
Aurora TAP Report

Iliff Station

Aurora, Colorado

ULI Colorado

Technical Advisory Panel

Tuesday, July 19, 2011

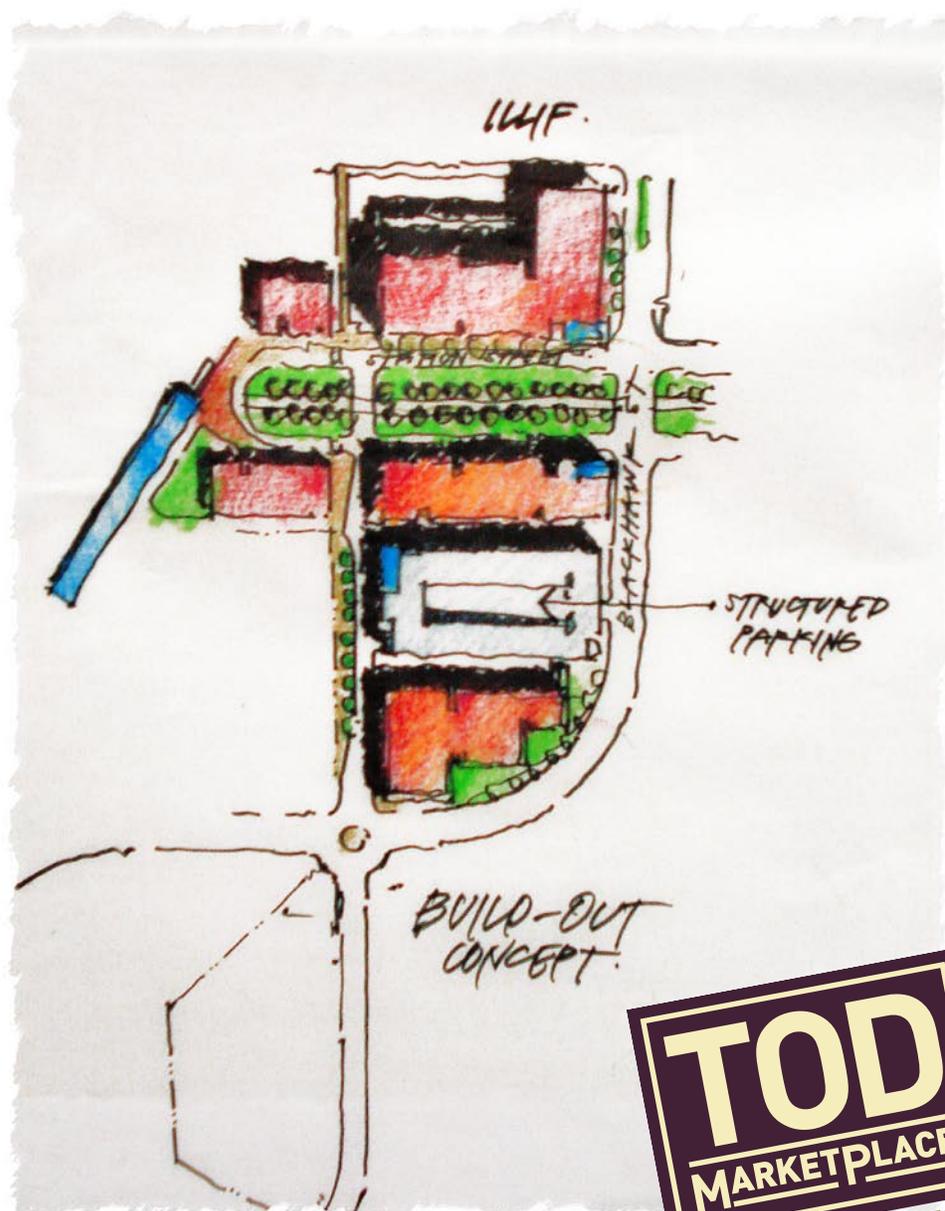


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I. Overview:

In 2011 the board of the Regional Transportation District (RTD) approved funding to extend the I-225 light rail corridor from Nine Mile Station (currently Aurora’s terminus station) to I-225 and Iliff, with service anticipated by mid-2014. In preparation the City of Aurora has studied the site and created a Station Area Plan to guide Transit-Oriented Development (TOD).

