



Brown Ranch Annexation Committee  
Meeting No. 5  
Carver Conference Room and Via Zoom  
WEDNESDAY, MARCH 15, 2023  
9:00 AM

Join Zoom Meeting  
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**MEETING LOCATION:** In-person and virtual via Zoom. See Instructions above. Carver Meeting Room, Centennial Hall; 124 10<sup>th</sup> Street, Steamboat Springs, CO

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**A. PRIOR MEETING RECAP**

- 1. Approval of Minutes**
  - 1.a. March 1, 2023 Meeting Summary.**
- 2. Community Outreach Plan.**
- 3. City Services/Operations/Maintenance Responsibilities – General Municipal Services (Streets and Transit).**
- 4. DRAFT Annexation Agreement.**
- 5. BRAC Agenda Topic Schedule.**

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**B. CURRENT DISCUSSION**

**6. Fiscal Impact Analysis. (YVHA)**

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**C. NEXT MEETING**

**7. Exactions/Dedications of Land.**

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**D. PUBLIC COMMENT**

PUBLIC COMMENT IS SCHEDULED FOR 30 MINUTES, AND IT SHALL BEGIN AT 11:30 A.M. OR THE CONCLUSION OF THE ABOVE AGENDA ITEMS, WHICHEVER COMES FIRST. THOSE ADDRESSING THE COMMITTEE ARE REQUESTED TO IDENTIFY THEMSELVES BY NAME AND ADDRESS. ALL COMMENTS SHALL NOT EXCEED THREE MINUTES.

**8. RAINBOW**

# AGENDA ITEM #1.a.

## BROWN RANCH ANNEXATION COMMITTEE

**FROM:** Emily Katzman, Yampa Valley Housing Authority

**DATE:** March 15, 2023

**ITEM:** March 1, 2023 Meeting Summary.

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**ATTACHMENTS:**

Attachment 1: March 1, 2023 Meeting Summary.

Brown Ranch Annexation Committee (BRAC)  
 Wednesday, March 1, 2023  
 Meeting Summary

Attendance: Robin Crossan, Joella West, Gary Suiter, Leah Wood, Kathi Meyer, Jason Peasley (BRAC); Jason Lacy (third-party facilitator); Jon Snyder, David Van Winkle, Jonathan Flint, Angela Cosby, Mike Lane, Rebecca Bessey, Dan Foote, Kim Weber, Mark Beckett (City staff); Emily Katzman (YVHA staff) Sheila Henderson, Robin Schepper (YVHA consultants)

**A. PRIOR MEETING RECAP**

1. **Approval of Minutes** – Minutes (the official video recording) from the February 15, 2023 meeting were approved unanimously.

**Meeting Summary and Transcript** – BRAC members continue to be concerned that the third-party meeting transcript mis-identifies speakers. Going forward, the meeting transcript will be sent to City Council only, and will not be distributed as part of the BRAC packet.

2. **Community Outreach Plan** – Mike Lane presented the updated draft BRAC community outreach plan. Robin Schepper and Sheila Henderson were available for questions and follow-up. The goals of BRAC’s community outreach efforts are:

- To be transparent, open, and easily accessible.
- To share information and gather feedback throughout the process.
- To make materials, collateral, meetings, and public comment seamless and available throughout all portions of the discussion.
- To reach a diverse audience across the community.

Following direction from BRAC during the January 20, 2023 meeting, staff from the City met with YVHA’s staff and consultants to revise their respective plans into a combined community outreach plan. The scope of the revised plan is estimated to cost \$49,500 and includes:

- Advertising/Marketing (\$10K)
  - Social media, print/radio, collateral
- Translation/Interpretation (\$6.5K)
  - Translation of materials, interpretation of town hall meetings
- Consultant Enhancement (\$33K)
  - Interagency collaboration, community/partner outreach & meetings, YVHA content amplification, presentation prep, BRAC fact sheets

Questions and Discussion

- Q: Kathi Meyer: Since receiving community input is a goal of BRAC community outreach efforts, what methods do you plan to use to receive community input? When both parties receive feedback/comment, can that be shared with BRAC?
- A: Mike Lane: The City intends to publish more social media content and press releases to generate publicity and, in turn, public comment. The City will share any public feedback it receives. Robin Schepper added that in order to solicit public input, BRAC will host monthly

community meetings. Robin hopes to host the first town hall the third week of March and will present on the highlights of what has been discussed so far (water, sewer, streets, transit, etc.). The goal is to bring the community along in the process rather than just having them comment on the final annexation agreement. Additionally, the BRAC community outreach consultants will go to community groups with educational BRAC content and to solicit input. Often, going directly to people is more effective than inviting them to attend a City meeting.

- Q: Kathi Meyer: Please be more specific on what “interagency collaboration” means. Can you clarify if this is an estimate, and you will bill hourly?  
A: Robin Schepper: This accounts for the time that YVHA’s consultants, who are not paid staff, spend collaborating with City staff on communications. For example, planning and hosting monthly townhall meetings. This is an estimate of time through July. As consultants, they will take direction from BRAC, not from YVHA.
- Q: Robin Crossan: what does the \$8K for community/partner outreach cover?  
A: Sheila Henderson: The cost of hours for direct outreach to groups. We have a goal of meeting with 40 different groups, including Human Resource Coalition, Rotary, etc. We will collect input to share with BRAC at those meetings.
- Robin Crossan expressed concern that amount of time and money estimated in the Community Outreach Plan is too much, particularly when the *Steamboat Pilot* covers the details and outcome of each BRAC meeting. In response, Leah Wood commented that not all community members read the *Pilot* and we must reach a broader swath of community beyond use of the newspaper. Jason Peasley added it is the responsibility as stewards of the community to reach out proactively, so community members are engaged in the conversation.
- Joella West suggested BRAC host a March 2023 townhall to see how many people attend, what questions are asked, etc. to understand whether the proposed Community Outreach Plan is effective or needs to be adjusted.
- Gary Suiter asked about recruitment effort for townhalls. Robin Schepper clarified they will go directly to groups to invite people to townhalls, with special emphasis on reaching under-represented groups. Townhall sessions will be hosted at two different times so they are accessible to people with varying schedules.
- Motion to approve the Community Outreach Plan with a clarification that the plan must not exceed \$49,500: Motion by Leah Wood, Second by Kathi Meyer. Approved unanimously.

**3. City Services/Operations/Maintenance Responsibilities – General Municipal Services (water, wastewater, and stormwater)–** Jason Lacy asked for any feedback or concerns about direction given at 2/15/23 BRAC meeting.

- Joella West indicated City Council did not raise concerns.
- Water Rights Dedication Policy: Leah Wood asked if City Council discussed the current water rights dedication policy, which requires an applicant to dedicate water rights or pay a fee in lieu. YVHA does not have water rights. City Council may choose to waive or reduce the fee. Robin Crossan indicated City Council discussed all options during an executive session at the 2/28/23 City Council meeting and is not yet prepared to make a decision or discuss with BRAC until the Fiscal Impact Study has been completed. Jason Peasley clarified YVHA’s

position: there are ample water rights thanks to the City's effort to secure and firm water rights. Adding a fee in lieu will be a detriment to the goal of providing affordable housing at Brown Ranch. Jason Lacy concluded that this subject will be revisited in detail when BRAC discusses the Fiscal Impact Study.

- Kathi Meyer asked about the 2010 infill study performed by the City and asked if the findings are still valid. She encouraged revisiting the study to determine whether buildout of developable infill lots has been accelerated, slowed, or as anticipated. This impacts the conversation around many city services, including water distribution.
- Kathi Meyer clarified YVHA anticipates building 2,264 housing units at Brown Ranch, not 2,264 EQR. These are not the same thing and is important to understand, as it ties into when the third redundant water supply needs to be online.
- Robin Crossan provided an update regarding the idea to engage a 3<sup>rd</sup> party expert to review the draft annexation agreement: the City is interviewing economics firms who may be able to provide feedback on the Fiscal Impact Study.

#### **4. Draft Annexation Agreement**

Dan Foote, City Attorney, summarized the language added to the draft Annexation Agreement.

- Jason Peasley indicated all updates to the Annexation Agreement are acceptable to YVHA except language in Section G.5. regarding the water rights dedication policy. The group suggested adding a placeholder indicating "Compliance to be determined in a future meeting." Similar placeholder language will be added to Section 8 Vested Property Rights.
- Robin Crossan confirmed City Council had no comments or changes on the draft agreement.
- Motion to approve working draft Annexation Agreement as it currently exists (non-binding): Moved by Leah Wood. Second by Robin Crossan. Approved unanimously.

#### **5. Agenda Schedule**

Jason Lacy asked for confirmation that all parties are still comfortable with the BRAC discussion schedule.

- The revised BRAC agenda schedule is attached at the end of this meeting summary.
- BRAC members committed to check in on schedule and progress at each meeting and were encouraged to be prepared to add a meeting to the schedule or extend existing meetings to accommodate the substantial conversations ahead.

### **B. CURRENT DISCUSSION - City Services/Operations/Maintenance Responsibilities – General Municipal Services (Streets and Transit)**

#### **Streets**

Jon Snyder, City of Steamboat Springs Public Works Director, presented on streets and transit in Steamboat Springs. David Van Winkle, Streets Superintendent, and Jonathan Flint, Transportation Manager, supported the presentation and were available for questions. [Note: this meeting summary is not intended to capture all the details of the streets and transit presentation. Please see the meeting recording at approximately 1:08, as well as the information sheets included in the packet, for additional details.]

Assumptions: The streets at Brown Ranch will be public and maintained by the City, which will provide an equitable level of service across the City of Steamboat Springs. Today's conversation focuses on on-site street infrastructure; impacts to US40 will be discussed in a future meeting.

- City Streets Division services include:
  - Pavement maintenance, including pothole repair, crack filling, seal coating, and overlays
  - Snow plowing
  - Striping: including roadway shoulder, turn lane, and centerline striping, crosswalk marking, curb painting, bike lane marking, and parking lot striping
  - Sign installation and maintenance
  - Sweeping
  - Stormwater and drainage maintenance, including inlet, ditch cleaning, culvert cleaning, and minor capital improvements or replacement efforts
  - Spring scoria pickup
  - Bridge maintenance
  - Guardrail maintenance
  - Noxious weed management within unimproved portions of the public rights-of-way
- Total cost of service = average \$25,092/lane mile annually. Every street is different, and design has significant impact on real cost of maintenance.
- Estimate of 23.5 land miles of road at Brown Ranch.
- Snow plowing;
  - Currently 5 plowing routes that take approximately 10 hours to complete and include 3 different m [1:11]
  - A sixth plow route will be needed prior to the first home at Brown Ranch being occupied. Upfront capital investment = \$846,500
- All in operating costs for streets = \$800,400 annually (13% increase to streets budget).
- Design considerations for onsite snow storage:
  - Importance of integrating snow storage into land use planning and site design. Narrow roads are more difficult to maintain, particularly when plows have to push snow into the sidewalks. Sidewalk maintenance is responsibility of the adjacent property owner. Sidewalks should be sufficiently offset from street.
  - Regarding street section: if a developer aims for the minimum width required in the Community Development Code, it will be challenging for both City and adjacent property owners to maintain.
- Alleys
  - The City maintains alleys in older neighborhoods, including Old Town, Brooklynn, etc.
  - West End Village, which was developed in the early 2000s, is the last subdivision in which City maintains residential alleys.
  - YVHA has proposed the City maintains alleys at Brown Ranch. This would be a departure from current practice. If YVHA wants City to maintain alleys at Brown Ranch, design must account for sufficient on-site snow storage. The alleys should also be built in the same standard of the roads, so the alleys are durable, requiring less maintenance.

- On-street parking
  - On-street parking is a valuable tool to residents and businesses. If land use planning relies on on-street parking, road must be wide enough to accommodate parking and snow storage during winter.
  - City staff expressed a concern that Brown Ranch is under parked from a practical standpoint, even if it is code-compliant.
- Discussion and Guiding Questions:
  - *Who will maintain alleys?*
  - *What is BRAC's opinion on the feasibility of cost-effective winter maintenance and the corresponding amount of onsite snow storage currently proposed?*
  - *Cost of service. Is there enough sales tax revenue to fund streets?*
  - In response to a question from Jason Peasley, Jon Snyder acknowledged the street sections proposed by YVHA in the Brown Ranch Community Development Plan (included in the agenda packet) and compliant with code. However, the code represents a compromise between the practicality of maintenance and the cost to develop. A minimum code-compliant street section is not ideal for winter maintenance.
    - Jason Peasley suggested YVHA work with City Public Works to workshop street sections during the platting process.
    - Jason Lacy questioned to what extent these details need to be memorialized in the Annexation Agreement. Conclusion: details of street sections do not need to be in the Annexation Agreement, with the exception of alleys.
  - If City maintains alleys at Brown Ranch, that decision, along with minimum snow storage requirements, must be memorialize in the Annexation Agreement. Conclusion: YVHA is willing to dedicate snow storage in exchange for City-provided alley maintenance. Gary Suiter recommended adding this language into the next draft of the agreement so City Council can review and discuss.
- Questions:
  - Q: Gary Suiter: Does annual operating cost estimate (\$800,400) include snow removal from alleys?
  - A: Jon Snyder: Yes.
  - Q: Kathi Meyer: at one point there was recognition that further west, the less snowfall. Is Brown Ranch eligible for that recognition?
  - A: Jon Snyder: Yes, but the reduced annual snowfall is accounted for in the Community Development Code for on-site snow storage requirements on private property. There is not material difference in snow accumulation totals to impact snow storage requirements for streets and public rights of way.
  - Q: Kathi Meyer: Has the City considered any creative methods that delay the need to deploy a 6<sup>th</sup> snowplow route?
  - A: Jon: The City cannot serve Brown Ranch without an additional plow route on day one. Existing plow routes are already too long and staff is suffering burnout.
    - Kathi followed up with a statement that the City will benefit because Brown Ranch will contribute to either more frequent plowing or less burnout from staff by adding a 6<sup>th</sup> plow route.



