Building	\$48,639	\$590,000
315-319 E 4th	Odd Fellows	\$12,500	\$126,142
118 W 4th	Loveland Ale Works	\$35,000	\$390,000
336 E 4th	Awards Unlimited	\$10,224	\$20,448
103 E 4th	Elks Lodge	\$12,500	\$248,715
	Total:	\$202,863	\$2,530,903



Other Public Partnerships

State Historic Fund Program:

The State Historic Fund provides grants for improvements to historic structures in Downtown Loveland. The grants have been used for capital improvements and historic structural assessments (HSA). The HSAs are the first step in the grant process. The report outlines and prioritizes the building needs, which becomes the basis for grant applications for capital improvements. The City has received grants for the Lincoln Hotel, Elks Building, Odd Fellows Building, Pulliam Building, and Lovelander Hotel.

Brownfield Grant:

The City received a \$313,000 EPA Brownfield Clean-up grant for the Leslie the Cleaner building at 3rd and Lincoln. The grant was used for the environmental remediation of solvents and petroleum from the gas station and the dry cleaner.



2011



2012

City Property Acquisitions 2003-2013

A total of \$58,296,464 was invested in real estate purchases in downtown. The City of Loveland contributed \$3,276,300, making up 18% of the 2003-2013 downtown real estate purchases.

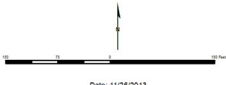
Note: This total includes only the most recent sale of any property that was sold multiple times between 2003 and 2013. The Net Public Investments (right) includes the loss and gain on investments in the Brinkmann and Rialto properties. Properties purchased by the City are shaded red in the map below.

Table 4: COL Public Acquisitions 2003 - 2013

Year Acquired	Property Address	Cost
2011	301 N Lincoln Ave	\$205,600
2009	233 N Lincoln	\$352,165
2009	222 E 3rd St	\$293,165
2009	319 N Lincoln	\$535,500
2009	224 E 4th	\$314,634
2007	225 E 4th St	\$475,000
2007	541 N Lincoln	\$1,100,236
10-Yr Total Costs, Public Transactions:		\$3,276,300
10-Yr Net Public Investments:		\$2,413,618



- Loveland Public Acquisitions
- Downtown URA
- Parcels



How this study was done

This study describes real estate investments made within Loveland's original Downtown Urban Renewal Area (URA) since 2003. The scope includes the now-separate Finley Block URA, covering the Lincoln Place block, which was part of the original 2003 area.

Only completed investments are included in this work. Projects currently under construction, such as Gallery Flats at Sixth Street and Lincoln Avenue and Artspace Loveland Lofts on East Third Street, are not included in the data. However, these projects have been separately noted and described. The two categories considered in assembling the data are:

Private Investment, including:

- Investment value documented by building permits.
- Matching fund grants.
- Development fees paid.
- Other private investments (miscellaneous).

Public Investment, including:

- City loans and/or cash.
- Façade grants.
- Development fee waivers.
- State Historic Fund grants.
- Other City investments or public funding (miscellaneous).

Determining Improvement Investments

City of Loveland building permit data for projects valued at a minimum of \$4,000 are the basis for numbers in this report. The data includes fees paid by private developers, and fee waivers offered to them. In some instances, mostly for older projects lacking specific records, fees and waivers are estimated. Examining archives of City Council proceedings also confirmed public investments in major projects, including City Council-approved loans and fee waivers or credits.

