

ECONOMIC FEASIBILITY STUDY

COMPARISON OF COMMERCIAL AND RESIDENTIAL LAND USE TRAILSIDE AT COTTONWOOD CREEK

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City of Colorado Springs

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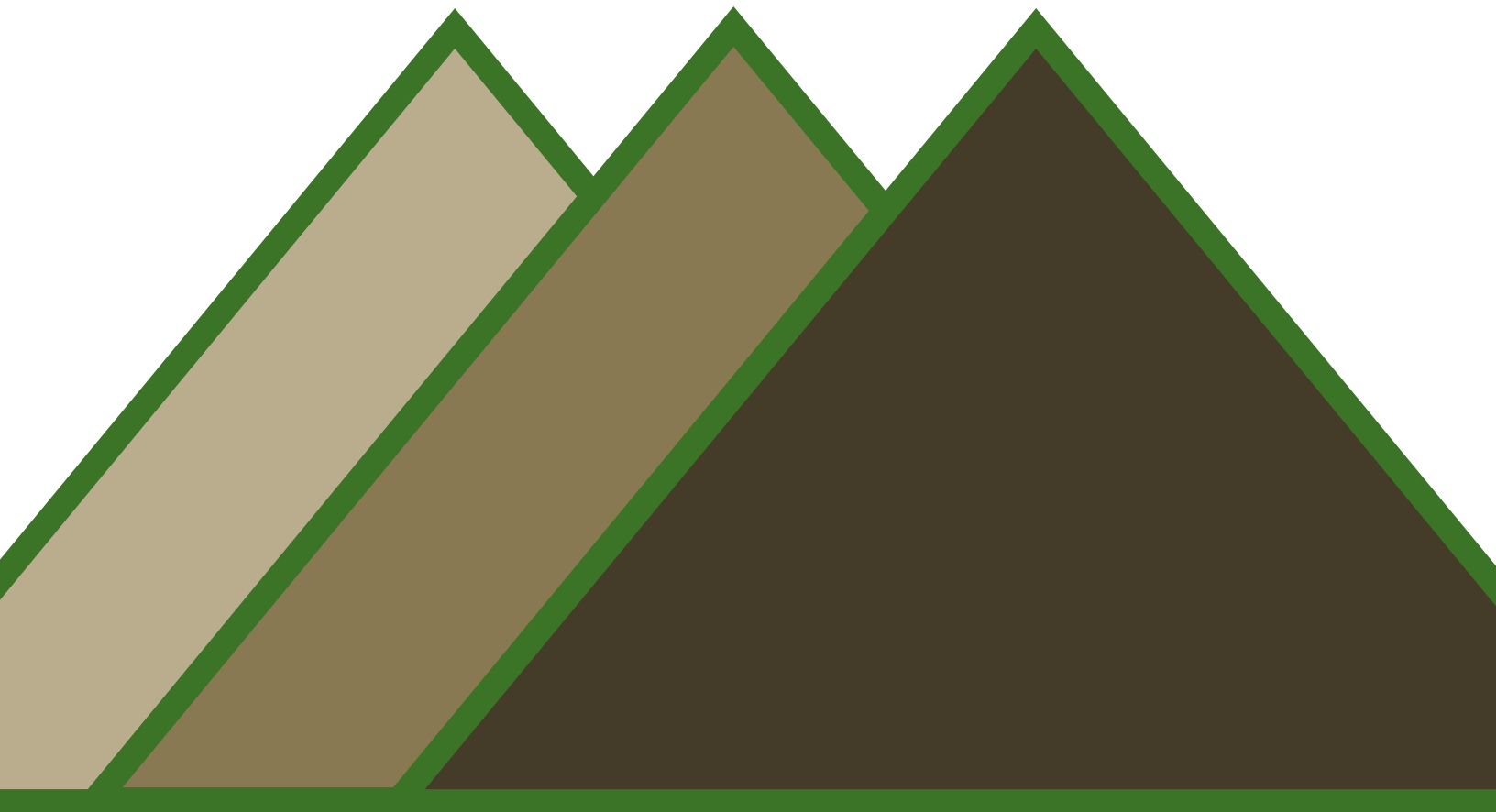


FIGURE 14



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EXECUTIVE SUMMARY

Trailside at Cottonwood Creek is a proposed 56 unit PUD residential project on 15.67 acres located at about 4300 E. Woodmen Road. On September 24, 2019, City Council denied a change of zone from OC (AO SS) and PBC (AO SS) to the proposed PUD residential. By denying the zone change, City Council has re-affirmed that the property be used for commercial purposes.