- Robin Crossan clarified: there is no money in the City budget for 6<sup>th</sup> plow route.
  - Q: Robin Crossan: how do raised crosswalks impact efficiency of plowing?  
A: David Van Winkle: raised crosswalks on Yampa are well designed and do not affect plowing. However, speed bumps are challenging for snow maintenance.
  - Jason Peasley: clarified YVHA's district parking strategy at Brown Ranch. This concept is designed to be flexible to accommodate if we need more parking. Jon asked that we provide more parking than what is provided at Alpenglow Village.

## Transit

Jon Snyder and Jonathan Flint, Transit Manager for the City of Steamboat Springs presented on transit in Steamboat Springs.

- Land development concepts presented by YVHA are heavily predicated by delivery of robust transit service.
- Jonathan Flint has proposed two transit service options. Please see agenda packet for route design maps. Routes were designed according to the following assumptions:
  - If we're going west, bus service should go all the way west to Steamboat II, Heritage Park, Silver Spur, and Brown Ranch.
  - Bus trip needs to be competitive with length of car trip to be used.
- Option 1 ("robust") costs at full buildout:
  - Winter operations: \$772,264.50
  - Summer operations: \$714,792
  - Annual operational cost: \$1,487,056.50
  - Equipment needs: 6 new buses = \$4.5M
  - Annual replacement cost: \$393,750
  - 20 stopes (estimated): \$3.3M (paid for by developer)
- Option 2 ("bare bones") is the service the City can provide without adding additional operations and capital expense to the transit budget if those expenses cannot be funded. It involves relocating the current KOA bus stop to the entrance of Brown Ranch. The City staff recognize this option doesn't meet the expectations outlined in the Brown Ranch Community Development Plan. There is an option to add micro-transit (e.g. Yellow Line), which has the benefits of responsiveness and flexibility. Micro transit is also a contract service, meaning there is no capital outlay for vehicles.
- Funding: the cost of transit service outpaces revenue growth. The City cannot afford the existing system and is cutting transit service each year to stay in budget. There is no way to provide robust transit to Brown Ranch unless new revenue is put in place or significant cuts are placed elsewhere.
- Questions and Discussion
  - Q: Jason Lacy: How has community responded to Yellow Line?  
A: Jonathan Flint: Use is as high as ever. With current funding constraints, there is little room to grow the service. The cost per rider is over 5x the cost/passenger of traditional bus service.

- Q: Kathi: Please provide an update on planning behind the Rural Transit Authority (RTA). How will this impact Brown Ranch?  
A: Jonathan Flint: An RTA would create a new transportation entity. It would be a voter-approved system that would contain at least 2 public entities. Craig, Hayden, and Steamboat Springs are collaborating to research needs of community and cost of service. Anticipate a 1-2-year study/decision period before communities choose to bring this to voters. An RTA will focus on broad service (moving people from region to region), rather than moving people within a region, so the City would still be responsible for providing SST service.
- Jason Peasley emphasized that YVHA is prepared to accept all responsibilities outlined in the presentation (construction of bus stops, shelters, sidewalk construction, etc.). However, YVHA needs assurance that City will provide bus service to Brown Ranch. YVHA has heard through community engagement that safe, reliable transit is a top need/priority. For example, the current terminus at KOA is not safe, as residents west of that stop must walk on US40 to reach the bus stop. Option 1 is great goal to work toward. YVHA proposes commitment by City to figure out robust service option to West Steamboat.
- Jonathan Flint suggested a partnership opportunity with Routt County to fund micro-transit service, since some neighborhoods are outside of the City.
- Bus currently runs at 44 passengers/hour; should run at 29 passengers/hour (SST is already strained to meet current transit need).
- Q: Leah Wood: what other funding sources has the City considered to fund transit?  
A: Gary Suiter: property tax, paid parking, paid transit (everything). Robin Crossan added that the solution to the City's general fund shortfall is likely a property tax, rather than full reliance on sales tax.
- Q: Kathi Meyer: are there grant funds for ongoing transit services since this is an affordable housing development?  
A: Jonathan Flint: there is grant funding for capital expense. There is not consistent grant funding for continued operations.
- Pros/cons of paid transit: paid transit is more expensive than providing free transit service because it takes longer for passengers to load, so would require adding busses to routes. There is also large upfront cost for installing a fare collection method. Estimated ridership fall of 40%. Conventional wisdom: charge people in single-occupant vehicles who are impacting roads, rather than people who are using transit.
- Content of annexation agreement:
  - YVHA wants some level of commitment from City there will be transit service for Neighborhood A at minimum, as well as a commitment from City to explore dedicated funding for future transit expansion. Don't want document silent on transit. Want to demonstrate that the need/desire to reach more robust level has been discussed, even though there is no guarantee.
  - Dan Foote: clarified the Annexation Agreement needs to reflect there has been discussion regarding some level of transit service. The level of details and commitment is to be determined, pending City Council's approval.

### **Summary of Decisions**

- City will maintain alleys subject to sufficient snow storage easement provided by YVHA/Brown Ranch.
- Dan Foote will work with City Councilors to determine language to add to Annexation Agreement regarding commitment to level of service, in recognition that funding is not currently available.

### **C. NEXT MEETING**

- Wednesday, March 15, 2023 at 9am
- Agenda:
  - Follow up on streets and transit with draft language added to the Annexation Agreement.
  - Fiscal Impact Study – presentation led by YVHA. Goal: help everyone understand how we’re thinking about fiscal impact model (revenue assumptions, denominators, etc.). Focus on general fund (operations).

### **D. PUBLIC COMMENT**

There was no public comment.

Meeting summary prepared by Emily Katzman, YVHA Development Project Manager  
March 1, 2023

# AGENDA ITEM #4.

## BROWN RANCH ANNEXATION COMMITTEE

**FROM:** Dan Foote, City Attorney  
**DATE:** March 15, 2023  
**ITEM:** DRAFT Annexation Agreement.

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**ATTACHMENTS:**

Attachment 1: Working Draft Annexation Agreement.

This document is a working draft and reflects the discussions of the parties' BRAC representatives to date. It is subject to change based on the parties' ongoing discussions and review by the parties' respective boards.

## **BROWN RANCH ANNEXATION AGREEMENT**

THIS ANNEXATION AGREEMENT ("Agreement") is made and entered into this \_\_\_ day of \_\_\_\_\_, 2023, by and between the CITY OF STEAMBOAT SPRINGS, a Colorado municipal corporation ("City") and the Yampa Valley Housing Authority, a multi-jurisdictional housing authority ("YVHA").

WHEREAS, YVHA owns the real property described in Exhibit A ("Brown Ranch"), which consists of approximately 420 acres; and

WHEREAS, Brown Ranch is contiguous with the city limits and within the Urban Growth Boundary; and

WHEREAS, YVHA filed a Petition for Annexation with the City on October 18, 2022, to annex Brown Ranch into city limits; and

WHEREAS, the City has determined that it would be in the best interest of the public health, safety, and welfare of its citizens to impose certain terms and conditions on YVHA in connection with the annexation of Brown Ranch to the City;

NOW, THEREFORE, in consideration of the recitals, promises, and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

**1. DEFINITIONS.** As used in this Agreement, unless the context clearly requires otherwise:

"Annexation Ordinance" shall mean the ordinance adopted by the City Council of the City of Steamboat Springs pursuant to the Municipal Annexation Act of 1965 (Section 31-12- 101, et seq., C.R.S.) officially annexing the Property into the City of Steamboat Springs.

"Applicable City Ordinances" shall mean all ordinances of the City which regulate the development, subdivision and use of the Property, as in effect from time to time.

"Regulating Plan" shall mean document which establishes density, uses, patterns, open space and parks, and primary streets and their general locations within the Property, to be approved by the City pursuant to the requirements and procedures set forth in the TND Standards in effect as of the date this annexation becomes effective.

**[TO SUPPLEMENT AS NEEDED]**

**2. POST ANNEXATION LAND USE APPROVAL PROCESS.**

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**3. GENERAL PLAN OF DEVELOPMENT.**

**Commented [df1]:** Approved in concept February 15 BRAC meeting, but only as to the general plan of development 3.A, 3.B, 3.C, 3.D

**A. Unit Types & Numbers.**

YVHA may develop up to 2,264 residential units at Brown Ranch through full build-out. YVHA may develop up to 419,000 square feet of non-residential uses at Brown Ranch.

Brown Ranch shall generally consist of four neighborhoods, currently identified by letter. Neighborhood A shall consist of 400 to 480 Units. Neighborhood B shall consist of 330 to 360 Units. Neighborhood C shall consist of 1030 to 1070 Units. Neighborhood D shall consist of 480 to 510 Units.

The contemplated unit composition at full build-out will consist of 1,486 multi-family units (65.5% of total units), 484 single-family attached units (21.5% of total units), and 294 single-family detached units (13% of total units).

	PROGRAM		Phase 1	Phase 2	Phase 3	Total per type
			# UNITS			
RESIDENTIAL	Multi-family	Rental	593	221	221	1486
		Condo	179	136	136	
		<b>Sub-Total</b>	<b>772</b>	<b>357</b>	<b>357</b>	
	Single Family Attached	Rental	126	46	46	484
		Owner	104	81	81	
		<b>Sub-Total</b>	<b>230</b>	<b>127</b>	<b>127</b>	
Single Family Detached	Rental	28	11	10	294	
	Owner	94	76	75		
	<b>Sub-Total</b>	<b>122</b>	<b>87</b>	<b>85</b>		
<b>Total by Phase</b>			<b>1124</b>	<b>571</b>	<b>569</b>	<b>2264</b>

	PROGRAM	Building Type	Phase 1	Phase 2	Phase 3	Total per type
			Area in square feet			
COMMERCIAL / COMMUNITY	Grocery	Mixed Use	15,000			15,000
	Retail Space (coffee, restaurant, etc)	Mixed Use	48,000	22,000	26,000	96,000
	Office Space/ Non-Profit Center	Mixed Use	10,000	8,000	10,000	28,000
	Childcare accepting CCAP	Mixed Use	5,000		5,000	10,000
	Fire Station	Free Standing		50,000		50,000
	K-8 School (site area)	Free Standing		200,000		200,000
	Unspecified Community Program	TBD		10,000	10,000	20,000
	<b>Total by Phase</b>			<b>78,000</b>	<b>290,000</b>	<b>51,000</b>

The unit numbers and composition outlined above are based upon current assumptions about housing need, community preferences, and available subsidies. It is YVHA's intention the

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unit numbers, composition, and size of non-residential uses, will be updated over time to account for changes in local housing need. Based upon the same, YVHA may seek to amend the Regulating Plan consistent with the Applicable City Ordinances, including seeking to add additional Units or square feet of non-residential uses to respond to changes in demand.

### **B. Phasing Plan**

The Brown Ranch phasing plan is shown in the attached Exhibit \_\_\_\_. Phase 1 will consist of between 1,100 and 1,200 Units and XXX square feet of non-residential uses. Phase 2 shall consist of between 550 and 600 Units and YYY square feet of non-residential uses. Phase 3 shall consist of 550 to 600 Units and ZZZ square feet of non-residential uses.

Unit composition and density may be shifted between phases during the development approval process. YVHA may, in response to market conditions, funding, development capacity, and site conditions, seek to amend the Regulating Plan consistent with the Applicable City Ordinances.

### **C. Parks, Trails, and Open Space**

YVHA shall provide at least 46.1 acres of parks, as generally shown in the attached Exhibit \_\_\_\_, or as may be amended through the development review process.

At least 68.6 acres of Brown Ranch shall be designated as Open Space through the development approval process, as generally shown on the attached Exhibit \_\_\_\_. The specific location of Open Space shall be determined through the development review process.

YVHA shall provide trails as generally shown on the attached Exhibit \_\_\_\_. The specific location and character of trails shall be determined through the development review process.

Parks, trails, and open space shall be phased with the development of each Neighborhood, and as the CDC requires.

Dedication and maintenance provisions for Brown Ranch parks, open space, and trails are provided for in Section 4 below.

Brown Ranch will not be subject to any further requirements for the provision of parks, open space, or trails as a condition of any City approval during the vesting term provided in Section \_\_\_\_, or any future extension of such term.