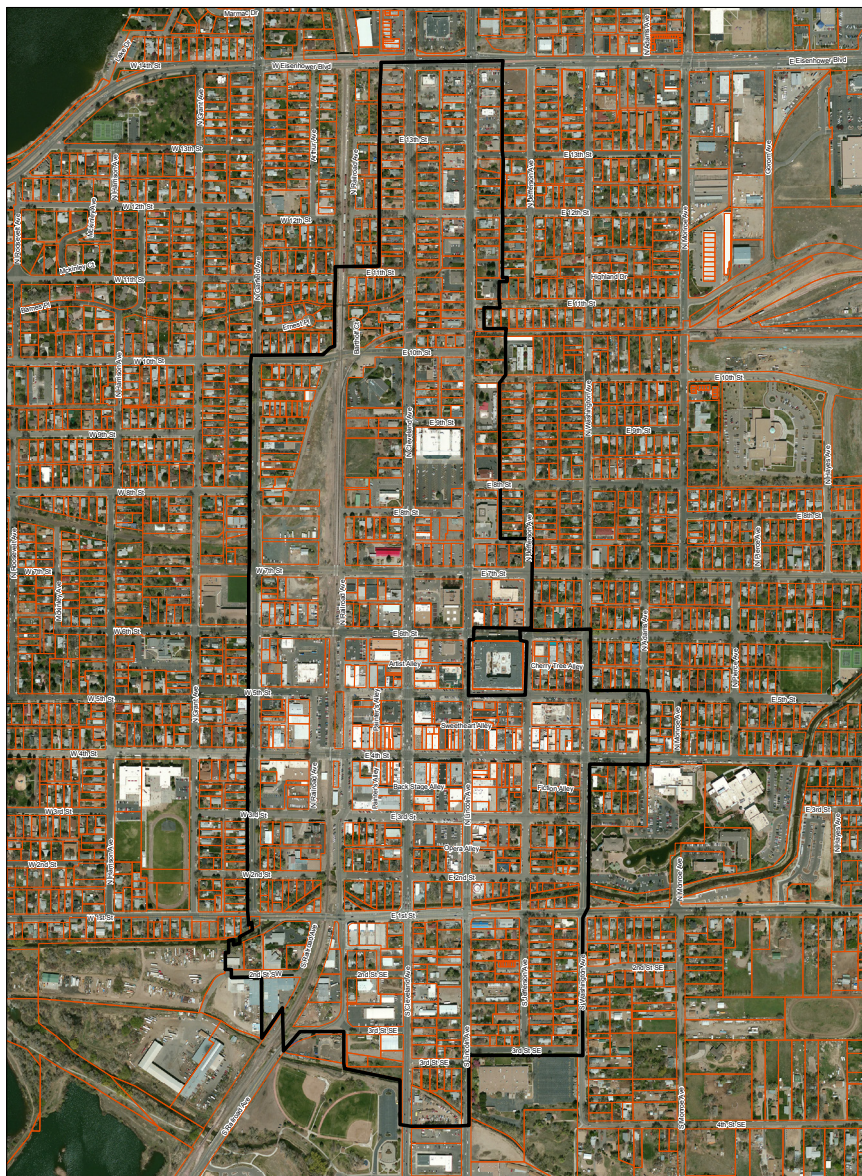
Additional data from City Economic Development and Finance files show totals for other types of investment, such as City of Loveland façade grants, State Historic Fund grants, and private matching grants. These types of investments are also examined separately within this report.

Determining Real Estate Investments

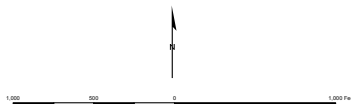
Investments of interest within the Downtown URA, defined by the process described above, were also located in the Larimer County Assessor Property Explorer. By searching the pre-determined addresses, we were able to record property transactions that have occurred since 2003.

In some cases properties have been bought and sold more than once. Real Estate investments have been calculated twice—once including all multiple sale properties and again with only the most recent property sales included for each address. Finance files documenting city property purchases were used to calculate public investments in real estate within the Downtown URA. These public real estate investments include acquisition and sale transactions for properties that are still active project sites.

Appendix A: URA & Study Boundary Map



- Downtown URA
- Parcels



NOTE: All calculations were made using best available data and should be considered approximate.