This economic feasibility study has been prepared to demonstrate that commercial use on this property is not practical or economically feasible. It will also show why residential use on this property is more viable to deal with the existing topography and grades.

SUMMARY OF CONCLUSIONS

The cost to grade the Approved Concept Plan for commercial use grossly exceeds the value of similar sites. The Approved Concept Plan is **not** practical and is economically unrealistic for the following reasons:

- Grading of the site to accommodate the uses shown results in the need of 258,900 cubic yards of fill material to be trucked into the site
- Galloway's Probable Cost of Grading (w/land) is \$6,032,900 = \$23.47/square foot
- Comparable graded site on Woodmen Road is \$2,162,300 = \$8.50/square foot
- **This makes the land cost 2.76 times more than other comparable sites**
- In addition, the cost to construct the medical buildings as shown with underground parking will increase the overall building cost by at least 20% more than typical buildings with conventional surface parking found within the area.
- Non-economic factors that make the site questionable for commercial use include limited visibility, limited access, neighborhood concerns, and impact on surrounding land uses.
- **If the site cannot be economically developed for commercial uses, it will continue to remain vacant without any sales tax revenue and be taxed at its current assessed valuation of \$118,690.**

However, the proposed Residential use for the property is economically feasible and ready for development:

- Site Development, Inc. estimate the cost to complete grading is \$450,900
- **The cost to grade the site for residential purposes is 10.55 times less than creating the site for residential use.**
- Residential use can work with the existing topography of the site, creating a balanced onsite cut fill operation with no import of material required.
- The single access allows for significant grade separation between the site, the storage facility and Woodmen Road.
- Single access allows for a private gated community which historically commands a higher sales price.
- **If rezoned to residential use as proposed, the City would receive ad valorem taxes on the residential valuation of about \$21,000,000 (\$1,518,300 assessed valuation).**

Conclusion: Residential use is economically realistic, adds value, meets market demands for housing options, and is compatible with the existing topography and grades.



SECTION 1: SITE CONDITIONS

EXISTING SITE TOPOGRAPHY AND GRADING CONSTRAINTS

This site contains 15.67 acres located between E. Woodmen Road and Cottonwood Creek. The property fronts the south side of Woodmen beginning about 570' east of Lee Vance Drive, continuing for 1,537 feet along Woodmen, and ending at the bridge crossing of Cottonwood Creek which is 350' west of the intersection of Woodmen Road and Austin Bluffs Parkway.

The site is significantly lower than Woodmen Road. Woodmen Road is generally 50' to 125' above Cottonwood Creek with 12% - 20% slopes from the roadway to the creek. In addition, Woodmen Road slopes about 5.6% from west to east along the frontage of the site. The existing access to Lee Vance Dr. is located on top of a 3:1 slope with the driveway elevation currently about 14' higher than the existing ground level of the site.

Grading of the site is constrained in the southern portion of the property. No grading within this area is possible due to:

1. An existing Colorado Springs Utilities sanitary sewer line that cuts through the property. Access to the existing manholes and aerial crossing is required.
2. Streamside overlay buffer requirements along Cottonwood Creek to preserve natural features and the existing vegetation.

APPROVED CONCEPT PLAN - AR - DP 17-00186

To be successful, commercial use must have **high visibility** from adjoining streets as demonstrated by the approved Concept Plan.

This Concept Plan was approved April 6, 2018. Two points of access are shown: 1) connection to Lee Vance Dr. via the Wentworth Storage private drive, and 2) the existing curb cut on Woodmen Road. The plan allows a maximum of 70,000 sf of medical office (with underground parking) plus 13,800 sf of commercial center. These uses comprise approximately 5.9 acres. The balance of the site - 9.77 acres - remains open space and presumed detention pond.

Exhibit A is the Approved Concept Plan for this property. Please refer to this exhibit on page 11 in the appendix.



SECTION 2: APPROVED CONCEPT PLAN COST OF GRADING

GALLOWAY COMMERCIAL GRADING EXHIBIT

Galloway Engineering prepared a grading plan to demonstrate the required site improvements to accomplish the Approved Concept Plan uses. Fundamental assumptions include:

- Access to Lee Vance Dr. as shown via the storage facility driveway
- Create a preliminary graded pad site visible from Woodmen Road

Exhibit B is a commercial grading plan based on the approved concept plan. Please refer to this exhibit on page 12 in the appendix.