### **D. Wildfire Mitigation**

Health Equity, Sustainability, and Resiliency Guidebook will impose a private regulatory scheme on development within Brown Ranch. The Guidebook will include recommendations identified in the *Increasing Wildfire Resilience at Brown Ranch* report prepared by the Community Wildfire Planning Center. These strategies may include 1) incorporating design features that

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reduce wildfire susceptibility in the Home Ignition Zone; 2) managing open space vegetation in strategic locations to support fire suppression tactics and further support defensible space; 3) providing adequate setbacks on peripheral edges of all neighborhoods from hazardous fuels and terrain features; 4) planning for the strategic location of trail networks to support fire suppression resource access and tactics; and 5) planning for evacuation opportunities.

Maintenance provisions for the wildfire mitigation measures are provided for in Section 4 below.

#### **E. On-Site Public Infrastructure Plan**

YVHA shall pay all costs for the design and construction of all on-site public improvements to serve Brown Ranch, including, but not limited to, roads, curbs, gutters, sidewalks, sanitary and drainage sewers, water, and street lights, in accordance with applicable City or public utility company standards and specifications. YVHA shall dedicate to the City and applicable public utility companies without charge, free and clear of all liens and encumbrances, those easements and rights-of-way necessary for installation and maintenance of said public improvements, including public streets, and in addition shall convey the public improvements to the appropriate entity upon completion and acceptance of the improvements.

All Units within Brown Ranch shall pay Plant Investment Fees ("tap fees"), in the amount charged for other properties within the City's water and wastewater district, with such fees being due prior to the issuance of a building permit, as provided in the Applicable City Ordinances, except as noted in Section 3.G.3 below. Brown Ranch will not be subject to any further sewer related payments as a condition of any City approval during the vesting term provided in Section \_\_\_\_, or any future extension of such term.

YVHA shall construct stormwater systems within Brown Ranch in conformance with City Engineering Standards.

YVHA shall construct multi-modal transportation within Brown Ranch in conformance with City Engineering Standards.

The Parties agree that YVHA shall be entitled to reimbursement of certain costs of construction of certain public improvements. The City agrees that it will require, as a condition of annexation of any portion of the West Steamboat Area Plan adopted June 19, 2006 (the "Benefited Property") that YVHA will be reimbursed by the developer of such portion of the Benefited Properties a proportionate share of the cost of such infrastructure which serves a Benefited Property. The proportionate share shall be reasonably determined by the City Council at the time of annexation and as a condition of annexation of a Benefitted Property based upon the benefits received by the Benefited Property, which shall be determined, without limitation, by reference to: the cost savings to the Benefited Property by YVHA's construction of the additional infrastructure;



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age and physical condition of the infrastructure; and the length and capacity of utilities and roadways infrastructure used by the Benefited Property. Nothing in this Paragraph shall prohibit YVHA from making application to the City for a Public Improvements Reimbursement Agreement pursuant to the requirements of the City's Community Development Code for reimbursement of expenses not otherwise reimbursable under this Paragraph. This provision shall not apply to any property annexed pursuant to an annexation ordinance adopted more than twenty (20) years from the effective date of the ordinance annexing the Brown Ranch.

**Commented [df2]:** What parcels do we think will be benefitted and what types of improvements are going to be the subject of reimbursement?

**Commented [df3]:** Per March 1, 2023 discussion, this is a placeholder pending future discussion of term/vesting.

The terms of the provision of City services related to the public infrastructure, and the maintenance of same, are provided for in Section 4 below.

#### **F. Off-site Public Infrastructure Plan**

Except as otherwise provided in this Annexation Agreement as to offsite water and wastewater improvements and other offsite improvements, contributions from YVHA for off-site infrastructure improvements will be paid for using funding from the Short-Term Rental Tax.

**Commented [df4]:** This section needs review. It was not the subject of discussion at the Feb. 15, 2023 BRAC meeting

#### **G. Off-site Water and Wastewater Facilities**

- 1) The City will provide water and wastewater services through its existing water and wastewater utility, which presently operates as an enterprise fund for purposes of the Taxpayers Bill of Rights ("TABOR"), Article X, Section 20 of the Colorado Constitution and which the City intends to continue to operate as an Enterprise Fund for purposes of TABOR.
- 2) The parties acknowledge that the determination as to whether the City has a reliable and secure water supply to serve the Brown Ranch and whether the City can make the determination regarding adequacy of the City's water supply required by C.R.S. 29-20-301, et. seq. and Section 25-78 of the City's municipal code depends on the completion of a Water Demand Analysis, which is expected to be complete in May, 2023. Based on current information, the parties acknowledge that the provision of water to Brown Ranch by the City will require the construction of the following four additional elements to the City's water infrastructure:
  - a) The West Area Water Tank booster station, which must be constructed and accepted prior to the occupancy of any units at the Brown Ranch. This project will be constructed at City expense at an estimated cost of \$1,200,000.
  - b) US Hwy 40 delivery pipeline, which must be constructed and accepted prior to the occupancy of any units at the Brown Ranch. This project is underway and will be constructed at City expense at an estimated cost of \$1,000,000.
  - c) New water treatment facility, diversion system, pumps, raw water delivery line, clearwell, and treated water distribution lines (together "Elk River Water Treatment Facility"), which must be constructed and accepted prior to the issuance of building

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permits at Brown Ranch that would cause Brown Ranch water demand to exceed 800 EQRs.

- i) Estimated costs of construction are \$40,000,000-\$58,000,000.
  - ii) The parties' current estimate is that construction could begin at the earliest in 2028 with the treatment facility completed and operational by 2030.
  - iii) The parties acknowledge that the City does not own a site for this treatment facility or the necessary easements or property rights for distribution to Brown Ranch.
  - iv) The parties acknowledge that the City owns certain water rights with authorized points of diversion and related storage rights that are adequate to provide sufficient raw water to the proposed treatment plant to allow for the full development of the Brown Ranch as described in this Section 3.
- d) Onsite distribution facilities. Construction of these facilities shall be the responsibility of YVHA as provided in Subsection 3.e.
- 3) The parties acknowledge that the Elk River Water Treatment Facility will benefit the existing City water utility customer base by providing needed resiliency and redundancy to the City's existing treatment facilities. The parties intend to allocate responsibility for the costs of constructing the Elk River Water Treatment Facility by modelling the distribution throughout the City system of water from that source and allocating costs on a pro rata basis. The model is expected to be complete in early May.
- a) YVHA shall be responsible for paying that share of the costs of the Elk River Water Treatment Facility allocated to the Brown Ranch project on the following terms:
    - i) A surcharge on plant investment fees (i.e. tap fees) collected by the City for development at Brown Ranch attributable to the Elk River Water Treatment Facility, the amount of which shall be determined and adjusted from time to time by the City through periodic rate studies.
    - ii) YVHA shall be responsible for payment of the difference, if any, between the Brown Ranch payment share and anticipated plant investment fee surcharge revenues from YVHA revenue including without limitation YVHA tax revenues, grant proceeds, contributions from the City, and any other source in YVHA's discretion.
    - iii) The timing of payments by YVHA shall be as determined by future negotiations of the parties.
  - b) City shall be responsible for payment of that share of the costs of the Elk River Water Treatment Facility allocated to City water utility customers within the current district boundaries from revenue sources to be determined by the City, including without limitation City utility plant investment fees collected from City utility customers not located at the Brown Ranch.
- 4) YVHA shall implement a water conservation and efficiency plan outlining commitments.
- a) The plan shall meet or exceed the City's policy of a 10% reduction in treated water use in ten years.

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- b) The parties' staffs will collaborate to develop a water conservation and efficiency plan including, without limitation, the following elements:
  - i) Significant reduction in private yards in favor of common spaces that are centrally managed;
  - ii) Integrate water conservation with land use planning;
  - iii) water budget agreement and monitoring plan (draft document to be provided by Julie Baxter/City)
  - iv) Water-efficient building practices such as low flow fixtures;
  - v) Site design that preserves areas important for water quantity or quality;
  - vi) Water re-use capabilities.
- 5) YVHA shall comply with the City's water rights dedication policy set forth in Section 25-77 of the City's municipal code. The parties acknowledge that YVHA does not have water rights to dedicate and that payment of a fee-in-lieu is contemplated by the policy.
- 6) The parties acknowledge that the provision of wastewater services to Brown Ranch by the City will require the following offsite improvements:
  - a) Connection from onsite collection facilities in the Brown Ranch "West Basin" to the existing City trunk line running from Sleepy Bear/KOA to the existing wastewater treatment plant. The parties acknowledge that existing facilities provide the necessary connection from the Brown Ranch "East Basin". Costs of constructing these facilities shall be the responsibility of YVHA.
  - b) Expanding the capacity of the existing wastewater treatment facility.
    - i) Governed by state law, design must commence when plant is at 80% capacity, construction to commence when plant is at 90% capacity, plant currently at 73%.
    - ii) Projections based on 200 EQRs/year in Brown Ranch starting in 2026 triggers design requirement in 2027, construction 2033.
    - iii) These improvements to be funded by City utility fund, monthly service fees are not expected to increase as a result of the expansion project. There is potential for plant investment fees to increase as a result of the expansion project. The 2024 rate study will determine whether plant investment fees will increase and, if so, by how much.
    - iv) Projections assume no changes in relevant regulatory requirements.

**Commented [df5]:** Per March 1, 2023 discussion, YVHA compliance is TBD a future meeting.

## H. Private Infrastructure Plan

YVHA shall pay all costs for the design and construction of all utility services necessary to serve the Brown Ranch, including, but not limited to, electricity, telephone, gas, and cable television service, in accordance with applicable City or public utility company standards and specifications. YVHA shall dedicate to the City and applicable public utility companies without charge, free and clear of all liens and encumbrances, those easements and rights-of-way

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necessary for installation and maintenance of said utility lines. Any contribution for offsite electrical infrastructure will be agreed upon between YVHA and YVEA and paid for by YVHA and/or the Short-Term Rental Tax.

The construction of utility services shall be phased with the development of each Neighborhood, and as the CDC requires.

The terms of the provision of City services related to the utility services are provided for in Section 4 below.

**4. CITY SERVICES/OPERATIONS/MAINTENANCE RESPONSIBILITIES.**

**A. Streets**

**1) The City shall accept the Brown Ranch internal street system for maintenance in accordance with the provisions of the Community Development Code and the City's Engineering Standards. YVHA shall design and construct the Brown Ranch internal street system in accordance with standard street cross sections and specifications as set forth in the City's Engineering Standards. City maintenance shall include snow removal in accordance with standard City practice; maintenance, repair, and replacement of pavement and appurtenances; and maintenance, repair, and replacement of stormwater and drainage facilities located within public rights of way. Except as otherwise expressly provided in this agreement, the City shall provide the same level of service for Brown Ranch street maintenance that the City provides in other areas of the City.**

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**2) YVHA acknowledges that minimum City standards for right of way widths represent a compromise between the efficient use of land and the effective operation of roadways for multi-modal transportation and parking uses. Staff recommends that YVHA incorporate into the planning of its internal street system the effect of winter conditions, snow removal operations, and snow storage on roadway width; the availability of on street parking; and sidewalk maintenance. Use of minimum City standards may result in operational compromises and increased costs for snow plowing and removal during some winter seasons.**

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**3) Current City policy does not contemplate the acceptance of alleys for maintenance. The parties acknowledge that the City maintains alleys in some areas of town and that alley maintenance in the context of the City providing equitable service levels will be the subject of ongoing discussions between the parties. Due to the fact that the City does not currently accept alleys for maintenance, current City Engineering Standards do not account for or require the provision of adequate easements or property for snow storage purposes. If the City were to elect to accept Brown Ranch alleys for maintenance, the City would require the provision of easements or other property rights to accommodate the storage of snow removed from alleys.**

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**Commented [df6]:** Per March 1, 2023 meeting, consensus not reached as to whether City will provide this service.

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4) The City generally provides a level of snow removal services that depends on storing snow in road rights of way and/or easements adjacent to the roadway. The City provides a level of service in some commercial areas, such as the downtown commercial district, that incorporates the removal and transportation of snow to a central snow storage facility. The City will provide this level of service in limited commercial or school zones at the Brown Ranch as depicted and described in the attached Exhibit "A". YVHA shall provide snow storage for snow removed from these zones at internal Brown Ranch sites as depicted and described in Exhibit "A".

5) The parties acknowledge that the City's assumption of maintenance obligations for all or parts of the Brown Ranch street system will require the City to implement a sixth plow route in order to maintain existing service levels. Capital costs to implement a sixth plow route are estimated at \$847,000 in 2023 dollars. The parties acknowledge that the City estimates the City's annual operating costs for maintenance of the Brown Ranch internal street system at full buildout, including alleys, to be \$800,000 in 2023 dollars.

a) The City will be responsible for the annual operating costs for the maintenance of the Brown Ranch internal street system following expiration of the warranty period.

b) Capital costs for the acquisition of the following shall be the responsibility of TBD.

i) Motor grader with wing \$360,556;

ii) Sand truck with plow \$201,826;

iii) Loader with bucket and blade \$209,132;

iv) Storage facility estimated \$75,000.

## B. Transit

1) The parties acknowledge that existing City policy will require YVHA to assume responsibility for capital costs of transit facilities necessary to the provision of transit services. The City will be responsible for operational costs and maintenance of shelters, shelter pads, and pullout lanes. City shall also be responsible for acquisition of busses. Adjacent property owners will be responsible for the maintenance of sidewalks providing access to transit stops.