Date: 4/22/2013





Downtown Loveland Strategic Review

Loveland City Council – Study Session
December 10, 2013

Agenda

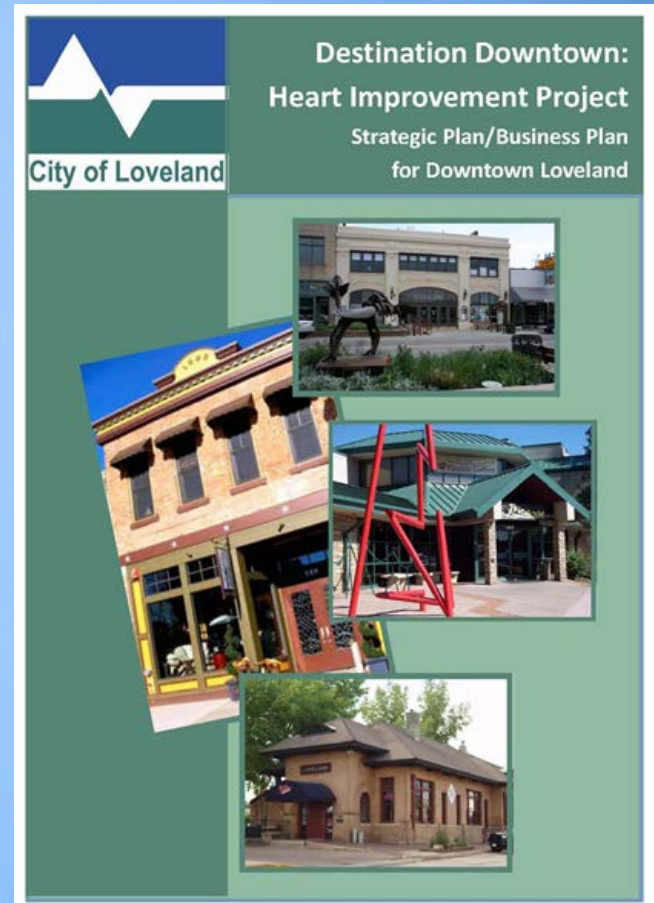
- Timeline
- Downtown Strategic Plan
 - Plan Philosophy
 - Plan Elements
 - The Vision Book
 - Other studies
- Investment Report
- Urban Renewal Authority/Downtown Organization
- Next Steps/Upcoming Projects

Timeline

- 2002 – Created the Downtown URA
- 2003-2007 – Completed Lincoln Place Development
- 2008 – Completed the Parking Study
- 2009 – Completed Infrastructure Master Plan
- 2009 – Completed the Downtown Strategic Plan
- 2009 – Retail Market Analysis (UNC)
- 2010 – Completed the Vision Book
- 2011 – Downtown RFP
- 2012 – Rialto Theater Center *completed*
- 2013 – Gallery Flats *under construction*
- 2014 – Artspace Lofts at the Feed and Grain
- 2014 – Downtown Request for Expressions of Interest

Downtown Strategic/Business Plan

- Adopted as an amendment to the City's Comprehensive Plan in 2009
- Council directed staff to put together a plan that addressed the “why”, “what” and “how”.