The grading of this Concept Plan results in:

1. Shortage of 258,900 cy of material:
 - a. Requires import material to be trucked into the site
 - b. The total disturbed area of grading is about 10.4 acres
 - c. Average depth of fill is 15.4' deep across the entire 10.4 acres
2. Retaining walls ranging from 0' to 27.8' tall running the length of the parking lot adjacent to Cottonwood Creek. The wall would contain about 15,400 finish face square feet.

While this plan creates a preliminary graded pad site, grading issues that remain to be addressed include: a) ADA accessibility; b) grade differences within the length of the buildings and necessary underground parking; c) parking lot cross-slope grades of 5.6% exceeding typical commercial standards of 1% - 3%.

COMMERCIAL GRADING PLAN COST ESTIMATE

Galloway Engineering estimates the cost to complete this commercial grading to be \$4,747,916. Please refer to Exhibit C, on page 13, for the detailed cost estimate.

This cost is only for grading with required retaining walls to achieve the necessary pad site for the Approved Concept Plan commercial uses. This grading results in a 5.9 acre (257,004 sf) usable area for the buildings and parking. The cost to grade the site per usable square foot is:

\$4,747,916 grading cost divided by 257,004 sf = \$18.47 per square foot

Note: *This cost number does not include any value for the land itself.*



**SECTION 3:
APPROVED CONCEPT PLAN SITE V. COMPARABLE COMMERCIAL LAND**

COMPARABLE COMMERCIAL LAND VALUE

To determine the economic feasibility of this cost to grade the site, a comparison must be made to other comparable available commercial land sites. The best comparable site in the area is a 5.83 acres parcel located in the David C Cook Communications Campus:

- Located 0.3 miles west of Trailside - parcel #63112-00-001
- Zoned PBC (AO)
- Good visibility from the frontage along the south side of Woodmen Road
- Similar 5% cross slope
- Superior access to Woodmen Road via Rangewood Drive and Lee Vance Drive
- **Offered for sale at \$8.50 per square foot = \$2,162,300**
- See Woodmen Land Parcel sales flyer - Exhibit D on pages 14 & 15 of the appendix

COST OF THE GRADED APPROVED CONCEPT PLAN V. COMPARABLE COMMERCIAL LAND

Capital investment in the Trailside commercial graded land would be:

Galloway Opinion of Probable Cost	\$4,747,916	\$18.47/sf
Land value of 5.9 usable acres @\$5.00/sf	<u>\$1,285,000</u>	<u>\$ 5.00/sf</u>
TOTAL REQUIRED INVESTMENT	\$6,032,916	\$23.47/sf

Available 5.83 acre parcel offering price \$2,162,300 \$ 8.50/sf

Trailside costs \$23.47 divided by comp site \$8.50 = **2.76 TIMES HIGHER**

ECONOMIC FEASIBILITY FOR COMMERCIAL USE

As demonstrated with this similar use comparison, the Approved Concept Plan use is **economically unrealistic** due to:

1. The cost of the Approved Concept Plan use is 2.76 times higher when compared to other compatible sites in the immediate area.
2. There is nothing special about the Approved Concept Plan site or location that would justify the increased cost of grading alone.
3. In addition, the cost to construct the medical buildings as shown with underground parking will increase the overall building cost by at least 20% more than typical buildings with conventional surface parking in the area.



Other non-economic factors which cast serious doubt on the viability of using this site for commercial purposes include:

1. Limited access from Woodmen Road - restrictive traffic movement greatly reduces the potential commercial users. Commercial uses may be more destination type businesses. Destination type uses (e.g. office/medical) will not typically generate any sales tax revenues.
2. Traffic impact on Woodmen Road - trips per day from the Approved Concept Plan use would be 5.8 times higher (3,070 trips per day) as compared to the residential trips from 56 single family units (529 trips per day).
3. Impact on neighbors and Cottonwood Creek Trail experience due to the tall retaining walls - visual impact on the Newport neighborhood and Cottonwood Trail would be very different from the stepped down approach using residential units to take up grade.
4. Neighbors have already expressed concerns about noise, lights and height of the storage facility located at Lee Vance Dr.



SECTION 4: RESIDENTIAL USE V. COMMERCIAL USE

PROPOSED RESIDENTIAL USE PLAN

Our proposed use of the property is a private gated community containing 56 single family detached units. Please refer to Exhibit E on page 16. Only one point of access is required at the existing curb cut on Woodmen Road. The plan shows 56 units on small lots on approximately 5.9 acres. The balance of the site - 9.77 acres - remains pocket park, open space and detention pond.