2) The City's existing revenue sources are adequate to extend service to Brown Ranch neighborhood A. The City would accomplish the service extension by relocating the existing western terminus of SST routes from the current KOA site to the Slate Creek Road entrance to Brown Ranch (hereafter "US Hwy 40 Service"). The City agrees to provide the US Hwy 40 Service to Brown Ranch. Frequency of service, bus capacity, and other operational decision shall be subject to the discretion of City Council pursuant to the City's annual budget process.

a) The estimated costs to provides the US Hwy 40 level of service are as follows:

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- i) \$1,000,000 capital costs for the relocation of the western terminus of SST routes;
- ii) Annual operating costs increase would be negligible;
- b) YVHA agrees to assume responsibility for capital costs of relocating the western terminus of SST routes.
- c) The City agrees to assume the responsibility for any increase in operating costs to provide US Hwy 40 Service.
- d) Contracted microtransit service to connect the SST routes to internal Brown Ranch sites is estimated to cost \$400,000 annually. The City is not able to provide microtransit service within Brown Ranch and does not commit to do so as part of the provision of the US Hwy 40 Service. If microtransit service is to be provided to Brown Ranch it shall be at the expense of YVHA.

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- 5. AFFORDABILITY/ATTAINABILITY OF HOUSING.
- 6. EXACTIONS/DEDICATION OF LAND.
- 7. SUSTAINABILITY MEASURES.
- 8. VESTED PROPERTY RIGHTS.

a. **Vested Property Rights.** The City will approve the creation of vested property rights for the Property pursuant to the Vested Property Rights Act, C.R.S. §24-68-101 et seq. In the event of conflict between this Agreement and the Vested Property Rights Statute or Municipal Code, this Agreement shall prevail. In recognition of the size of the development contemplated under this Agreement, the substantial investment and time required to complete the development, the potential for phases of the development and the possible impact of economic cycles and varying market conditions during the course of the development, YVHA and the City agree that vested property rights are approved under the following conditions: the rights to be vested shall extend only to the permitted uses and densities set forth in the Regulating Plan adopted and approved by the City as described in Paragraph \_\_\_ and to \_\_\_\_\_ and other requirements set forth in this Agreement.

b. **Vesting Term.** The term of vesting shall be \_\_\_\_\_ years commencing upon the date of recording the Annexation Ordinance and Map.

c. **Site-Specific Development Plans.** YVHA and the City agree that the Regulating Plan constitutes an approved "site specific development plan" as defined in the Vested Property Rights Statute, and that pursuant thereto, YVHA and its successors and assigns shall have vested rights to undertake and complete the development and use of the Property under the terms and conditions thereof during the vesting term established in Paragraph (b) above. The vesting term shall be memorialized in a Development Agreement in connection with the approval of the Regulating Plan ("Regulating Plan Development Agreement").

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d. **Rights Not Vested.** The establishment of rights vested under this Agreement, the Regulating Plan, and Regulating Plan Development Agreement shall not preclude the application by the City of City ordinances and regulations, including, without limitation, the following:

- i. City building, fire, plumbing, engineering, electrical, and mechanical codes and other similar technical codes and standards of the City;
- ii. City architectural, landscaping, and other development standards that are not inconsistent with the uses and densities permitted by the approved Regulating Plan;
- iii. City regulations regarding the subdivision of land to the extent the same do not conflict with the uses and densities permitted by the approved Regulating Plan;
- iv. Traditional Neighborhood Development standards to the extent the same do not conflict with the uses and densities permitted by the approved Regulating Plan;
- v. Applicable federal regulations;
- vi. Any other general City ordinance or regulation that does not conflict with the uses and densities permitted by the approved Regulating Plan.

**9. TERM.**

**10. ANNEXATION CONTINGENCIES.**

Final approval of the Annexation Ordinance shall not be deemed to have occurred if on or before the thirtieth (30th) day following the effective date of the Annexation Ordinance either a) legal proceedings are commenced challenging the Annexation Ordinance or b) a petition is submitted to the City Clerk for a referendum on the Annexation Ordinance. Either party may, but shall have no obligation, to defend legal proceedings concerning the validity of the Annexation Ordinance.

In the event of a legal challenge and/or referendum, final approval shall occur upon final and non-appealable resolution of legal proceedings and/or referendum results affirming annexation of the Property. The annexation of the Property to the City shall not be effective until the occurrence of final approval.

If a referendum challenge to the Annexation Ordinance succeeds, this Agreement and all provisions contained herein shall be null and void and of no further effect. In the event the Annexation Ordinance or any portion thereof is voided by the final action of any court, this Agreement and all provisions contained herein shall be null and void and of no further effect unless the parties agree in writing to ratify the Agreement and seek to cure the legal defect(s) that resulted in the court action. If the parties agree in writing that such a cure is successful, YVHA may re-apply for annexation.

YVHA may withdraw the petition for annexation and terminate this Agreement if any legal challenge remains unresolved one (1) year after the effective date of the Annexation Ordinance. City shall not be responsible for processing applications for land use approvals relating to the Property and YVHA shall not be responsible for making payment, constructing improvements, or

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dedicating interests in real property to the City during the pendency of any legal challenge to or referendum regarding the Annexation Ordinance.

## 11. MISCELLANEOUS.

a. **Effective Date.** This Agreement is contingent upon the City approval of the annexation and shall become effective as provided for in Paragraph \_\_.

b. **Parties' Authority.** The City and YVHA represent that each has the authority to enter into this Agreement according to applicable Colorado law and the City's Home Rule Charter and Ordinances, and each represents that the terms and conditions hereof are not in violation of any agreement previously entered into by such party. This Agreement shall not become effective until a resolution or other necessary authorizations for the execution of the Agreement are effective.

c. **Recording.** This Agreement shall be recorded in the Routt County Clerk and Recorder's Office in order to put prospective purchasers of the Property or other interested parties on notice as to the terms and conditions contained herein.

d. **Entire Agreement.** This Agreement and the exhibits hereto represent the entire understanding between the parties, and no other agreement concerning the Property, oral or written, made prior to the date of this Agreement, which conflicts with the terms of this Agreement shall be valid as between the parties.

e. **Modification.** This Agreement may be modified by the written agreement of the City and YVHA. No approval of a modification to this Agreement shall be required of any owner or person or entity holding any interest in any portion of the Property unless such right of approval has been specifically assigned to such owner, person, or entity in a written instrument of assignment, but nothing herein shall prohibit the City from requiring the approval of any such amendment in appropriate cases by other owners within the Property as a condition of the City agreeing to such amendment. An amendment to the TND zone district regulations, Regulation Plan, or City ordinances or other City regulations shall not constitute or require an Amendment to this Agreement. All amendments to this Agreement shall be in writing, shall be recorded with the County Clerk and Recorder of Routt County, Colorado, shall be covenants running with the land, and shall be binding upon all persons or entities having an interest in the Property, unless otherwise specified in the amendment.

f. **Additional Remedies.** If at any time any material part hereof has been breached by YVHA, the City may, in addition to other remedies, withhold approval of any or all building or other permits applied for by YVHA on its Property, or withhold issuance of certificates of occupancy, until the breach or breaches has or have been cured.

g. **Binding Effect.** Once the contingencies set forth in Section \_\_ have been satisfied, the agreements and covenants as set forth herein shall be binding upon YVHA and its successors and assigns, and shall constitute covenants or servitudes that shall touch, attach to, and run with



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the land that constitutes the Property. The burdens and benefits of this agreement shall bind and inure to the benefit of all persons who may hereafter acquire an interest in the Property, or any part thereof. YVHA shall as a condition of approval of the Annexation Ordinance execute and record a document acknowledging and ratifying the binding effect of this Annexation Agreement on its successors and assigns to the Property.

h. **Severability.** In case one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

i. **Incorporation of Exhibits.** Exhibits \_\_ through \_\_, inclusive, which are attached hereto, are incorporated herein by reference.

j. **Attorney's Fees.** If any action is brought in a court of law by either party to this Agreement concerning the enforcement, interpretation or construction of this Agreement, the prevailing party, either at trial or upon appeal, shall be entitled to reasonable attorney's fees, as well as costs, including expert witness' fees, incurred in the prosecution or defense of such action.

k. **Notices.** Any notices required or permitted hereunder shall be sufficient if personally delivered or if sent by certified mail, return receipt requested, addressed as follows:

City: Dan Foote  
City Attorney  
City of Steamboat Springs  
137 10th St.  
Steamboat Springs, CO 80487

with copy to: Gary Suitor City Manager  
(which shall not City of Steamboat Springs  
constitute notice) 137 10th St.  
Steamboat Springs, CO 80487

YVHA: Yampa Valley Housing Authority  
Attn: Jason Peasley  
2100 Elk River Road  
Steamboat Springs, CO 80477

with copy to: Elevation Law Group, P.C.  
Attn: George M. Eck III  
P.O. Box 770908  
Steamboat Springs, CO 80487

Notices mailed in accordance with the provisions of this Paragraph shall be deemed to have been given on the 2nd day following mailing. Notices personally delivered shall be deemed to have

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been given upon delivery. Nothing herein shall prohibit the giving of notice in the manner provided for in the Colorado Rules of Civil Procedure for service of civil process

l. **Waiver.** The failure of either party to exercise any of its rights under this Agreement shall not be a waiver of those rights. A party waives only those rights specified in writing and signed by either party waiving such rights.

m. **Applicable Law.** This Agreement shall be interpreted in all respects in accordance with the laws of the State of Colorado.

n. **Counterparts.** This Agreement may be executed in several counterparts and/or signature pages and all counterparts and signature pages so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties are not signatories to the original or the same counterpart or signature page.

o. **Paragraph Headings.** Paragraph headings are inserted for convenience only and in no way limit or define the interpretation to be placed upon this Agreement.

p. **Terminology.** Wherever applicable, the pronouns in this Agreement designating the masculine or neuter shall equally apply to the feminine, neuter and masculine genders. Furthermore, wherever applicable within this Agreement, the singular shall include the plural, and the plural shall include the singular.

q. **Assignment.** The rights and obligations of YVHA under this Agreement may not be assigned without prior written approval of the City, which may be granted or withheld by the City Council acting in its sole and exclusive discretion. Such approval shall not be unreasonably withheld or delayed unless the City Council reasonably believes such denial is justified based upon the reputation, credit, standing, or other similar qualifications of the proposed assignee. The express assumption of any of YVHA's obligations under this Subsection with the written consent of the City will thereby relieve YVHA of such obligations with respect to the matter so assumed and assigned.

r. **No Third-Party Beneficiaries.** Enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to the City and YVHA, and nothing contained in this Agreement shall give or allow any such claim or right of action by any other third party. It is the express intent of the City and YVHA that any party other than the City or YVHA receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

s. **Colorado Constitution, Article X, Section 20.** This Agreement is not intended by the parties to create, and does not create, any multi-fiscal year financial obligation of the City or YVHA. All financial obligations of the City or YVHA hereunder are expressly subject to the annual appropriation of funds by the City Council or the Board of Directors, acting in their sole discretion.

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IN WITNESS WHEREOF, the parties have executed this Agreement the date first written above.

[Signature pages follow]

DRAFT

# AGENDA ITEM #5.

## BROWN RANCH ANNEXATION COMMITTEE

**FROM:** Rebecca Bessey, Planning & Community Development Director

**DATE:** March 15, 2023

**ITEM:** BRAC Agenda Topic Schedule.

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**ATTACHMENTS:**

Attachment 1: BRAC Agenda Topic Schedule (Revised).