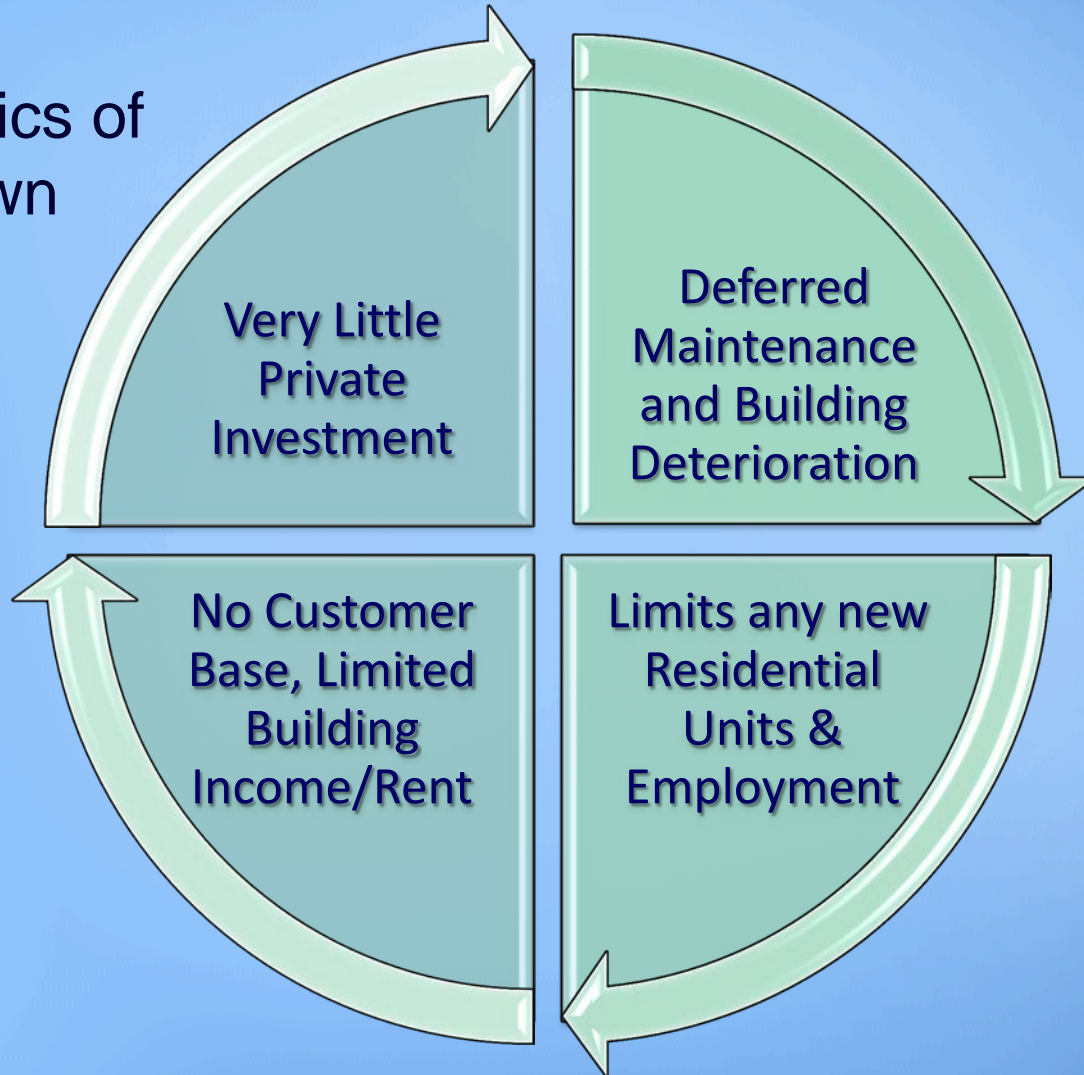


Principle #1

Revitalization efforts must be focused on addressing the underlying economics that govern Downtown