GALLOWAY RESIDENTIAL GRADING EXHIBIT

Galloway Engineering prepared a grading plan for the residential use. Fundamental assumptions include:

- Working with the existing topography
- Create a buildable lot area while balancing cuts and fills with minimal retaining walls
- No import of fill material is required
- House product designed to take up cross slope grades using drive-under and walk-out units
- Single access allows for 50' elevation difference below the storage facility
- Grading the residential street 8' - 50' below Woodmen Road plus having the 6' concrete wall along the Woodmen ROW provides traffic noise mitigation
- All units back-up to open space
- ADA accessibility is easier with single family as opposed to commercial uses

Please refer to Exhibit F on page 17 of the appendix.

This residential grading plan requires:

1. Onsite cut to fill balance of 65,400 cy
2. Retaining walls ranging from 0' to 10.5' (less than 100') tall. The six different walls would contain 5,378 face square feet.

RESIDENTIAL GRADING COST ESTIMATE

Site Development, Inc. estimates the cost for this residential grading plan to be \$450,903. Please refer to Exhibit G on page 18 for the detailed cost estimate.

This cost is only for grading with required retaining walls to achieve the necessary pad site for the residential use and full spectrum detention pond. This grading results in a 5.9 acre (257,004 sf) usable area for the lots and street. The cost to grade the site per usable square foot is:

\$450,903 grading cost divided by 257,004 sf = \$1.75 per square foot

Note: This cost does not include any value for the land itself.



SECTION 5: CONCLUSION

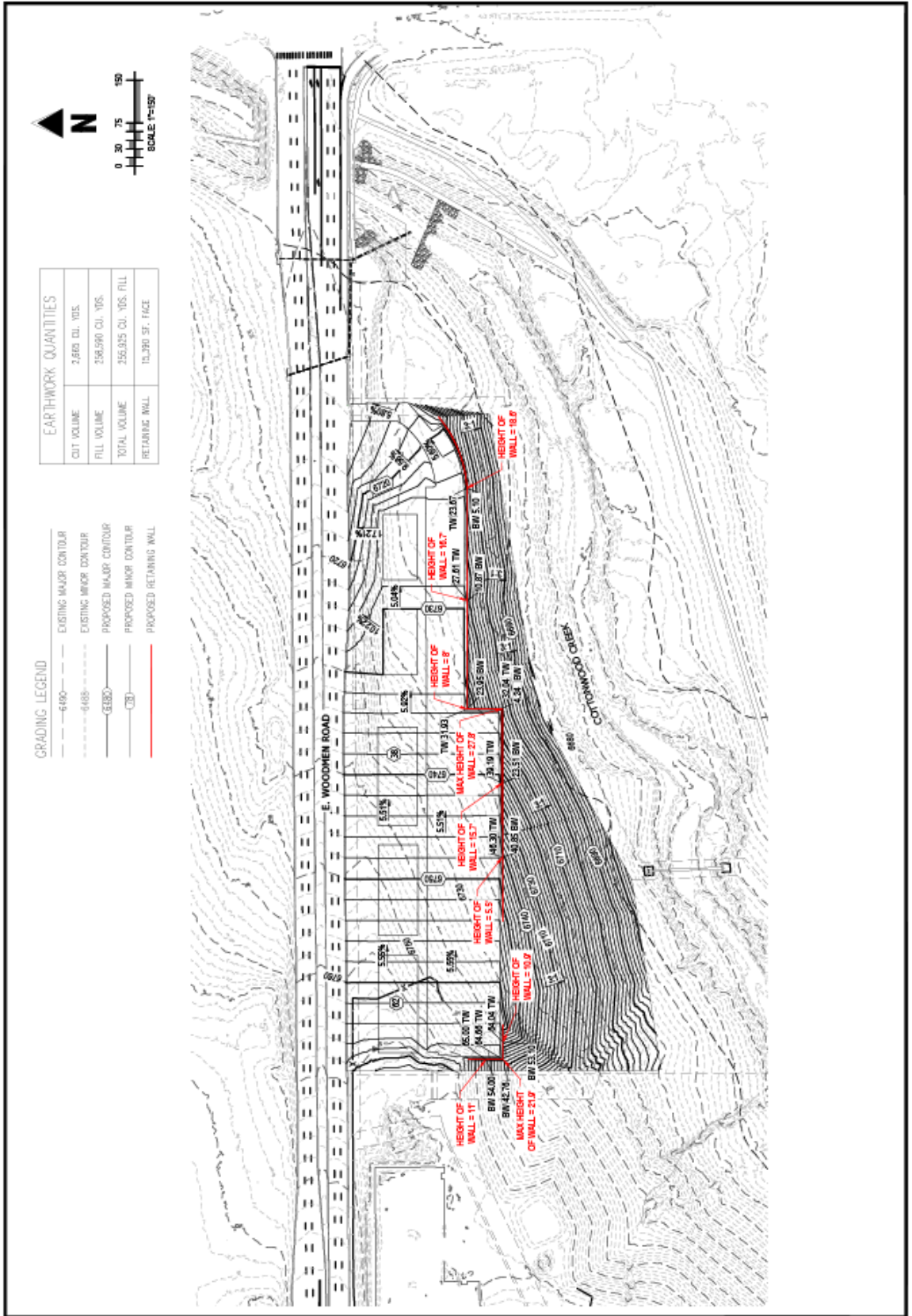
The Approved Concept Plan for commercial use is not practical or economically realistic. Grading of the site to accommodate the uses shown results in the need of 258,900 cy of fill material to be trucked into the site. The cost to purchase and complete the necessary grading would be 2.76 times more than purchasing a comparable commercial site on Woodmen Road. Nothing about this particular location would justify paying this premium. In addition, the cost to construct the medical buildings as shown with underground parking will increase the overall building cost by at least 20% more than typical buildings with conventional surface parking found within the area.