Revised 3/7/2023

## BRAC Agenda Topic Schedule

Meeting	Discussion Topic	Primary Party for Packet Material
<b>1:</b> January 20	<b>Meeting Procedures and Schedule</b>	City
<b>2:</b> February 1	<b>Community Outreach Plan</b>	City
	<b>General Plan of Development</b> a) Unit types and numbers b) Phasing plan c) Parks d) Wildfire mitigation e) Public Infrastructure Plan provided by YVHA <ul style="list-style-type: none"> <li>• Water, wastewater, stormwater, multi-modal transportation, Fire Station</li> <li>• Construction costs</li> <li>• Phasing</li> <li>• Maintenance</li> <li>• Onsite v offsite (offsite cost shares)</li> <li>• Exactions/Land Dedications</li> </ul> f) Private Infrastructure Plan provided by YVHA <ul style="list-style-type: none"> <li>• Cable, telecoms, wireless, gas, electricity</li> </ul>	YVHA
<b>3:</b> February 15	<b>City Services/Operations/Maintenance Responsibilities</b> a) City to provide City public utility services <ul style="list-style-type: none"> <li>• Timing dependent construction of infrastructure</li> <li>• Water service</li> <li>• Water Demand Report provided by YVHA</li> <li>• Wastewater, stormwater</li> <li>• Existing fee system</li> </ul>	City
<b>4:</b> March 1	<b>City Services/Operations/Maintenance Responsibilities</b> b) General Municipal Services <ul style="list-style-type: none"> <li>• Transit, streets</li> <li>• Capital equipment needs (Buses, snow removal)</li> <li>• Equitable service levels for SS and BR residents (parties to define)</li> <li>• Identification of equipment/maintenance responsibilities and costs</li> </ul>	City
<b>5:</b> March 15	<b>Fiscal Impact Analysis</b>	YVHA

Meeting	Discussion Topic	Primary Party for Packet Material
6: March 29	<b>Exactions/Dedication of Land</b> a) Parks and open space and trails easement dedications b) Indoor Field House and Sports Complex c) Fire station d) Avigation easements e) Utility easements f) Water rights, Section 25-77(e) (Dedication of appurtenant water rights, or alternative, equal to 110% of the estimated demand.) g) Other agencies, School District, Arts and Humanities	City & YVHA
	<b>City Services/Operations/Maintenance Responsibilities</b> b) General Municipal Services <ul style="list-style-type: none"> <li>• Public safety, parks and open space</li> <li>• Capital equipment needs (fire/police/parks vehicles and equipment)</li> <li>• Equitable service levels for SS and BR residents (parties to define)</li> <li>• Identification of equipment/maintenance responsibilities and costs</li> </ul>	
7: April 12	<b>Fiscal Impact Analysis (continued)</b>	City & YVHA
8: April 26	<b>Public Transportation Infrastructure</b> <ul style="list-style-type: none"> <li>• Traffic Study</li> <li>• Onsite v. offsite (offsite cost shares)</li> </ul>	
9: May 10	<b>Affordability/Attainability of Housing</b> a) Ownership model and breakdown <ul style="list-style-type: none"> <li>• YVHA rental, restricted sales, market rate sales</li> </ul> b) Deed/rental restrictions? <ul style="list-style-type: none"> <li>• Income, workforce, primary residence, STR, Pacaso, etc.</li> <li>• Flexibility over time</li> </ul> c) Conformance with WSSAP	
	<b>Sustainability Measures</b> a) Energy efficiency: LEED, Energy Star, etc., energy conservation, smart home and construction practice tech, living classroom b) Reflective roofs, airtight homes, passive solar, thermal mass, xeriscaping, graywater use, fireproofing, aircrete, permeable surfaces, sidewalks, parks, driveways, walkable neighborhood design, shared spaces/community gathering spaces, integrated pest management plan, EV chargers	
10: May 24	<b>Post Annexation Land Use Approval Process</b> a) Zoning <ul style="list-style-type: none"> <li>• YVHA/City staff to propose TND Zoning with STR Overlay and Airport Overlay.</li> <li>• Result of zoning ordinance cannot be guaranteed; petition may be withdrawn if TND Zoning not granted</li> </ul>	

Commented [RB1]: March 29 or another date?

Meeting	Discussion Topic	Primary Party for Packet Material
	<ul style="list-style-type: none"> <li>• Property may be re-zoned per CDC procedures</li> <li>• YVHA -- requested changes to administrative approvals</li> </ul> <p>b) Subdivision applications</p> <ul style="list-style-type: none"> <li>• Petition may be withdrawn if subdivision applications filed during the annexation process are not approved.</li> </ul> <p>c) CDC shall govern post annexation land use applications</p> <ul style="list-style-type: none"> <li>• Engineering, Water, and Sewer Standards shall apply to post annexation land use applications.</li> <li>• YVEA requested exemptions for infrastructure bonding and surety</li> </ul> <p>d) Fire, building, electrical, etc. Codes shall apply</p> <p>e) Vested Rights</p> <ul style="list-style-type: none"> <li>• Term</li> </ul>	
<b>11:</b> June 7	<p><b>Contingencies</b></p> <p>a) Legal Challenges</p> <p>b) Referendum/Referred Measure</p> <p>c) Annexation shall not occur until forty days have passed from approval of annexation ordinances. City shall not complete statutory process until the forty-day period has expired.</p>	
<b>12:</b> June 21		

# AGENDA ITEM #6.

## BROWN RANCH ANNEXATION COMMITTEE

**FROM:** Jason Peasley, Yampa Valley Housing Authority

**DATE:** March 15, 2023

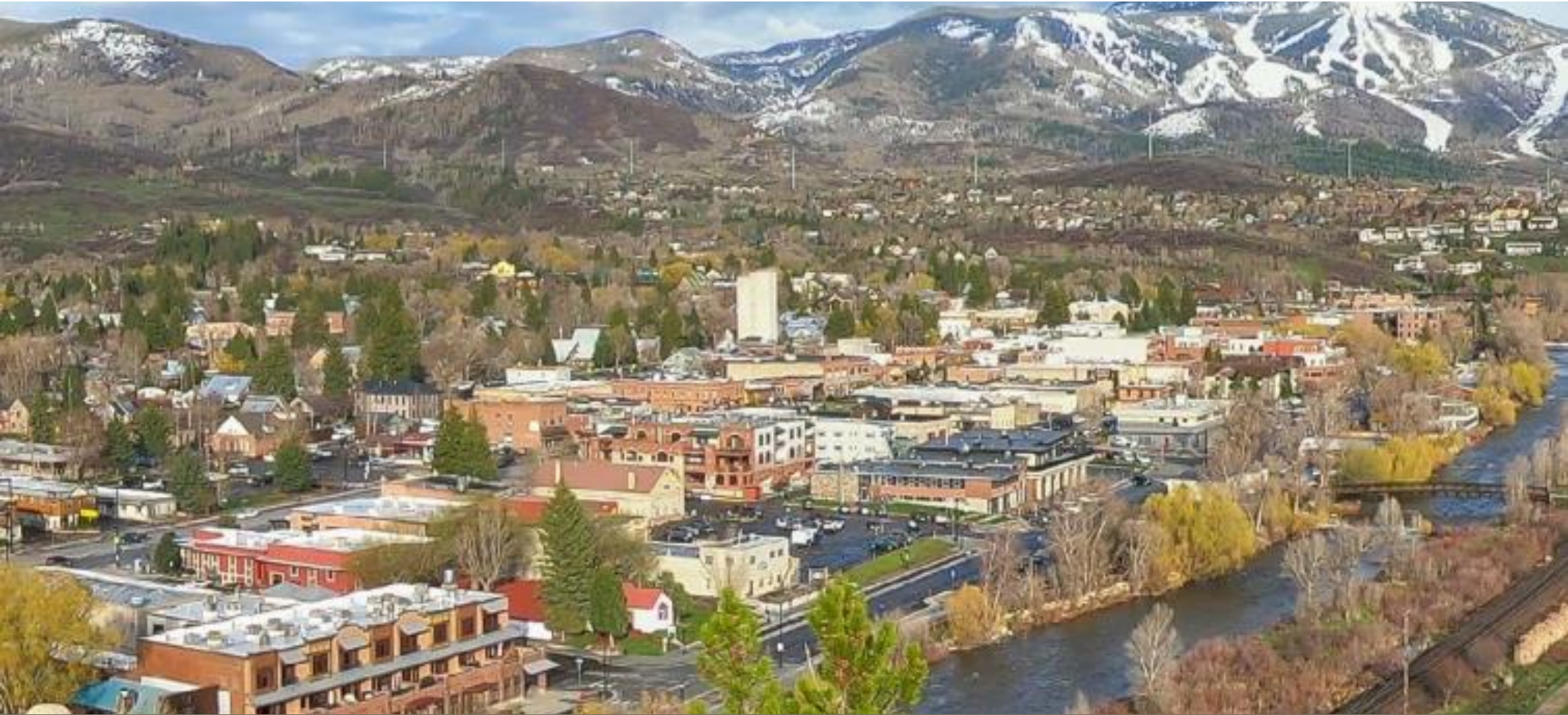
**ITEM:** Fiscal Impact Analysis.

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**ATTACHMENTS:**

Attachment 1: Fiscal Impact Analysis Presentation - to be provide in Rainbow packet.





***(WORKING DRAFT)*** FISCAL IMPACT ANALYSIS

BROWN RANCH DEVELOPMENT  
STEAMBOAT SPRINGS, CO

Since 1967, RCLCO has been the “first call” for real estate developers, investors, the public sector, and non-real estate companies and organizations seeking strategic and tactical advice regarding property investment, planning, and development.

RCLCO leverages quantitative analytics and a strategic planning framework to provide end-to-end business planning and implementation solutions at an entity, portfolio, or project level. With the insights and experience gained over 50 years and thousands of projects—touching over \$5B of real estate activity each year—RCLCO brings success to all product types across the United States and around the world.

Learn more about RCLCO at [www.RCLCO.com](http://www.RCLCO.com).

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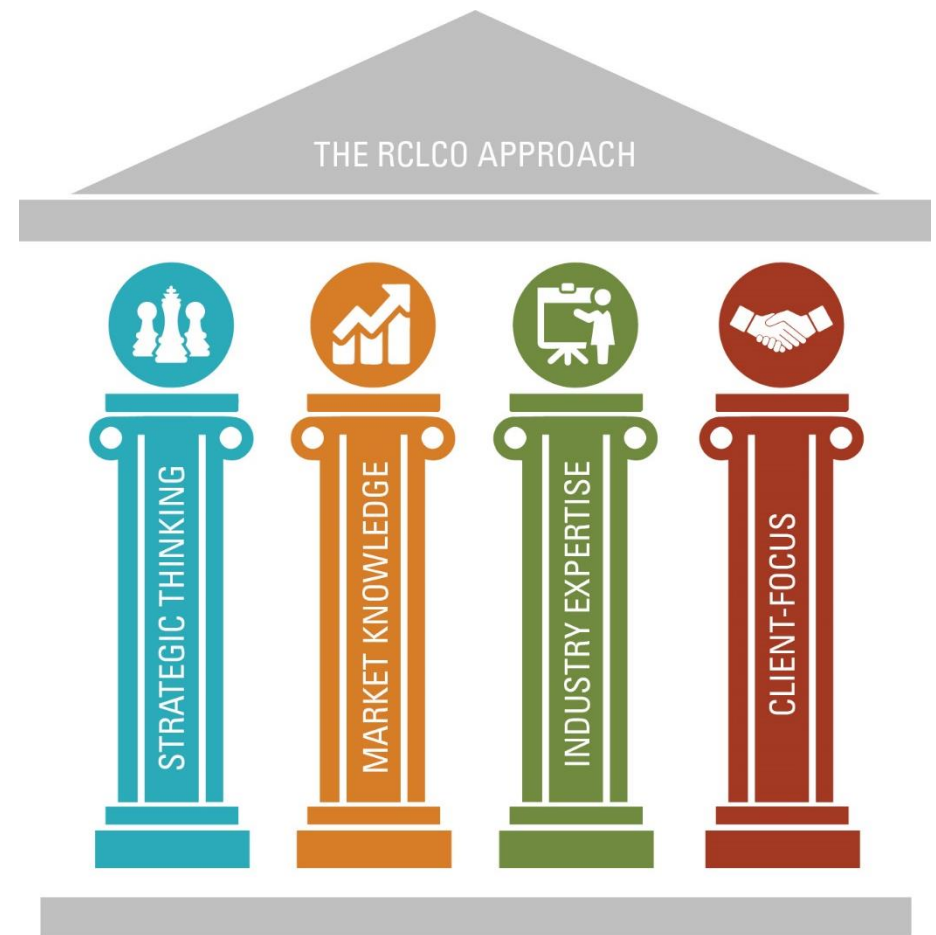
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## OBJECTIVES & KEY FINDINGS

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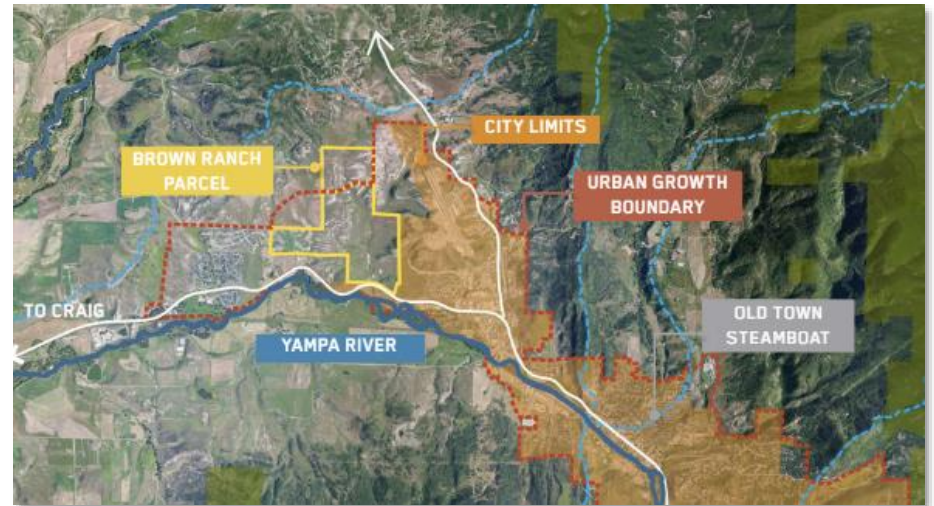
# OBJECTIVES

At buildout, Brown Ranch is contemplated to be a 2,264 -unit development with a mix of products that will serve local workforce households, as well as a small neighborhood-serving commercial core with a mix of civic uses. Given the large scale of development planned for Brown Ranch, there are expected to be significant long-term economic benefits to the City of Steamboat and Routt County more broadly. More workforce housing in Steamboat will not only provide a more stable and diverse community and employment base, but there will also be tangible benefits such as some increase in sales tax, vehicle taxes, and spillover impacts related to lodging taxes as the economy grows. However, given the need for more City and County services, there are also expected to be significant costs.