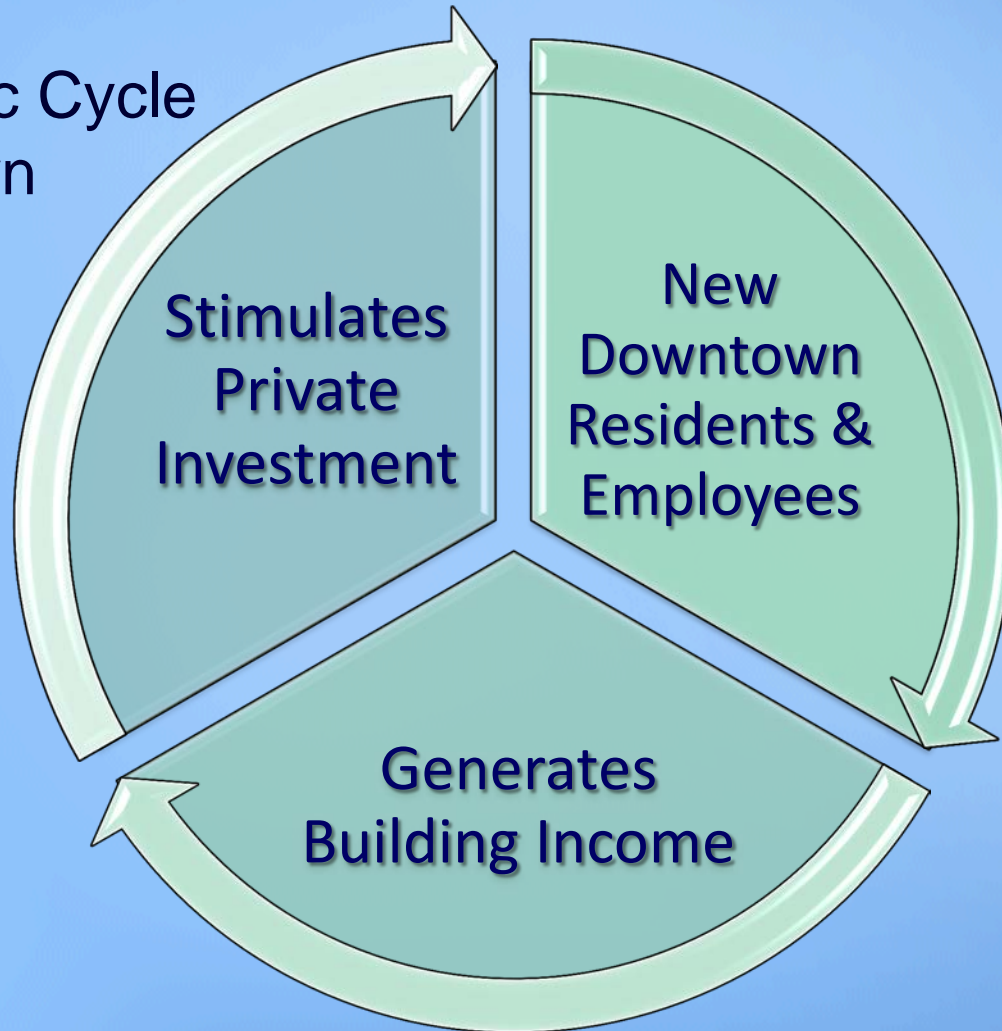
Philosophical Framework

Economics of
Downtown



Philosophical Framework

Desired
Economic Cycle
Downtown



Vision Statement - Why

“The Downtown will have remained the cultural heart of Loveland. The Downtown will have been revitalized as a pedestrian-friendly area with shopping, restaurants, cultural facilities, employment, and housing.”

Plan Principles - What

- acknowledges the critical role of the private sector and private investment plays in the redevelopment process
- the need to address the underlying economics of Downtown
- supports the role of arts and culture
- “this is a long-term strategy.”

Strategic Plan/Action Items

- Identifies the parameters for public involvement/incentives:
 - increase density and climate for employment
 - recognizes the importance of housing in Downtown
- Looks to leverage public investments in infrastructure to attract private investment