Conversely, residential use for the property is economically feasible. The cost to grade the site for residential purposes is 10.55 times less than creating the commercial Approved Concept Plan. Residential use can work with the existing topography of the site, creating a balanced onsite cut fill operation with no import of material required. The single access allows for significant grade separation between the site, the storage facility and Woodmen Road. Single access allows for a private gated community which historically commands a higher sales price.

Conclusion: Residential use is economically realistic, adds value, meets market demands for housing options, and is compatible with the existing topography and grades.

ECONOMIC FEASIBILITY STUDY

EXHIBIT B: COMMERCIAL GRADING EXHIBIT



TRAILSIDE AT COTTONWOOD CREEK
 E. WOODMEN RD. & AUSTIN BLUFFS PKWY.
 COL. ORADO SPRINGS, CO
 COMMERCIAL GRADING EXHIBIT

FIGURE 14



EXHIBIT C: COMMERCIAL GRADING COST ESTIMATE



6162 S. Willow Drive, Suite 320
 Greenwood Village, CO 80111
 (303) 770-8884 (Phone)
 (303) 770-3636 (Fax)

Date: 24-Oct-19
 Project: Trailside at Cottonwood Creek
 Location: Woodmen Rd. & Austin Bluffs Pkwy.
 By: Brian Bratcher

Opinion of Probable Cost - Trailside Commercial Use Pad

Earthwork	Quantity	Unit	Unit Cost	Total
Fill Material	258,900	CY	\$1.00	\$258,900.00
Import Cost	258,900	CY	\$10.00	\$2,589,000.00
Place & Compact Material	258,900	CY	\$2.50	\$647,250.00
Retaining Walls	15,390	SF Face	\$40.00	\$615,600.00
Sub-total				\$4,110,750.00
Surveying & Testing	5.0%			\$205,537.50
Sub-total				\$4,316,287.50
Contingency	10.0%			\$431,628.75
TOTAL ESTIMATED COST				\$4,747,916.25



EXHIBIT D: SALES FLYER WOODMEN LAND PARCEL (PAGE 1)



OFFERING SUMMARY

Sale Price:	\$8.50 PSF
Total Price:	\$2,162,320
Lot Size:	5.83 Acres (will subdivide)
Zoning:	PBC, AO

PROPERTY OVERVIEW

Land parcel for sale off of E. Woodmen Rd. and Rangewood Dr., next to Woodmen Plaza Shopping Center. All utilities are to the site, along with a new right-in/right-out access to Woodmen Rd. High traffic counts and easy access to N. Powers Blvd makes this a highly desirable location for a variety of investment opportunities.

DEMOGRAPHICS ('18 EST)

	1 MILE	5 MILES	10 MILES
Total Households	5,887	82,725	194,697
Total Population	16,255	219,578	499,485
Median HH Income	\$85,544	\$78,219	\$64,570

HELEN CAMERON 719.309.0973 helen@cameronbutcher.com
CALEB DAVID 719.309.0974 caleb@cameronbutcher.com
 CameronButcher Commercial Real Estate
 PO Box 1415 | Colorado Springs, CO 80901
 719.535.0500 | cameronbutcher.com