In order to better understand these trade-offs and inform City Council of the true cost of annexing Brown Ranch into the city boundaries, the Yampa Valley Housing Authority and the City of Steamboat Springs seek a comprehensive fiscal and economic impact analysis as Brown Ranch is considered for annexation, including the following key tasks:

- ▶ Determine major city revenues that would be generated by the Brown Ranch development
- ▶ Determine major city expenses that would be generated by the Brown Ranch development
- ▶ Calculate the projected direct net fiscal impact of the development at Brown Ranch based on projected household, tourist and employment growth induced by the development

**Aerial View**  
Brown Ranch Parcel; March 2023



# KEY FINDINGS - REVENUES

RCLCO identified three major takeaways from the analysis. These findings show how the development and annexation of Brown Ranch has the potential to greatly expand the city’s housing supply to support sustainable growth in Steamboat over the long-term, but will also create a negative impact on the city’s General Fund.

- ▶ The Brown Ranch Development will increase the housing stock within Steamboat Springs by roughly 23%. RCLCO expects the added units will **increase the number of full-time households in the city by 21%**, as well as increase part-time households, tourists and employment from other regions by 8.1%, 4.1% and 5.6%, respectfully.
- ▶ RCLCO projects the annexation and development **will increase the city’s General Fund revenues by \$2,654,051 per year at full buildout**. Likewise, RCLCO projects the development will increase the cities revenues by **\$1,172 per household** annually at full buildout.
- ▶ RCLCO predicts the annexation and development will have a **negative net fiscal impact on the General Fund**. The actual net impact, defined as total revenues less total expenses, is yet to be determined. The expenses will be calculated internally by the City of Steamboat of Springs using a custom analysis. A detailed example of how expenses will be calculated is available on page 15.

## Net Fiscal Impact on General Fund – Cumulative & Per Household Brown Ranch Development & Annexation

Net Revenues				
Net Revenues	2040	Avg. Annual	Phase I Total (2023-2030)	2023-2040 Total
General Fund	\$2,654,051	\$1,509,539	\$4,467,788	\$27,171,699
Sales Tax	\$2,003,081	\$1,173,225	\$3,677,760	\$21,118,052
Vehicle Tax	\$237,080	\$121,274	\$277,291	\$2,182,933
Franchise Fee	\$109,176	\$57,427	\$141,319	\$1,033,680
General Gov	\$21,645	\$11,218	\$26,573	\$201,922
Fire & Police	\$71,830	\$36,749	\$84,060	\$661,480
Parks & Rec	\$103,983	\$54,333	\$131,468	\$977,988
Other	\$107,256	\$55,313	\$129,317	\$995,643
<b>TOTAL REVENUE</b>	<b>\$2,654,051</b>	<b>\$4,061,633</b>	<b>\$28,255,997</b>	<b>\$1,414,985</b>

Net Revenue Per Household				
Net Revenue Per Household	2040	Avg. Annual	Phase I Total (2023-2030)	2023-2040 Total
General Fund	\$1,172	\$667	\$1,973	\$12,002
Sales Tax	\$885	\$518	\$1,624	\$9,328
Vehicle Tax	\$105	\$54	\$122	\$964
Franchise Fee	\$48	\$25	\$62	\$457
General Gov	\$10	\$5	\$12	\$89
Fire & Police	\$32	\$16	\$37	\$292
Parks & Rec	\$46	\$24	\$58	\$432
Other	\$47	\$24	\$57	\$440
<b>TOTAL REVENUE</b>	<b>\$1,172</b>	<b>\$667</b>	<b>\$1,973</b>	<b>\$12,002</b>

Note: All findings are in 2023 dollars and are not inflation adjusted

Source: RCLCO

## OVERVIEW & METHODOLOGY

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# SUMMARY OF PLANNED DEVELOPMENT

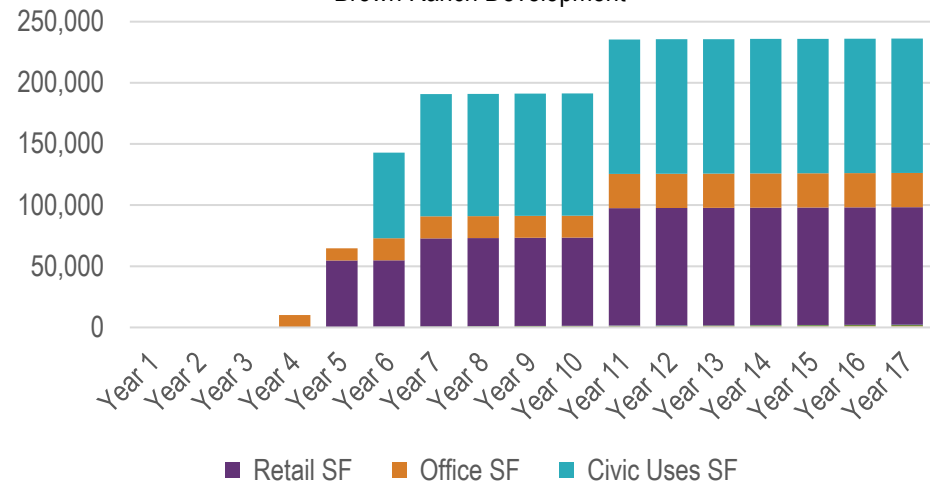
## BROWN RANCH IS EXPECTED TO INCLUDE 2,264 HOMES AND INCREASE THE HOUSING SUPPLY WITHIN STEAMBOAT SPRINGS BY 20% AT BUILD OUT

- ▶ Brown Ranch is a 534-acre site located northwest of the existing Steamboat Springs city limits. Initial plans for the site include development of several residential uses, for a total of 2,264 housing units.
- » The development will target existing full-time households within Routt County, as opposed to part-time households or seasonal users. Given the current housing supply of roughly 10,000 units in Steamboat Springs, this development will create a significant increase to the housing stock and will assuage housing supply issues for the local workforce, allowing Steamboat to grow in a sustainable manner.
- ▶ In addition to significant housing supply increases, Brown Ranch will include a town center which incorporates retail, civic and office space.

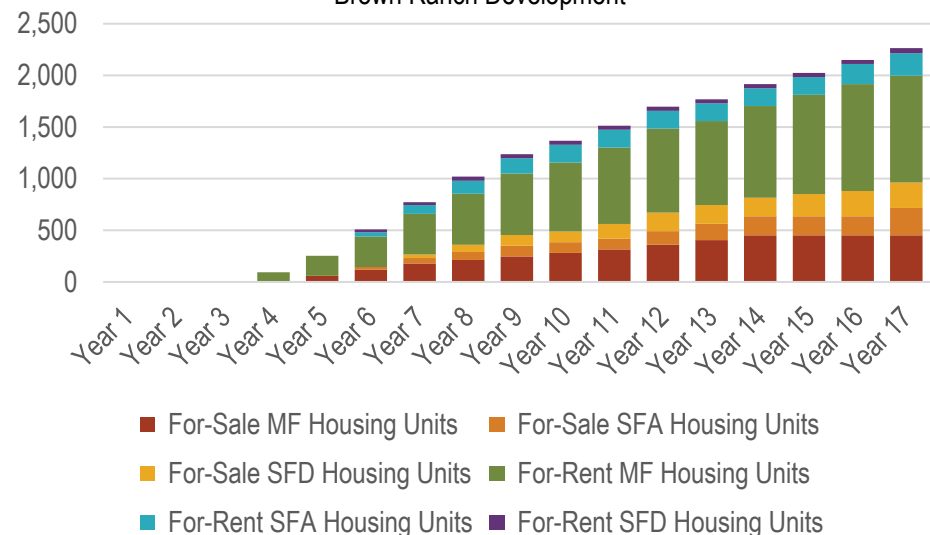
### Current Development Program; Brown Ranch; March 2023

LOCATION AND USE	QUANTITY
<b>Total Residential</b>	<b>2,264</b>
For-Sale MF Housing Units	451
For-Sale SFA Housing Units	266
For-Sale SFD Housing Units	245
For-Rent MF Housing Units	1,035
For-Rent SFA Housing Units	218
For-Rent SFD Housing Units	49
<b>Total Commercial</b>	<b>234,000 SF</b>
Retail SF	96,000 SF
Office SF	28,000 SF
Civic Uses SF	110,000 SF

Square Footage of Commercial Space by Year and Type;  
Brown Ranch Development



Residential Units by Year;  
Brown Ranch Development



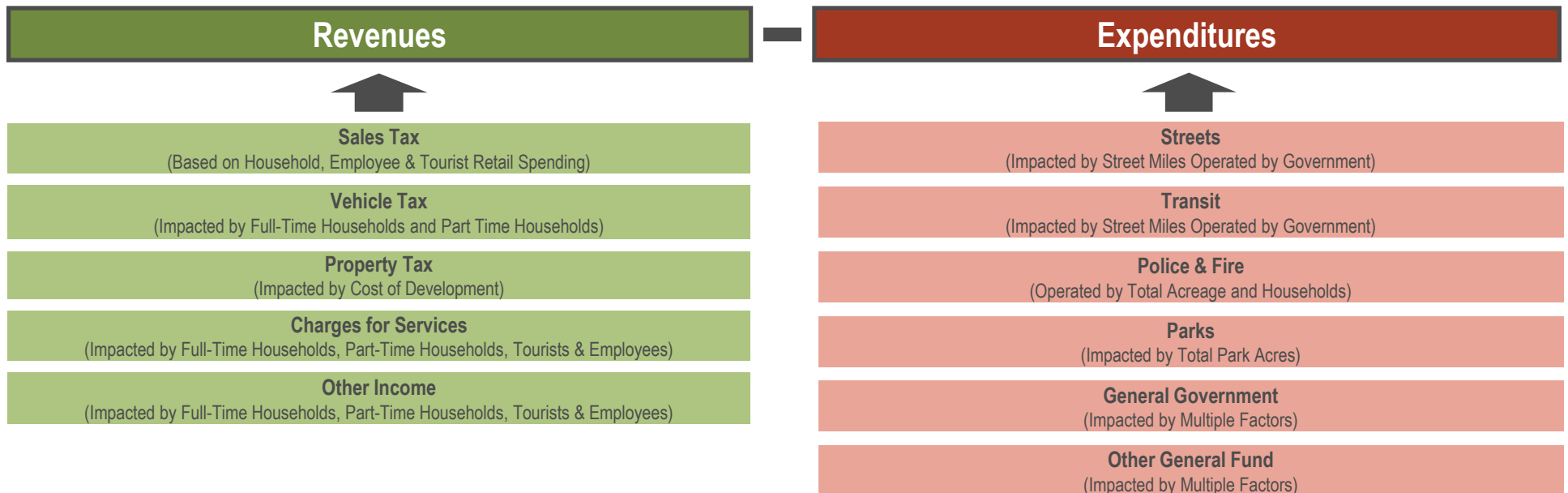
SOURCE: RCLCO



# FISCAL IMPACT OVERVIEW & METHODOLOGY

- ▶ The analysis summarized in this report calculates the net fiscal impact of the development that will occur at Brown Ranch. The net fiscal impact is defined as the annual tax revenues that Brown Ranch will generate less annual expenses. For the purpose of the study, RCLCO focused the analysis specifically on the cities General Fund.
- ▶ To calculate revenues, RCLCO first identified the expected revenue streams outlined in the 2023 Steamboat Springs Adopted Budget. For each revenue stream, RCLCO determined what percentage was fixed and would not increase with additional development, and what percentage is variable and likely to increase as Brown Ranch takes shape. RCLCO then used expected household growth, tourism growth and employment growth induced by the Brown Ranch development (see page 11-14) in order to determine the net impact the development is likely to have on each of Steamboat Springs revenue streams.
  - » **Sales Tax** was calculated using a custom analysis. In order to project sales tax, RCLCO calculated annual taxable retail spending by full-time household, part-time household, tourist and Steamboat employees living elsewhere, and then applying that figure to the relevant tax rate and expected growth induced by Brown Ranch. Additional analysis was used to account for sales tax induced by on-site retail, with considerations taken for possible cannibalization in the market.
- ▶ Barring streets, expenses have not yet been calculated. Expense streams will be calculated internally through the city of Steamboat Springs utilizing custom and detailed analysis to determine total costs.