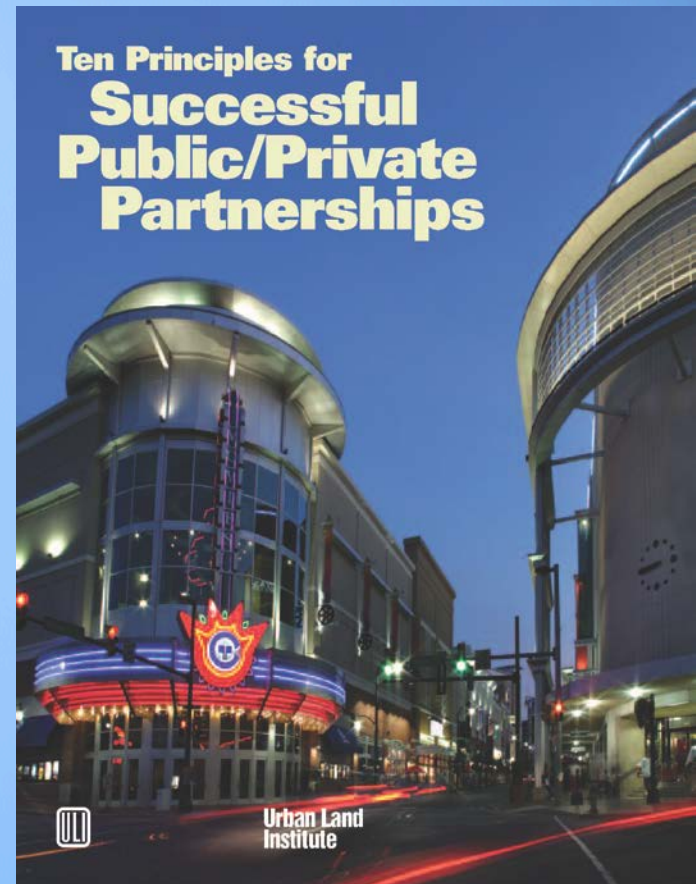
Strategic Plan/Action Items

- Seeks to strategically plan for public infrastructure needs, and recognizes the need to leverage public investments.
- Begins to develop the framework for public/private partnerships.
- Recognizes other critical needs:
 - The importance of arts and culture.
 - The need for enhanced marketing and promotion of Downtown.

Public/Private Partnerships

Public Responsibilities:

- Assess Your Capabilities
- Create a Public Vision
- Be Legislatively Prepared
- Be Resourceful with Funding
- Have the Land Ready
- Manage Expectations



Strategic Plan Tools

- Direct Investment
 - Capital Improvements
 - Public Infrastructure (includes parking)
 - Land assemblage
 - Line of Credit/URA
- Performance Based
 - TIF Financing
 - Revolving Loan Fund
 - Tenant based assistance
 - Fee Waivers

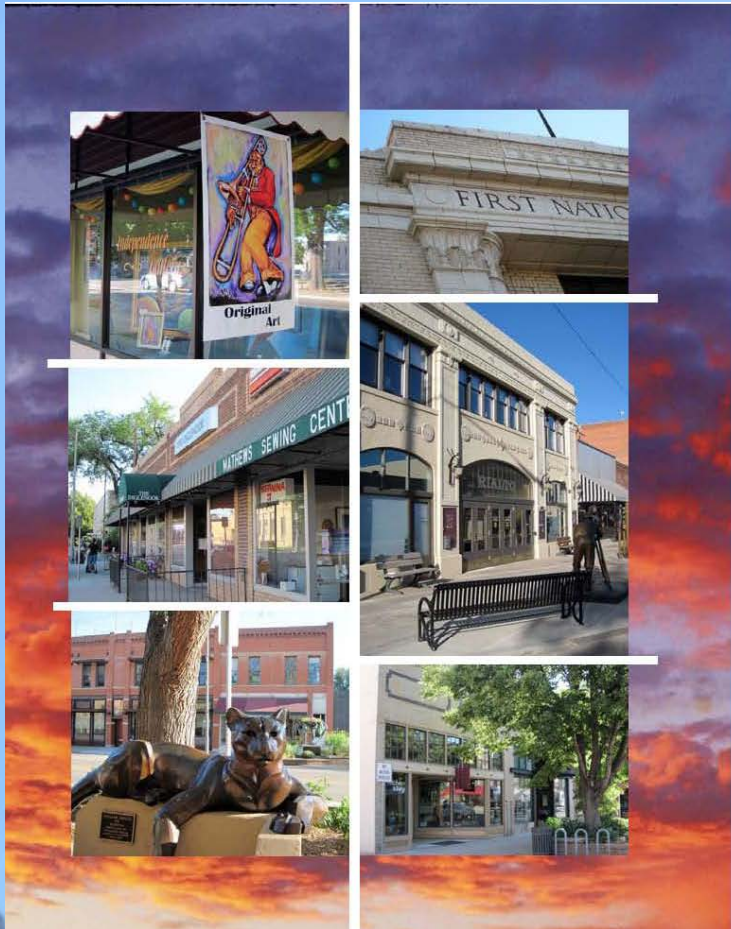
Strategic Plan Tools

- Other
 - Brownfield Assistance (Leslie the Cleaner)
 - New Market Tax Credits
 - Low Income Housing TC (Artspace)
 - State Historic Fund (Elks, Odd Fellows, Pulliam)