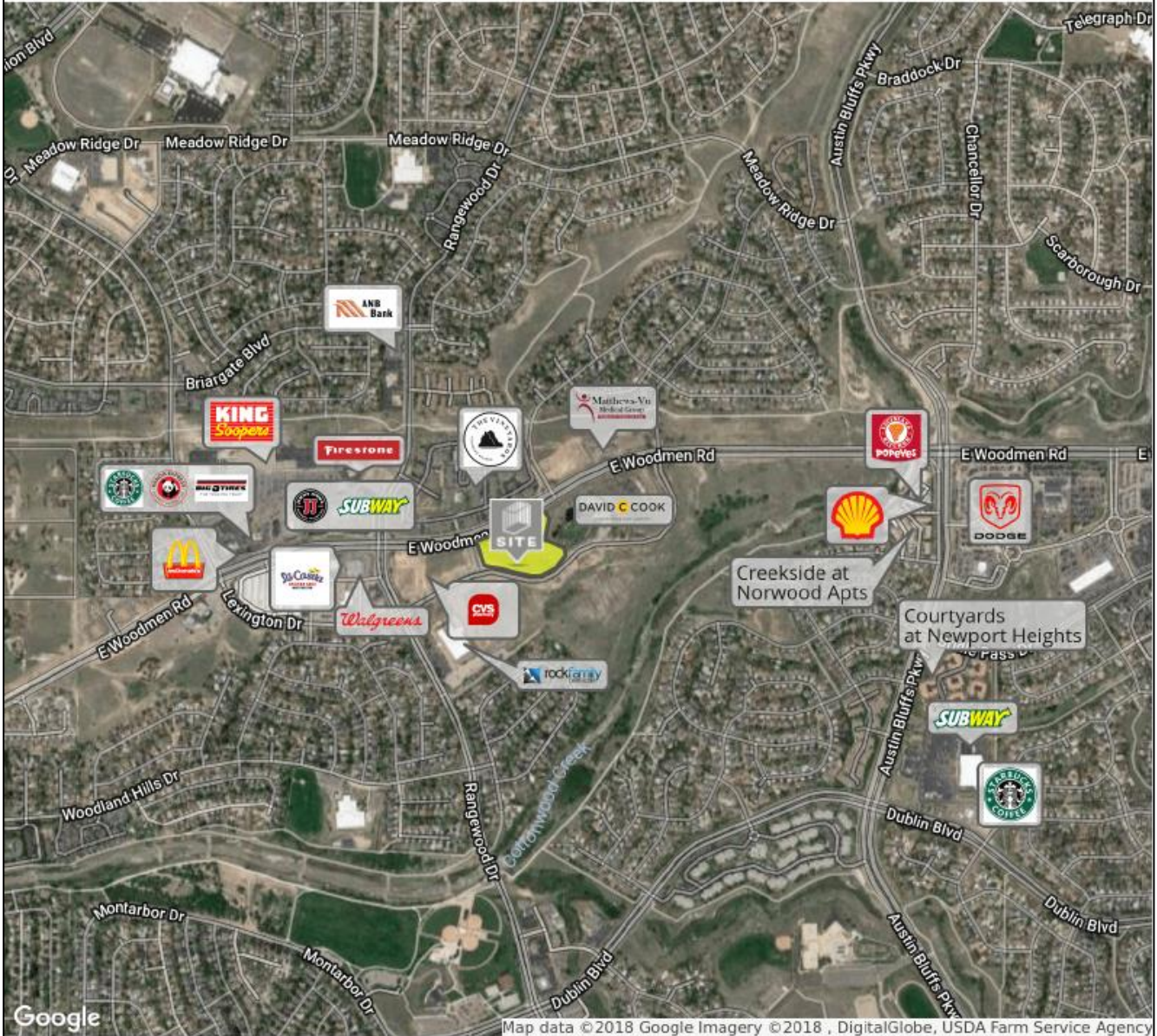
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EXHIBIT D: SALES FLYER WOODMEN LAND PARCEL (PAGE 2)

WOODMEN LAND PARCEL

FOR SALE // 4030 Lee Vance Vw, Colorado Springs, CO 80918



HELEN CAMERON
719.309.0973
helen@cameronbutcher.com

CALEB DAVID
719.309.0974
caleb@cameronbutcher.com

CameronButcher Commercial Real Estate
PO Box 1415 | Colorado Springs, CO 80901
719.535.0500 | cameronbutcher.com