## Calculation of Net Fiscal Impact; Brown Ranch Development & Annexation



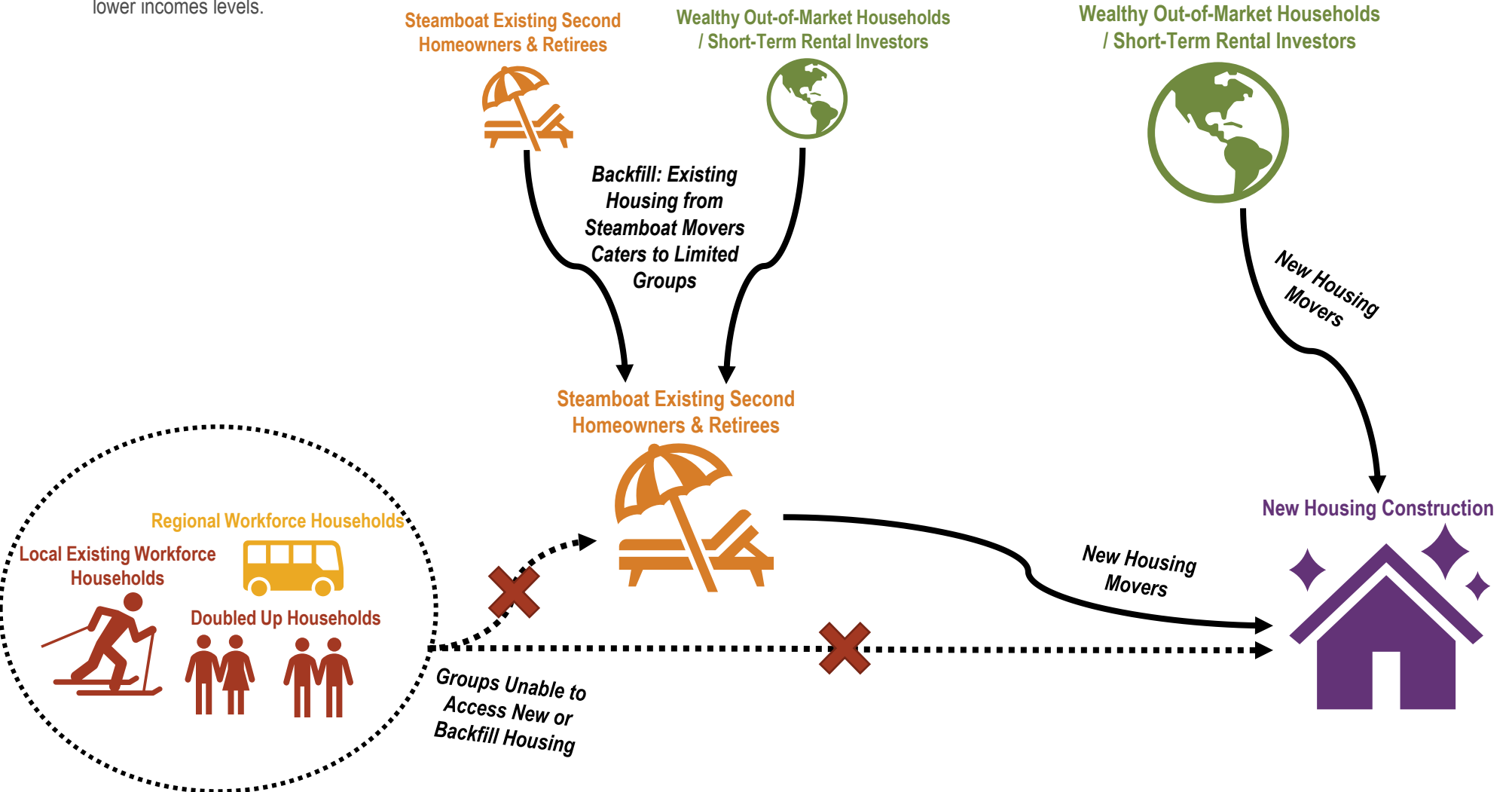
Source: RCLCO

## NET IMPACTS

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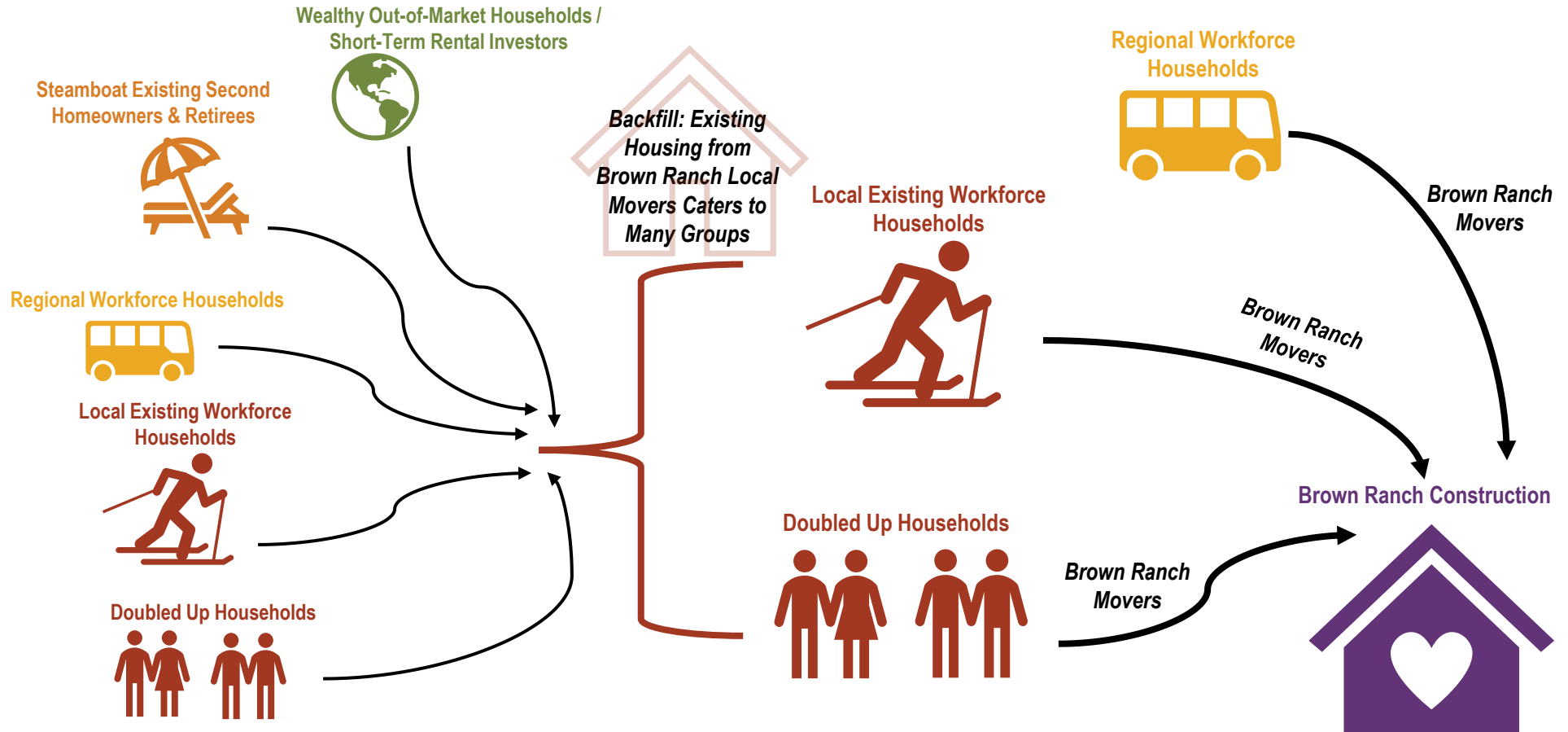
# EXISTING NET NEW HOUSING SUPPLY IMPACTS

- ▶ Today, the cost of new housing is too high to serve existing local households; new supply only impacts wealthy part-time homeowners or retirees, relocating from elsewhere within Steamboat or another area.
- ▶ Any “backfilling” (vacated supply opening up) that occurs from those relocating to new housing within Steamboat, is also limited to wealthy part-time homeowners or retirees due to the high prices in the Steamboat housing market. Essentially, this means there is a housing “log jam” effect with new supply unable to serve local households at moderate or lower incomes levels.



# BROWN RANCH NET NEW HOUSING SUPPLY IMPACTS

- ▶ In contrast, Brown Ranch is expected to cater to local workforce households, instead of wealthy part-time homeowners or retirees.
- ▶ While a share of new units at Brown Ranch are expected to generate direct net new household growth (largely due to some workforce households living in other parts of Routt or Meeker counties relocating to Brown Ranch), a large share of moves to Brown Ranch will consist of existing Steamboat workforce households relocating within the market.
- ▶ Backfilling in this case is more diverse; the vacated housing supply opened up by shifting Steamboat workforce households will result in net new growth in additional workforce, part-time, and short-term rental units.



# NET NEW GROWTH SUMMARY

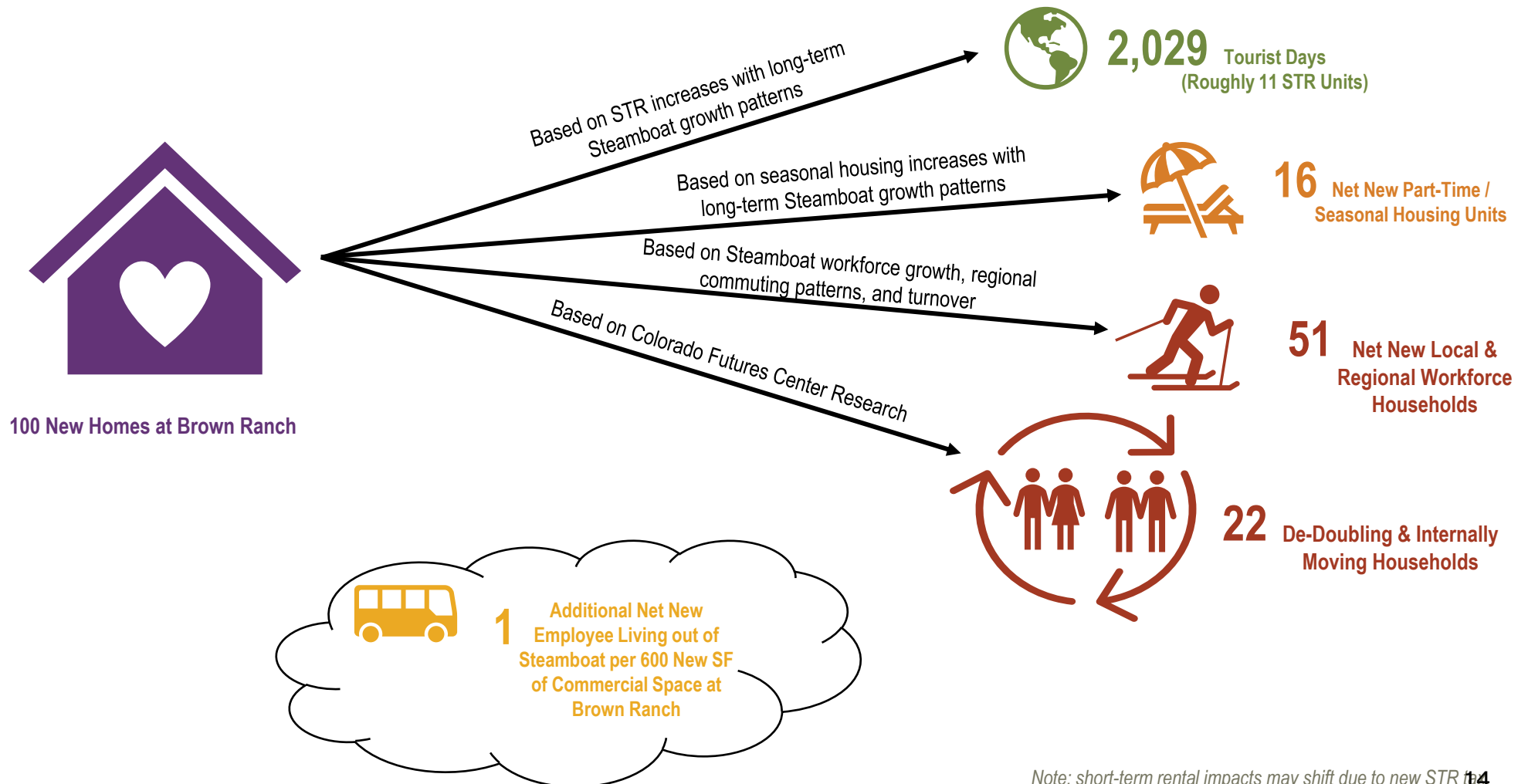
## RCLCO ANALYZED FOUR GROUPS THAT THE BROWN RANCH DEVELOPMENT WILL IMPACT: FULL-TIME HOUSEHOLDS, PART-TIME HOUSEHOLDS, TOURISTS, AND STEAMBOAT EMPLOYEES LIVING OUTSIDE THE CITY LIMITS

- ▶ RCLCO used existing Census and housing data in order to determine housing supply levels, workforce dynamics and household preferences. Using this data and a statistical model, RCLCO was able to forecast how new development at Brown Ranch will increase the number of full-time and part-time households, tourists and Steamboat employees living outside the city. RCLCO limited the analysis to these four groups because they are the ones expected to most impact the city’s revenues and expenses.
- ▶ RCLCO expects household development on site will not generate a 1:1 increase in household growth, due to tenure shifts/internal moves within the city, as well as some “de-doubling” of existing households. This household movement within the city and de-doubling is factored into the growth metrics below.
  - » In general, Brown Ranch will have the largest impact on full-time households, due mostly to the site’s workforce-oriented nature which will target those currently working in Routt County. For every 100 homes built at Brown Ranch, RCLCO projects the city will add 51 full-time households – mostly from those who can’t currently afford to live within city limits or can’t find a home due to housing constraints.
  - » For every 100 households built, RCLCO projects the city will add 16 part-time households. These additions come mostly from backfilled homes already existing within the city; numerous households in Steamboat Springs will likely move to Brown Ranch for the increased affordability, and their houses may be turned over/filled by part-time owners.
  - » Tourism is expected to increase marginally due to Brown Ranch. Tourists will mostly stay in part-time households which are rented out while the owners are away.
  - » Brown Ranch will develop significant office, retail and civic space, which will drive additional employment. In order to avoid double counting, RCLCO only considers anticipated additional employees not living within Steamboat Springs when calculating the fiscal impact the commercial development will have on the city.