Downtown Strategic Plan

- Additional planning and visioning (*2010 Vision Book*)
 - Need consistency/vision
- Need to do market analysis, prove the market particularly for housing (*2010*)
- Finding tenants is critical (*ongoing*)
- Parking as a tool to support development
- Leveraging investments is critical

Downtown Vision Book








Redevelopment and Revitalization of Downtown Loveland

Vision Book

A strategic vision and catalyst for a vital, sustainable downtown.

Fall 2010

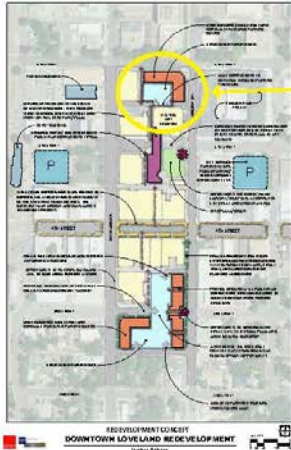


a visionsetting experience...

Downtown Vision Book

- Downtown Design Charette held in May of 2010
- attended by over 80 Downtown business owners, property owners and residents
- Move the museum expansion south to 5th and Lincoln
- Basis for the RFP and ongoing developer marketing efforts

Downtown Vision Book



The site is a single parcel owned by the City of Loveland. It is across the street from the Lincoln Plaza project and adjacent to the Loveland Museum and Gallery. The structure on the site is minimally used as classroom and storage space for the museum and has a fire fighters exhibit in the basement.

*North Catalist Project: 6th Street Site
Mixed Uses: Residential, Commercial, Office, Retail*

Site is ~.64 acres

Planned Development: Mixed Use, Multi-Story (4-5 floors)

Estimated Project Size:

65,000 SF of mixed-use structure + 160 to 165 structured parking spaces (contained interior)

- 35,000 to 40,000 SF of Office / Employment / Commercial
- 25,000 to 30,000 SF of Residential



“Money follows vision”

Vision approved in 2010

Groundbreaking in 2013



“Money follows vision”

	Projected	Actual (Gallery Flats)
Land Area	.35 - .5 acres	.6428 acres
Square Feet	50,000 – 100,000	63,836
Project Valuation	\$6.5 - \$13 million	\$7.8 million permit valuation/\$10.5 million loan valuation
Financing Gap	\$1.5 million - \$5.2 million	\$2.45 million + automatic fee waivers

Downtown Vision Book



The site is comprised of six parcels that include a City owned surface parking lot. Three of the parcels were recently purchased by the City to support the revitalization effort. In addition, 3rd Street between Lincoln and Cleveland is available for inclusion in any development project.

*South Catalyst Project: 3rd Street Site
Mixed Uses: Residential, Commercial, Office, Retail*

Site is ~1.85 acres

Planned Development: Mixed Use, Multi-Story (4-5 floors: possibly articulated)

Estimated Project Size:

160,000 SF Mixed-use Structure + 360 to 365 structured parking spaces (contained interior)

60,000 to 65,000 SF of Office/Employment

95,000 to 100,000 SF of Residential

Other Studies

- Infrastructure Plan
- Parking Study – Identified need for improved parking management
 - Created new long-term parking lots for employees
 - Extended some two hour parking to three hour parking
- Retail Market Analysis
 - Completed by Marketing Class at UNC
 - Useful in understanding the market

Investment Report (methodology)

Private

- Investments by Building Permits
- Matching Fund Grants
- Fees Paid
- Other Private Investments (Miscellaneous)

Public

- City Loans
- City Cash
- Façade Grants
- Fees Waived
- Other City Investments (Miscellaneous)
- State Historic Fund Grants
- Other Public Funding (Miscellaneous)