The Center for Transit-Oriented Development (CTOD) defines TOD as higher-density mixed-use development within walking distance – or a half mile – of transit stations. CTOD also states that TOD projects should

- Increase “location efficiency” (walkable proximity of land uses like homes, offices and services to transit)
- Boost transit ridership and minimize traffic
- Provide a rich mix of housing, shopping and transportation choices
- Generate revenue for the public and private sectors and provide value for both new and existing residents
- Create a sense of place through strong land uses combined with strong architectural, landscape and urban design.



TAP Chair George Thorn

Land-use experts have studied benefits derived from Transit-Oriented Development (TOD), especially when contrasted to stand-alone park and rides or so-called transit-adjacent development, which places conventional, auto-oriented development near transit stations. These benefits include:

- TOD provides cities with new economic vitality including jobs and tax revenues
- Well-designed TODs that are walkable provide compact, livable and highly mobile environments that can be great places to live and work

- TOD uses such as urban housing and employment put more riders near transit and help build strong ridership for the entire system. More transit riders means less congestion and pollution for the entire region.

Iliff Station Context and Challenges

Each station area has assets that favor TOD as well as challenge future development. At Iliff Station the primary asset is raw land: 31 vacant acres with no environmental issues, all owned by one family that is both eager to make a deal and patient to wait for the right one. Other favorable factors include a City-approved Station Area Plan and available TOD zoning.

The primary challenge facing Iliff is parking. As an interim end-of-the-line station, Iliff will attract many commuters, potentially creating a parking shortage as now experienced at Nine Mile Station. Future on-site users such as residents, office workers, and retailers also need parking. To accommodate these needs with suburban-style surface parking would quickly consume much of the 31-acre development site. The City of Aurora has identified the solution as structured parking, or put more

simply, a parking garage or garages. This is a means to provide ample parking while still leaving room on the ground for TOD.

This solution also raises questions: Who will pay for, build and manage the parking? Structured parking costs at least \$15,000 a space to construct. This compares to only \$5,000 per space for surface parking. Can parking revenues offset these additional costs for structured parking? Can the parking structures be designed to blend with and accommodate a vibrant mixed-use district? What are economically viable land uses?

The panel also saw market challenges to creating certain land uses at Iliff Station. For example, according to data

provided by City of Aurora, the local office market is fairly weak, showing 16 to 18 percent vacancy rates (mostly for Class B space) within a five-mile radius of the site. The panel was optimistic, however, about the prospects to attract developers of multifamily housing, an excellent use at transit sites.

On July 19, 2011, the Colorado District Council of the Urban Land Institute (ULI Colorado) convened at the request of City of Aurora a Technical Advisory Panel (TAP) to study the potential for structured parking to support transit-oriented development at Iliff Station, a link in the FasTracks light rail network.



Marshall Abrahams, private property owner at Aurora Iliff Station

A TAP is a nonbinding strategic exercise in which experts volunteer their time to help a community address a land-use issue. TAP volunteers are committed to having no business or commercial interest in the study site and thus offer their best disinterested “call ‘em as they see ‘em” advice. Volunteers are hand-picked from ULI Colorado’s 800 members, who include leaders in real estate, architecture, planning, land-use law, brokerage, government, and related disciplines.

Panelists study a site intensively, first by reviewing a detailed Advance Packet and then by touring the site, interviewing key stakeholders and finally convening in private to develop findings and key recommendations.

The panel produced four separate parking scenarios with summaries of likely revenues and costs. In addition the panel forecast land use scenarios most likely to attract the interest of private developers.



Panelists Dan Guimond and George Thorn



Panelist and parking expert Molly Winter discusses alternate scenarios

Findings at Iliff Station:

- Best development prospects are for multi-family housing, including a variety of product types and market segments
- In the five year outlook, demand for other commercial uses is less likely. For example, existing office and retail markets are less than robust and office development at this location is not likely for the foreseeable future
- A limited amount of neighborhood-serving retail is feasible as a complement to residential use within the TOD
- RTD has \$6 million budgeted to build two surface parking lots. To facilitate structured parking, this \$6 million should be contributed toward a parking solution that addresses the needs of both transit riders and development