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FIGURE 14

ECONOMIC FEASIBILITY STUDY



EXHIBIT E: PROPOSED RESIDENTIAL USE

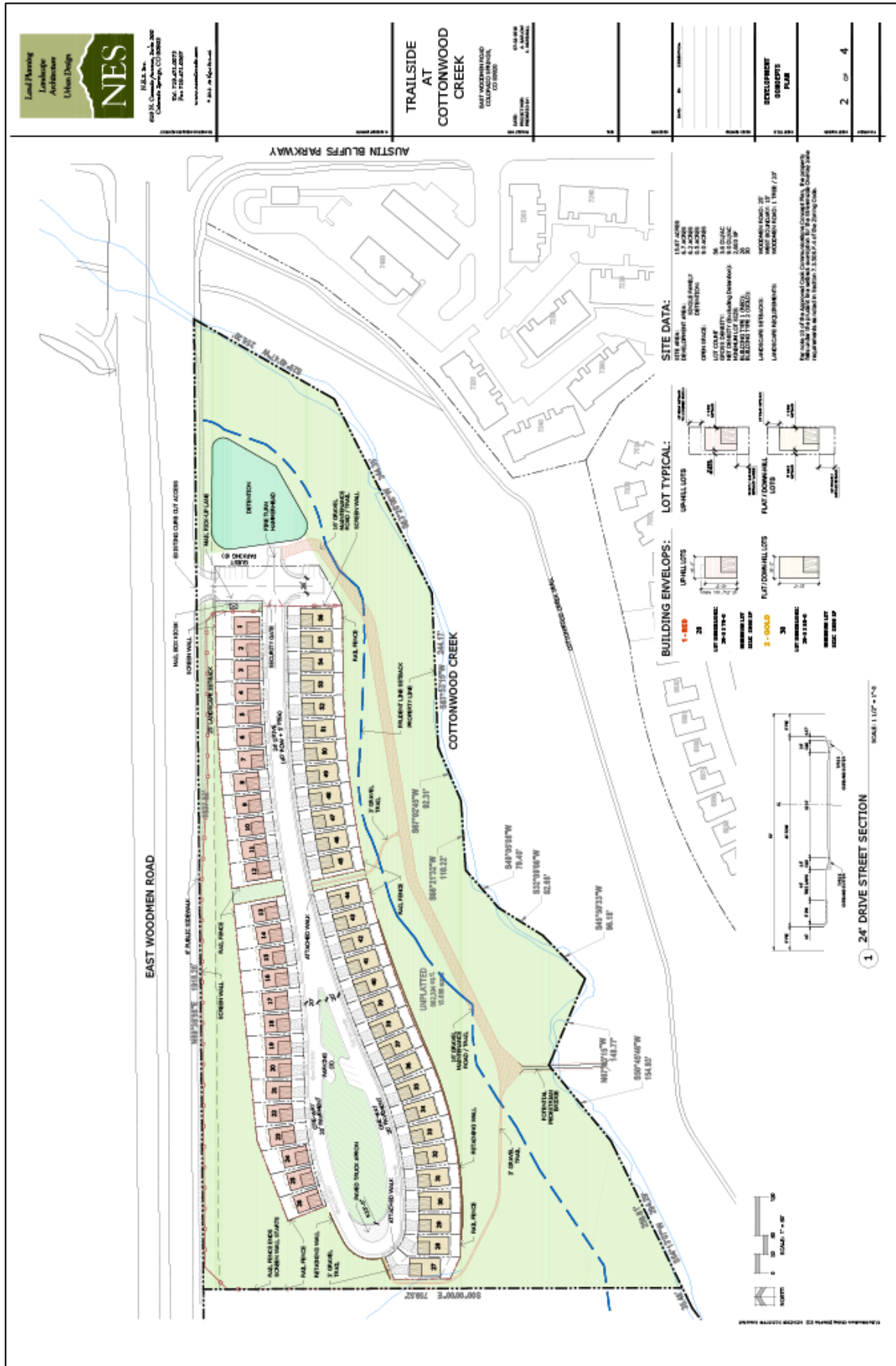


FIGURE 14



EXHIBIT F: PROPOSED GRADING PLAN

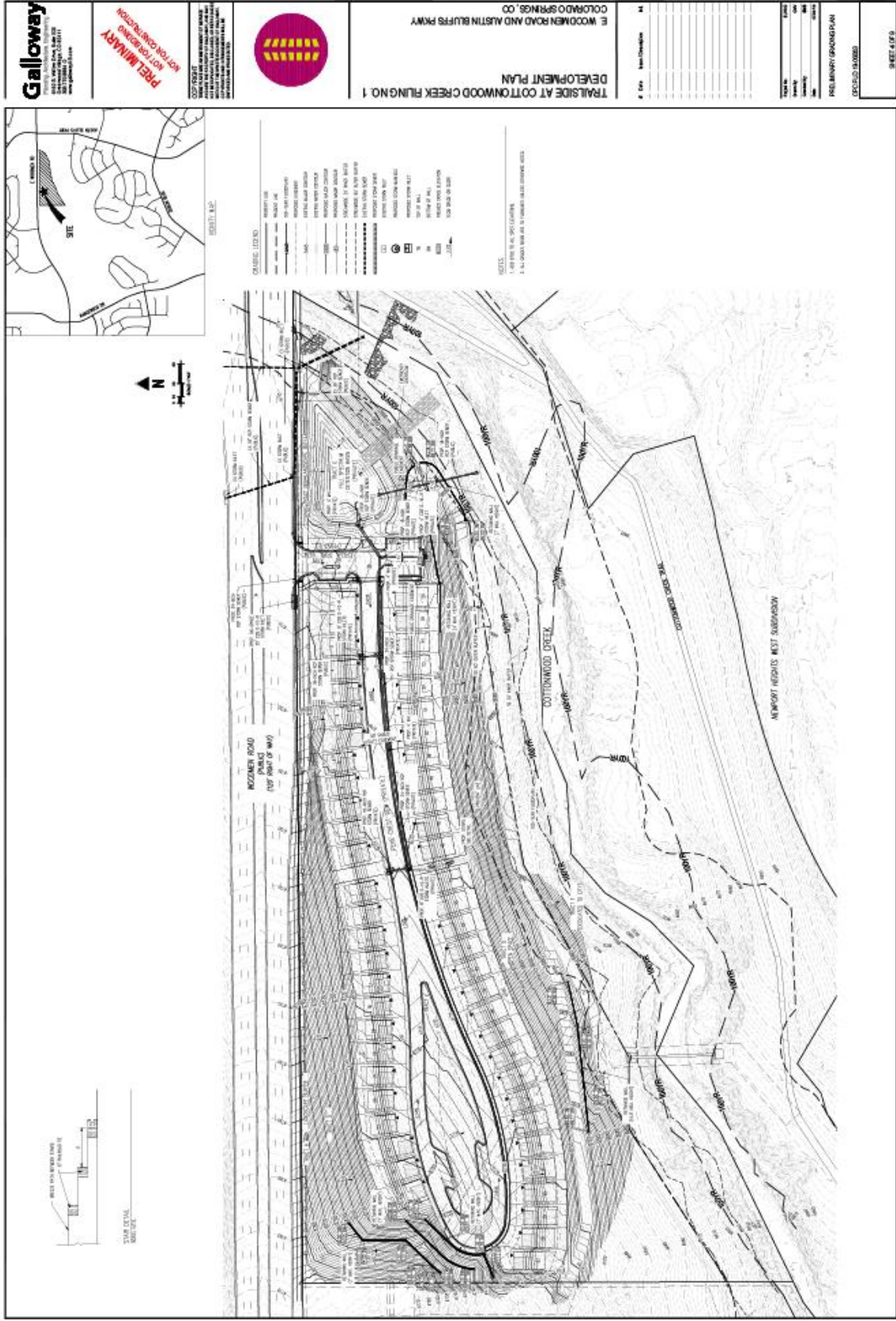


FIGURE 14

ECONOMIC FEASIBILITY STUDY



EXHIBIT G: PROPOSED GRADING COST ESTIMATE

SITE DEVELOPMENT, INC		29-May-19			
by Barry Brinton					
TRAILSIDE AT COTTONWOOD CREEK					
Development Costs		Number of lots:		56	
<u>Item</u>	<u>Unit Cost</u>	<u>Quantity</u>	<u>Extend Cost</u>	<u>TOTALS</u>	
Plans:					
Excavation - (fuel \$3.86 gal):					
Strip topsoil - 4" - 10.3 ac's	\$ 2.15 cy	5,595	\$ 12,029		
Cut/fill onsite - 4' ave (inc ponds)	\$ 3.40 cy	65,385	\$ 222,309		
Replace topsoil	\$ 2.45 cy	5,595	\$ 13,708		
Category subtotal			\$ 248,046	\$ 248,046	
Retaining walls: assume Redi-rock blocks - bury 1 full block					
West walls - greater than 4':					
Face SF incl bury block	\$ 32.00 ff	2,588	\$ 82,816		
South wall - 4' or less:					
Face SF incl bury block if needed	\$ 28.00 ff	2,790	\$ 78,120		
Category subtotal			\$ 160,936	\$ 160,936	
SUBTOTAL				\$ 408,982	
Suveying & Testing			5.0%	\$ 20,449	
SUBTOTAL				\$ 429,431	
Contingency (full design complete and approved)			5.0%	\$ 21,472	
TOTAL ESTIMATED COST				\$ 450,903	