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Developer: Eagle River Station remains viable

Project's financial details are subject of latest Town Board meeting

By Pam Boyd
EAGLE VALLEY ENTERPRISE

> 'YOU **LOOK AT THE FUNDAMENTALS** OF THIS PROJECT, AND THEY REALLY DON'T GET MUCH BETTER.'
>
> **Dan Lowe**
> Principal, Kansas City, Mo.-based RED Development

EAGLE — Three years after the national economy took a nosedive and two years after Eagle voters rejected the company's first proposal, representatives from Trinity RED Development remain adamant that the numbers are sound for their proposed Eagle River Station project.

"You look at the fundamentals of this project, and they really don't get much better," said Dan Lowe, one of the principals of Kansas City, Mo.-based RED Development.

"There are very few ground-up projects that could get built in today's environment. Eagle River Station is one of them," Lowe said.

The Eagle River Station financial details were the discussion topic during a Feb. 1 Eagle Town Board session. The discussion included a presentation from both Trinity RED and Arnold Ray, of Ray Real Estate Services, an independent consultant who has been hired by Eagle to research the ERS deal and determine if it makes financial sense.

Eagle River Station is a commercial-residential project proposed by Trinity RED on the eastern end of town, south of Interstate 70 and north of U.S. Highway 6. The 88-acre property would include 582,000 square feet of commercial space and 250 rental units in the first phase. The second phase calls for as much as 150,000 square feet of commercial space and another 300 rental units.

In 2009, the town board approved a plan for the development, but in a municipal election in January 2010, voters rejected the proposal. Trinity RED has since retooled the proposal and resubmitted it to the town in May. In this fall, members of the Eagle Planning and Zoning Commission unanimously recommended approval of the revised ERS plan.

According to Trinity RED, the Eagle River Station development budget is $270.8 million. That figure includes a number of public improvements that would be required, including a new I-70 interchange, Highway 6 improvements, extension and improvement of Chambers Avenue and water and sewer system improvements. Additionally, it includes the construction costs associated with building the retail space, residential units, internal Eagle River Station roadways, sidewalks, landscaping and more.

Of the $270.8 million, $203.8 million will come from private funds that Trinity RED must obtain. The remaining $67 million will come from public funds — bonds issued by an Eagle River Station Metropolitan District.

Town officials were adamant that any debt associated with Eagle River Station would

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not be a town of Eagle responsibility.

"Yes, there are going to be public bonds issued for this project, but they will be issued by the ERS Metro District, not by the town," Eagle Town Manager Willy Powell said. "The town and its citizenry would have no legal, ethical or moral obligation to repay any bonds."

Powell said the town's actions regarding Eagle River Station would have the effect of setting the table, but it would be up to Trinity RED to find private investors, bring in tenants and make the development happen.

As for the public financing side of Eagle River Station, there are two key financial elements to the deal — tax increment financing and revenue sharing.

Tax increment financing

The tax increment financing is tied to property taxes at the site. Tax increment financing gives the ERS developers a break on the amount of property taxes they will pay for the next 20 years.

Under the details of the proposed deal, several taxing entities, such as Eagle County and the town of Eagle, along with various special districts, will continue to receive only the property tax increment that they currently see from the Eagle River Station

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land under its agriculture designation. If the land is developed as a commercial-residential center, the property value will increase significantly.

The argument for tax increment financing is that the commercial revenues derived from sales tax will compensate any property tax losses the town or the county would experience. Additionally, several special districts have been excluded from the tax increment deal, including Eagle County School District, Western Eagle County Metropolitan Recreation District, Western Eagle County Ambulance District and the Greater Eagle Fire Protection District. These governments will be allowed to collect the property taxes generated by the commercial-land designation for Eagle River Station, rather than the agricultural designation.

Revenue sharing

The town of Eagle and Trinity RED

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are hammering out a deal to rebate some of the sales taxes that would be collected from stores at the new commercial center, along with the addition of a Public Improvements Fee assessed on Eagle River Station sales.

Under the terms of the new agreement, Eagle would receive 1.45 percent of the 4 percent municipal sales tax generated at Eagle River Station businesses. Additionally, the town would receive 0.15 percent of the 1 percent county sales tax collected on Eagle River Station transactions for a total of 1.6 percent. The remaining 2.4 percent of the 4 percent town sales tax would go to the developer, along with a 4 percent Public Improvements Fee.

"Many people think their town will not receive sales tax money from ERS. That is not true. Substantial revenues will be coming to the town," Powell said.

Reaction

Of the 12 people who offered public comment about the ERS plan last week, the overwhelming sentiment was to turn down the plan.

"I hope we have the stamina to vote 'No' until Eagle River Station gives up," resident John Hannon said.

Resident Brandi Resa presented an 80-page document to the board that included articles about failed shopping-center deals and lawsuits resulting from Trinity RED projects, as well as other projects from the area and issues surrounding tax increment financing and revenue-sharing deals nationwide. She presented a list of 20 specific written questions for town staff and Trinity RED representatives.

Jen Wright, one of the developers of Eagle Ranch, urged the board to proceed cautiously with the ERS proposal.

"If possible, be a contrarian. You have to make sure the project works. You had better make sure you are comfortable with what the numbers are," Wright said.

The town board will resume its ERS public hearing on Tuesday at 6 p.m.

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