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- Hard costs to build parking are estimated at \$5,000 per surface space and \$15,000 for structured spaces
 - After fulfilling “opening day” parking requirements and the station, the net development footprint will be about 20 acres

Recommendations:

- Invest in parking to facilitate and maximize future development
 - The City should establish a metro district/general improvement district (GID) in near future to operate and manage parking
 - Establish an urban renewal area/TIF district that has some authority over parking and other public improvements in near future.
 - City and RTD should partner to maximize realization of common goals
 - City-created district should control all parking
 - Ensure some street parking as envisioned in the city’s station area plan
 - RTD should move forward with changing current legislation to allow for charging for parking
-

II. Problem Statement

The Iliff station area consists of approximately 31 acres of vacant land under one ownership close to the Iliff light rail station. RTD and CDOT are collaborating in a “mini TREX” project to construct the light rail extension from Nine Mile to Iliff and to widen I-225 between Parker Road and Mississippi Avenue. The approximately \$90 million light rail extension is expected to be open in mid-2014.

The City of Aurora has prepared for the Iliff station by developing and approving (by ordinance) the Iliff Station Area Plan, setting a clear direction for urban-scale, mixed-use development. Key to the Iliff Station vision is availability of structured parking on opening day of light rail service. The station area plan has established the land use and circulation framework for RTD’s project as well as private development. Commuter parking has been sited away from the station platform to allow for development close to the station, however RTD’s FasTracks’ budget allows only for 600 surface parking spaces.

The city’s parking study has projected demand for commuter parking almost twice that to be provided by RTD. It is recognized that the Iliff Station will serve as overflow parking for the 1,200 stall, over-subscribed Nine Mile Station.



The City of Aurora would like to explore all methods to realize a parking structure that would accommodate transit commuters and also serve new development. The city would like to identify funding mechanisms that could leverage RTD's FasTracks budget for parking into a structure serving commuters and new retail, office and residential uses.

III. City Questions and Panel Responses

The City of Aurora asked the panel to address the following questions:

1. Given the goal of maximizing the amount of land for development and providing sufficient parking for commuters (up to approximately 1,100 spaces), what options are available to stakeholders (Aurora, RTD, landowner, developer) for assembling funding for the construction and operation of a parking structure?

We described four options (see section IV), each with a different ratio of cost/risk. Clearly the parking structure is the best way to preserve land for future development while serving projected parking needs, but it will face funding challenges.

2. How can the parking structure be used as centralized parking for new development and would centralized, structured, off-site parking be viewed as a deterrent to development, leasing, etc.?

One approach is to preserve the best sites for development, which may then provide their own on-site parking. From a market perspective, sharing centralized parking can work but is financially challenging. Parking scenarios are explored in Section IV.

3. What are the public and public/private funding mechanisms most appropriate to realize this parking structure? What financing methods would be appropriate to address both construction and operations and maintenance costs?

Establish an urban renewal district and establish a metro district/general improvement district, and charge for parking. The cost of building structured parking to accommodate RTD parking as well as additional transit parking provided by the city needs to be subsidized. The city can maximize revenues by managing station parking and charging for additional parking.

4. In what ways can the parking structure be seamlessly integrated into new development? Is there a benefit to having the parking structure wrapped with development or included within a block of development? What are the building size requirements and other considerations that are important in order to establish successful uses that wrap a parking structure?



The parking structure described here could be wrapped with commercial development on the north leaving a development parcel on the south. There is no specific benefit to wrapping the garage in terms of financing, but there is an urban design benefit. Optimal structure size is 360 feet by 180 feet (1.5 acres), or less than five percent of the entire site under study.

