



## ERS development review looks at bare minimums

Hearings continue for Eagle River Station proposal

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EAGLE, Colorado – Tuesday night, two central questions surrounding the Eagle River Station proposal were posed: If the development proceeds, what is the minimum commercial square footage the project would build and what public improvements would be required?

According to Arne Ray, of Ray Real Estate Services Inc., “210,000 square feet is the minimum. That would be the smallest level of development if the project were to proceed.” Ray is the financial consultant who has been hired by the town to examine the numbers and help craft an agreement with the developers .

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

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

In formulating his numbers, Ray said that the town will require many public improvements – such as roads, water and wastewater lines, trail connections, a water storage tank – as part of the development deal. Many of those improvements must happen before any commercial space can be built, including a new I-70 interchange and connector road, improvements along Highway 6, extension of Chambers Avenue through the property and water- and sewer-system improvements. Ray said the cost of these public improvements would tally approximately \$21.4 million and RED would need to build at least 210,000 square feet of commercial space to make the finances work.

However, Ray said a middle-of-the-road development scenario is more likely – 561,000 square feet of commercial space and public improvements totaling

\$54 million.

Ray's figures are based on a model of \$240 per square foot in annual sales. Town board member Scott Turnipseed asked how that figure, which Ray characterized as “reasonable or even conservative,” was derived. Ray cited his 35-plus years of experience in his field.

“I am comfortable with those projections,” Ray said.

Mayor Ed Woodland asked what kind of retailers would be represented in a \$240-per-square foot sales scenario. He said that Target, for example, typically sees annual per-square-foot sales of \$300 to \$500. In contrast, Woodland said Eagle's current annual square-foot sales are around \$150. Ray said that some stores will have lower figures and some will have higher, but retailers will need to see at least \$200 per square foot annually if they open outlets at ERS.

“They couldn't justify the investment at \$125 per square foot,” Ray said. “These stores will do their own market analysis.”

### Public comment

During a lengthy session of public comment, some area residents honed in on the financial details, while others offered more general reaction to the Eagle River Station plan.

Robin Smith said today's economic reality requires more diligence than ever to make sure Eagle is getting a good deal from the Eagle River Station developers.

“I'm happy to support this project, if it is done the right way,” Smith said. “If that project is a flop, it will be our billboard on the highway.”

"The town has done everything it can possibly think of to best protect ourselves," Woodland said.

He pointed to two aspects of the financial deal as "put up or shut up" issues. The first is the three-year vested rights to the development. The vested rights provision means that the developer has to begin construction within three years or its approved plan expires and it has to go back through the town's review process.

"RED hasn't asked for a single day more than the minimum," Woodland said.

Additionally, he said the tax increment financing deal cannot be assigned to another entity. As a result, if RED sells the property, the town does not have to honor the tax increment financing deal. Woodland said RED would not sign off on such a deal if it didn't plan to stay involved with Eagle River Station over the long haul.

Steve Visosky said that as a resident of Eby Creek Mesa, he does not live within the town boundaries and cannot vote if the Eagle River Station issue goes to the polls. However, he said the development would have a negative impact on his family, friends and existing Eagle businesses.

"How does a shopping mall fit Classic Colorado (the town's slogan)?" he asked. "I wish you guys could make a decision that will make me proud to live in Eagle."

Lori Martin said two years ago, Eagle voters turned down the Eagle River Station plan.

"I just feel like it's you guys against the people who said, 'No, we don't want this,'" she said.

Chip Bair voiced support for the plan, saying Eagle River Station would provide jobs and increase tax revenue for the town.

"I truly believe we have an opportunity to succeed here," Bair said. "It is inevitable that something will be built on this land that so many people seem to view as their own."

"Basically, I think Eagle needs something to revitalize our economy," Jim Kunkel said. "I think we can do this development and still have an outstanding place to live."

The Eagle River Station public hearing will continue Wednesday at 6 p.m.

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