Investment Report

Table 1: Public and Private Improvement Investments in Completed Downtown URA Projects 2003-2013 (By Year)				
Year	Total Private Investment	Total COL Investment	Total Non-COL Public Investments	Total Public Investment
2013	\$723,122	\$70,501	\$0	\$70,501
2012	\$1,433,333	\$503,052	\$545,234	\$1,048,286
2011	\$1,779,997	\$481,925	\$240,104	\$722,029
2010	\$2,541,646	\$1,668,406	\$35,078	\$1,703,484
2009	\$2,471,872	\$413,144	\$75,400	\$488,544
2008	\$2,082,936	\$263,890	\$0	\$263,890
2007	\$3,832,892	\$490,540	\$184,055	\$674,595
2006	\$1,512,894	\$55,366	\$99,600	\$154,966
2005	\$17,951,117	\$2,295,222	\$201,307	\$2,496,529
2004	\$1,186,762	\$27,161	\$12,675	\$39,836
2003	\$391,019	\$14,344	\$0	\$14,344
Total:	\$35,907,590	\$6,283,550	\$1,393,453	\$7,677,003
			Total Private:	\$35,907,590
			Total COL:	\$6,283,550
			Total Non-COL Public:	\$1,393,453
			Total Public:	\$7,677,003
			Overall Total:	\$43,584,594

Note: These total were primarily calculated by compiling investments through permit valuations, fee waivers, COL loans, cash, and façade grants, and State Historic Fund Grants on completed improvement projects from 2003-2013.

Urban Renewal Authority

- Formed in 2002 for the purposes of:
 - Unify the downtown and make it identifiable as a special place.
 - Provide a safe and enjoyable pedestrian image.
 - Create a clear, compact and specialized retail zone with a unique image.
 - Provide safe access through the downtown with future links to nearby schools, the fairgrounds and the Big Thompson River.
 - Provide safe, attractive and efficient linkages for auto, bike and pedestrian movement from the downtown to the Civic Center.

Urban Renewal Authority

- Continued:
 - Maximize the opportunities of redevelopers to redevelop or rehabilitate portions of the Downtown.
 - Provide quality, livable neighborhoods.
 - Provide for a mixture of commercial, office high technology, public and residential uses.
 - Provide for a transportation system capable of minimizing traffic congestion.

Urban Renewal Authority

Year	Projection	Actual
2003	\$35,709	\$0
2004	\$86,182	\$1,869
2005	\$142,102	\$56
2006	\$216,734	\$10,063
2007	\$297,319	\$695
2008	\$402,394	\$16,704
2009	\$491,994	\$14,133
2010	\$611,785	\$48,123
2011	\$708,309	\$31,129
2012	\$847,686	\$53,825

Urban Renewal Authority

Sunset the Downtown URA, use Urban Renewal selectively for discrete development projects.

Pros:

Provides greater certainty for development projects and for other taxing entities. All project revenue is reinvested into the project, and there is a clear end date.

Cons:

Funding large public improvement and infrastructure projects becomes more challenging. (Streetscape Improvements)

Downtown Organization

- Seeking direction from Council to move forward with the formation of a robust and durable Downtown Organization.
- Looking for an organization that can promote redevelopment along with business promotion, events and marketing.
- Currently reviewing the Downtown Partnership Model.
 - Susan Edmundson, CEO of the Colorado Springs Downtown Partnership will be in to discuss their experience on Wednesday, December 18.

Next Steps\Upcoming Projects

- Downtown Loveland 3rd Street, Request for Expressions of Interest
 - Study Session, January 14, 2014
- Potential projects in the works:
 - Arcadia Hotel\4th and Cleveland
 - Alternatives to Violence on 4th Street
 - New pizza restaurant
 - Re-occupancy of the Valentine Building

Council Direction

- Reconfirm past planning efforts, and consensus to continue moving forward with action.
- Confirm that we are on the right direction on key projects such as 3rd Street and 4th Street.
- Confirm that we are open to other “targets of opportunity”.
- Direction to proceed with a more vibrant and robust permanent downtown organization.

Questions and Comments