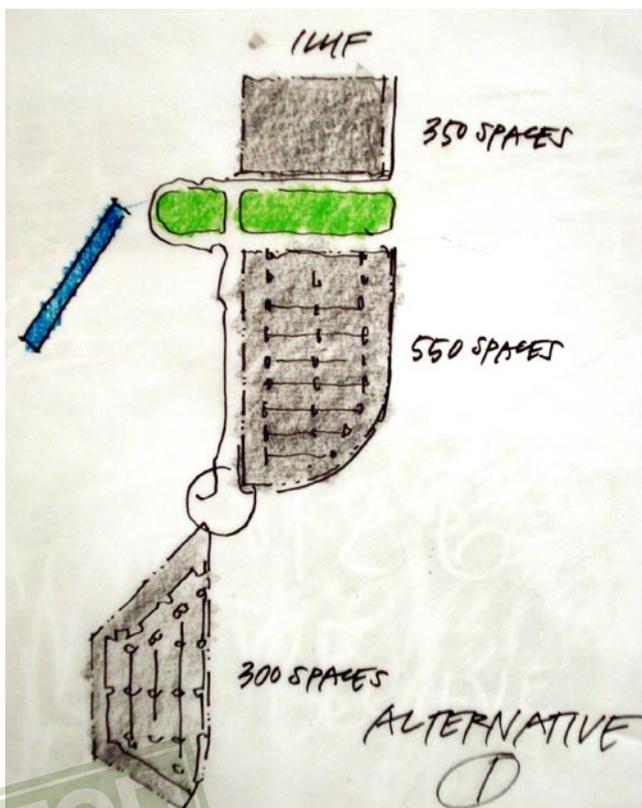
5. Would it be beneficial for the city of establish a parking authority to oversee the construction and management of this parking structure?

Yes. City management of parking maximizes options for moving parking to accommodate future development and for addressing operations and management issues, such as control of on-street parking, and balancing parking demand and distribution among different categories of users.

IV. Four scenarios for parking: Detailed recommendations with analysis

Summary:

Structured parking is the best solution to maximize development for Iliff Station. However paying to construct and operate structured parking remains a challenge. Here are the panel's four parking scenarios with associated costs and logic.



Option 1: All surface parking (1,200 spaces)

FINANCIAL SCENARIO:

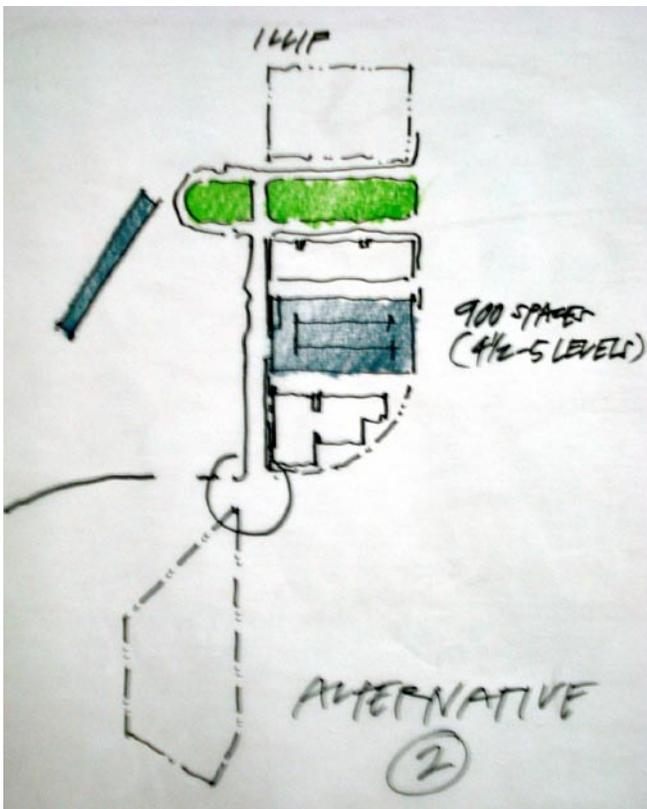
- RTD gives \$6M to district
- \$5.65 M to build the parking, \$4.3 M to buy the land = \$10 M
- \$4 M initial capital cost gap
- \$400,000 per year to finance. Operating income for City should earn about \$500,000 per year.
- Financials could improve with ground lease (rather than purchase) at favorable terms for 1,200 spaces

LOGIC:

- Least capital exposure for the City
- Easiest to implement
- All spaces available on opening day of transit station
- Greatest flexibility for future development and parking phasing

- Banks land for future development (assumed to start from the north and work its way south)
- Defers capital expenditure
- Potentially allows for tax-increment finance (TIF) funds to accumulate to pay for future improvements
- Parking District (metro district/GID) has the potential to make profit on land as development occurs, which would then fund future parking structures
- Buys time until RTD legislation could change allowing for paid parking for transit riders

Option 2: 900 structured parking spaces



FINANCIAL SCENARIO:

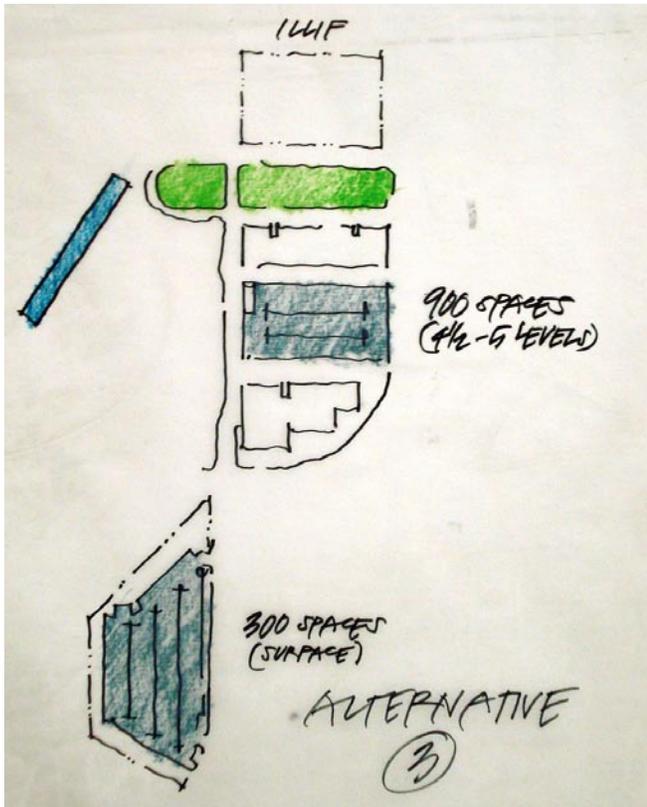
- \$1 M land cost
- \$15,000 to construct each structure space = \$13.5 M construction cost
- Land and construction total is \$14.5 M
- RTD contributes \$6 M
- \$8.5 M initial capital cost gap can be financed at \$850,000 per year for debt service
- If parking district generates \$200,000 income annually, that leaves annual operating gap of \$650,000
- If owner contributes land for parking, debt service reduced by \$100,000 on north side
- Could charge for 300 spaces and seek developer contribution either of parking spaces or "in lieu" fee to district to fund parking
- Premium locations favor paid parking

LOGIC:

- More TOD oriented
- Keeps parking closer to station
- Better urban design
- Limits upfront capital costs
- Allows for more development
- All spaces owned by parking district
- Comes closest to meeting opening day parking demand
- Leaves flexibility for providing additional spaces subsequently
- But leaves funding gap (as do other options)

Option 3: 1,200 spaces combined surface and structured

- 300 surface spaces on south lot
- 900 spaces in structure
- All RTD spaces are uncovered including top of parking deck and south 300 spaces



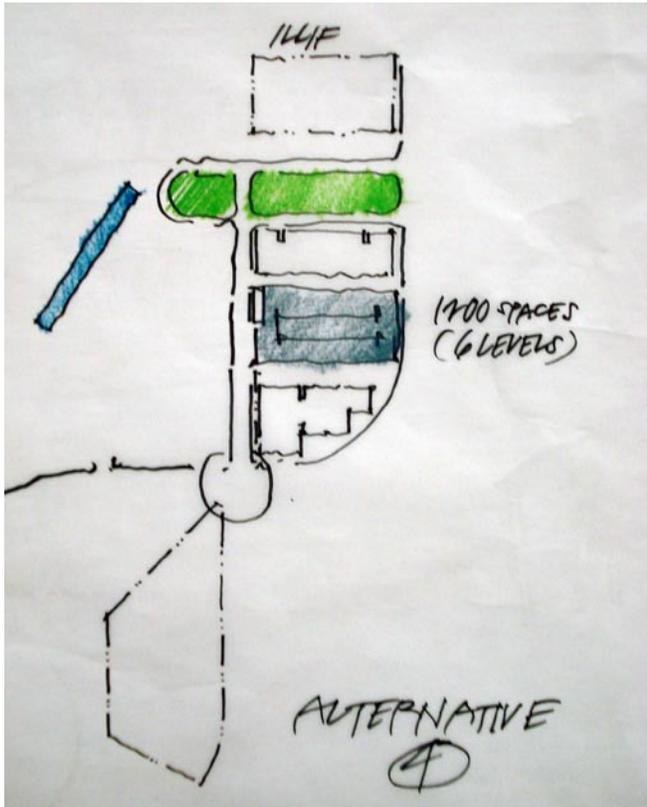
FINANCIALS:

- RTD gives \$6M to district
- \$2.15 M land cost
- \$15k to construct each space, \$13.5 M total construction cost for structure.
- \$1.5 M to construct surface lot.
- Total cost = \$17.15 M
- Initial capital cost gap = \$11.15 M
- \$600,000 income to the district
- \$500,000 is annual operating gap
- With owner contribution of land for parking, debt service reduced by \$200,000

LOGIC:

- TOD oriented
- Keeps parking closer to station
- Better urban design
- Limits upfront capital costs compared to all structured parking (option 4)
- Allows for more development
- All spaces owned by the district
- Delivers 1,200 spaces initially to meet opening day parking demand
- People will pay for the better spaces that are covered and closer to station
- Risk involves overbuilding
- Surface lot could be phased

Option 4: All 1,200 spaces in one large structure



FINANCIALS:

- RTD gives \$6M to the district
- \$1 M land cost
- \$18 M total construction cost
- \$13 M Initial capital cost gap
- \$600,000 income to the district, leaving \$700,000 annual operating gap

LOGIC:

- More TOD oriented
- Keeps parking closer to station
- Better urban design
- Meets opening day parking demand
- Requires substantial upfront capital costs
- Allows for more development
- All spaces owned by the District
- Higher operating costs
- Higher reliance on utilization projection
- Could potentially allow for shared parking

V. Appendix

1. Stakeholder Interviews

John Fernandez: Aurora Planning Department, Comprehensive Planning Division Manager

- Iliff will be next station and an interim end of line station.
- Has 30+ acres of land under one ownership.
- Approved station area plan in place as part of comp plan. Establishes land use framework, lot and block pattern, etc.
- City has TOD ordinance but has not yet been applied to the property – needs to be requested by the property owner. Allows for mixed use with no height or density limits. Reduces required parking by 50% and allows for shared parking. City desires shared parking at Iliff.
- City does not require transportation demand management, but would encourage

- There are no NIMBY issues except for normal traffic calming concerns for neighborhood to east. Thus entitlements should be quite easy, because station area plan already dealt with community issues
- RTD is not allowed to charge for parking at the Light Rail stations. City wants to see if state legislature can change that.
- It would be advantageous for the City to be an equity partner in development but government lacks the capital. Will work with City Council to address.
- TAP is not an urban design exercise, but open to input on design.
- RTD does not own any land in the station area.
- Fashion Bar owners, Marshall Abrahams, was part of the process. Not sure if they want to act as developer.
- Wilbur Smith parking report estimates 950-1,160 daily parking demand in 2015. Assumes completion of entire line to Smith. So this analysis is not based on end-of-the-line station.

Marshall Abrahams: *Owner of Fashion Bar property*

- Site is owned by three families
- Primary concern is that RTD will have to build a surface lot and then later come back and put structure on it. Better to put structure on it upfront.
- Wants to work together to find a good solution.
- Southern 15 acres was under contract but no longer. Designated for multi-family. Expecting to see some transaction activity in next year or so.
- No demand for office now.
- Open to various options for involvement. Could do development with a partner or may sell land to developer. Feel a sense of stewardship.
- We are patient. This is a debt-free property and we will wait to see the best option.

William Sirois, *Senior Manager, TOD and Planning Coordination, Regional Transportation District (RTD):*

- Current plan is to go to legislature to get rule against charging for parking changed. Hoping to do this in next couple of years. May be going to ballot for more bond dollars, have had fare increases, so difficult to time when to ask to charge for parking. RTD does not have to be the owner and operator of the parking, but only for spots required under the environmental analysis. RTD has this same dilemma at many other stations.
- RTD has done shared parking under several scenarios. South Westminster and Old Town Arvada had active cities willing to take on costs. Working on a unique model with Boulder at Boulder Junction.
- Arista in Broomfield has a shared parking situation which was possible because of the adjacent use of an event center. RTD has dedicated spaces for

transit riders with additional apartment spaces from 6 am to 6 pm (shared parking). A 1,500- space parking structure also serves Arista's office buildings.

- Lincoln Station: did a parking structure condo – developer owns first floor, RTD 4 floors above. Developer built, RTD paid him for it.
- Southwest Corridor: oversubscribed parking from day one.
- Southeast Corridor: 60-70% subscribed.
- RTD exploring how to extend transit beyond I-70 sooner than later. 5-10 years out to connect to Peoria/Fitzsimons corridor.
- Contract to build the parking is separate from contract to build the station. Allows for perhaps 9 months from now before parking design needs to be determined.

2. Panel bios



Panel chair, George Thorn, President, Mile High Development. Mr. Thorn began his real estate career in 1970 with Grubb & Ellis in San Francisco, becoming Denver regional manager in 1973. In 1977, Mr. Thorn founded Victorio Realty Group, which evolved into Mile High Development LLC, developer of Colorado Center, a major mixed-use project in central Denver. Mile High Development focuses on mixed-use development at existing or proposed light rail stations. He is active in ULI, NAIOP, and the Downtown Denver Partnership.



Patricia A. Gage, Senior Vice President of Colorado Business Bank, manages the bank's construction and real estate assets. For 30+ years Patricia has worked as a lender, developer and contractor in commercial real estate. In her development roles, Ms. Gage secured over \$750 million in financing for land acquisition and construction, including public TIF and PIF financing. On the banking side, Patricia has been responsible for up to \$500 million in construction and development loans. Patricia has an MBA in real estate finance and construction management from DU and holds two undergraduate degrees from Black Hills (South Dakota) State College.



Daniel R. Guimond is a principal with Economic & Planning Systems (EPS), an urban economics consulting firm with offices in Denver and California. Dan is an economist and planner with over 25 years of experience in economic and financial analysis and development planning for the public and private sectors. He has specialized in land use/transportation relationships, examining issues including alternative alignments, station locations, economic development, and joint development. He has also developed TOD financing and development incentives programs including multiple property owner special districts.



Rus Heise, Colorado Municipal Finance Officer, RBC Capital Markets. With RBC since 1976, Rus has developed expertise in revenue financing for municipalities, as well as in urban renewal, transportation, utility and health care. Clients include RTD, Denver and Broomfield working on such projects as Stapleton, Lowry, Centerra, Meridian, Ridgegate, Sheridan, and several DURA Downtown projects. He is a past-chairman of Visit Denver and the Downtown Denver Partnership. He holds bachelor's and MBA degrees from the University of Minnesota.



Christopher N. Shears, AIA, Principal, ShearsAdkins+Rockmore. Chris has directed the design of \$450 million worth of Downtown Denver projects, as well as works in New York, Kansas City, San Diego, Boulder and the Persian Gulf. His expertise is design of urban infill projects. The firm's mixed-use parking structures include Denver's Clayton Lane Parking Structure and 1890 Wynkoop; and Boulder's award-winning 15th and Pearl. He holds a Master's in Architecture from Harvard Graduate School of Design and a Bachelor of Architecture from the University of Minnesota.



Molly Winter is the Director of the Downtown and University Hill Management Division and Parking Services for City of Boulder. The Division is responsible for Parking Operations, Maintenance and Enforcement throughout the City and management of Pearl Street Mall. Winter is a member of the International Downtown Association, Urban Land Institute, International Parking Institute, Southwest Parking Association and American Commuter Transportation. She has presented to the International Downtown Association, International Parking Institute, Institute of Transportation Engineers, American Planning Association, Southwest Parking Institute and the Colorado Revitalization Association.



From left: Loretta Daniel, Dan Guimond, Patricia Gage, George Thorn, Rus Heise, and Chris Shears

VI. Thank you and acknowledgements

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Arleen Taniwaki, ArLand Land Use Economics

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ULI VOLUNTEER: Dan Cohen, Shannon Gifford

CITY OF AURORA: Mac Callison, Loretta Daniel, John Fernandez, Huijiang Liu, Bob Watkins

This TAP is supported by the Denver Livability Partnership.

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TAP results to be reported at ULI's TOD Marketplace conference on Thursday, November 17, 2011.

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