GROUP	DEFINITION/ EXPLANATION	NET INCREASE	TOTAL GROWTH AT FULL BUILD-OUT
Full-Time Households	Households which spend the majority of their time within Steamboat	51 Additions per 100 Homes Built	21%
Part-Time Households	Second-home owners who come to Steamboat seasonally	16 Additions per 100 Homes Built	8.1%
Tourists	Tourists who are visiting	2,029 Additional Tourist Days per 100 Homes Built	4.1%
Employees Living Elsewhere	Employees who work within Steamboat but live nearby	One Addition per 600 SF of Retail/Civic/Office, on Average	6.2%

# NET NEW GROWTH SUMMARY

**NEW DEVELOPMENT AT BROWN RANCH WILL BENEFIT STEAMBOAT – CREATING A SUSTAINABLE COMMUNITY BY INCREASING THE NEW HOUSING SUPPLY IN A WAY THAT HAS TRICKLE-DOWN IMPACTS FOR MANY DIFFERENT AUDIENCES**



Note: short-term rental impacts may shift due to new STR **14**

# TOTAL EXPENDITURES – STREETS EXAMPLE

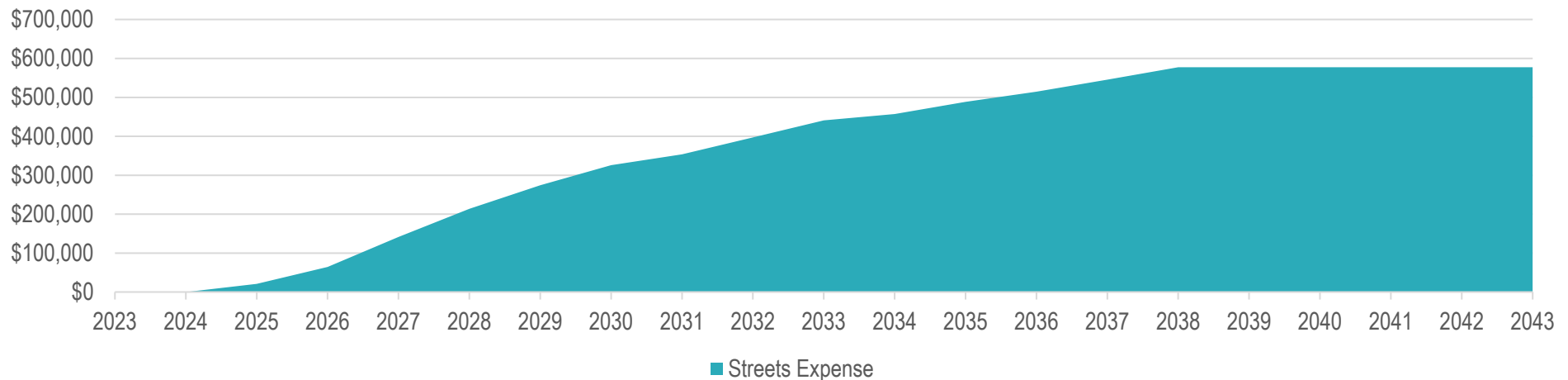
## BROWN RANCH WILL INCREASE THE CITY’S STREETS EXPENSE BY \$577,450 ANNUALLY AT FULL BUILD-OUT

- ▶ The City of Steamboat Springs used a custom analysis in order to calculate total street expenditures caused by the Brown Ranch Development. Using detailed expense data provided through the Streets Department, the city was able to determine the total operating cost per mile of paved roads. Assuming the development adds 23.53 miles of streets, the analysis suggests the development will cost the General Fund \$577,450 per year at full build-out.
  - » RCLCO used the lesser of two cost figured provided by Steamboat Springs; these estimates excludes outlay costs.
- ▶ This analysis is meant to serve as an example for how different expenses will be calculated. Generally, the city of Steamboat Springs will develop a custom analysis based on current expense data in order to project costs incurred as a result of Brown Ranch.

Streets Expense Per Lane Mile;  
City of Steamboat Springs

STREETS EXPENSE ANALYSIS	
Additional Street Miles	23.53
Current Operating Cost Per Mile	\$25,092
Additional Employees	3 Employees - \$265,000
Additional Equipment Needed to Purchase	3 Pieces of Equipment - \$771,500
All-In Cost Per Mile	\$24,541*
Total Cost at Full Build-Out	\$577,450

**Brown Ranch Induced Streets Expense, First 20 Years;**  
Brown Ranch Development & Annexation



Note: All-In Cost Per Mile decreases because the number of miles increases and there are some fixed costs  
Dollar amounts are in 2023 dollars, additional street miles is an estimate

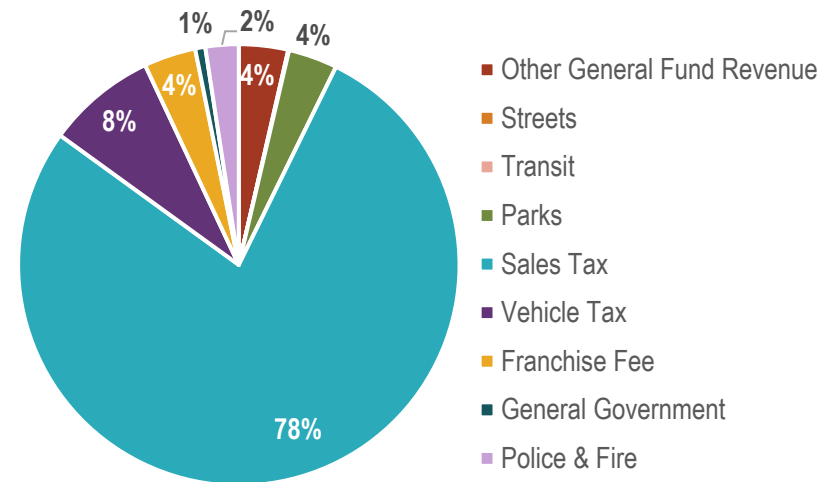
Source: RCLCO

# TOTAL REVENUES – STREETS EXAMPLE

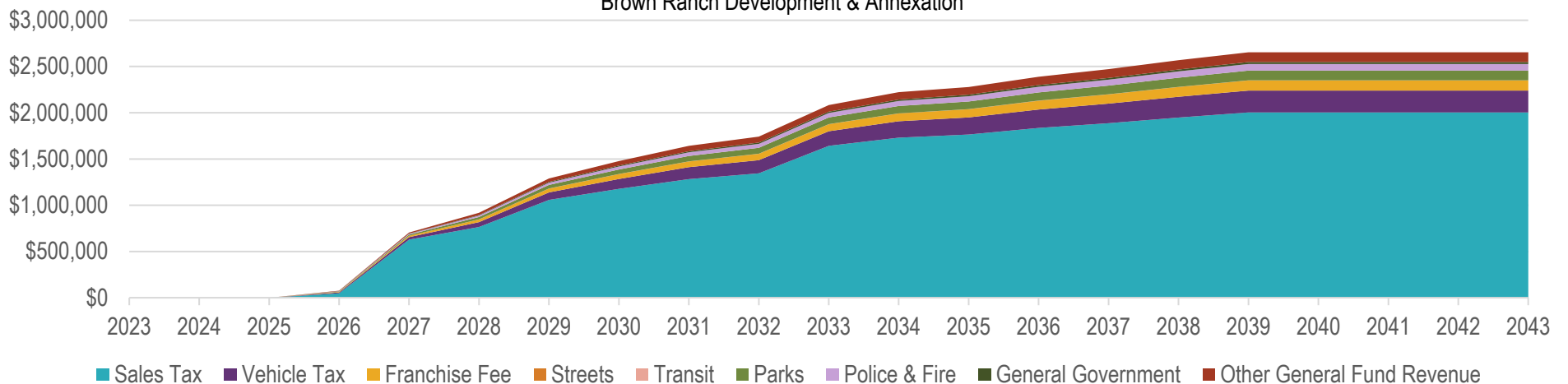
## BROWN RANCH WILL GENERATE \$2,654,000 ANNUALLY AT FULL BUILD-OUT, WITH VERY LIMITED COMING FROM STREETS

- ▶ Using the framework outlined on page 9, RCLCO projects Brown Ranch will increase General Fund revenues by \$1,509,000 annually on average through 2040. At full build-out, RCLCO projects the General Funds revenues will increase by \$2,654,000 annually.
- ▶ These figures are in 2023 dollars and are not inflation adjusted. Likewise, the addition to the city’s revenues above is based only on revenues caused by Brown Ranch and excludes other revenues the city may incur between now and then.
  - » RCLCO projects the majority of Brown Ranch induced revenues will come from sales tax. Sales tax currently makes up about 67% of General Funds revenues and is considered a highly variable income stream.
- ▶ Streets make up a small portion of General Fund revenues and is not considered a major income stream. The adopted 2023 budget projects streets will generate \$20,000 in revenue, or 0.04% of all income. RCLCO projects Brown Ranch will increase this number marginally to \$21,857 at full build-out.

**Brown Ranch Induced General Fund Revenues by Source, First 20 Years; Brown Ranch Development & Annexation**



**Brown Ranch Induced General Fund Revenues by Source, First 20 Years; Brown Ranch Development & Annexation**



Note: Dollar amounts are in 2023 dollars.

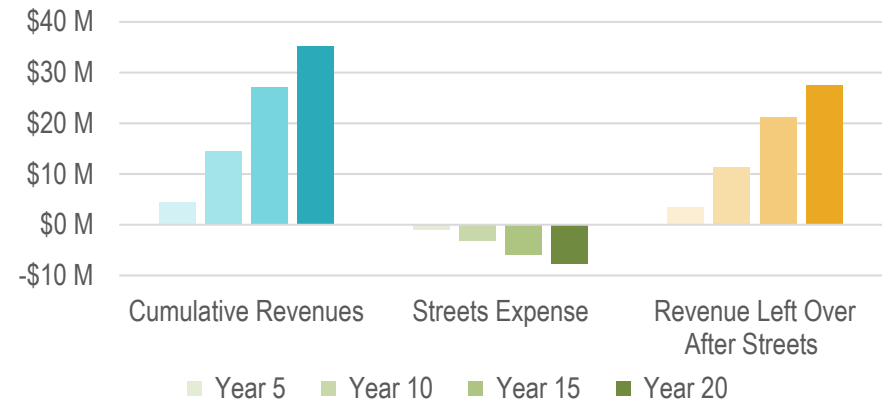
Source: RCLCO



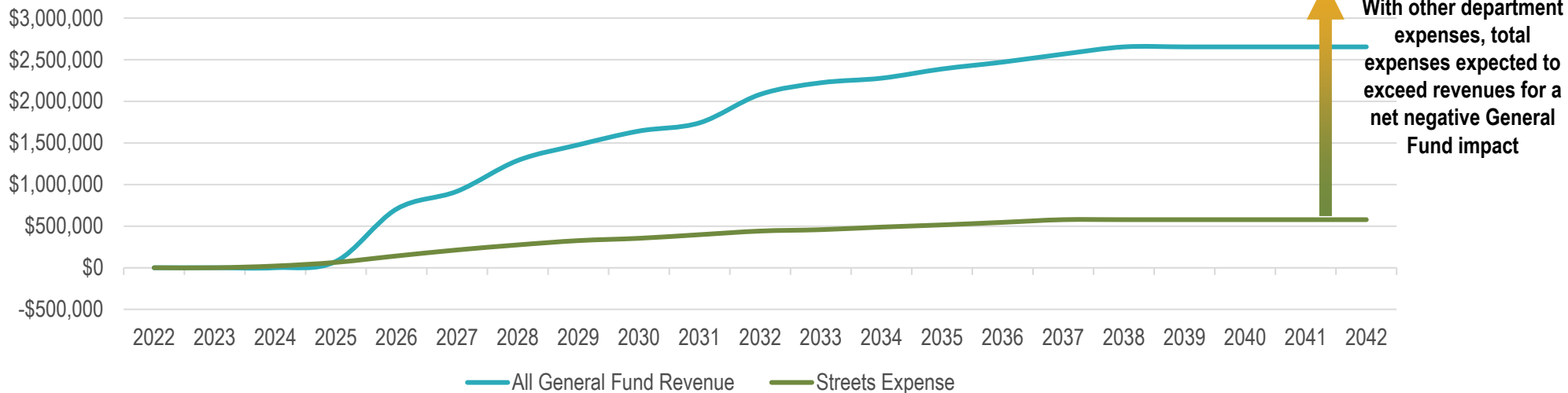
# NET FISCAL IMPACT – STREETS EXAMPLE

## RCLCO SUSPECTS BROWN RANCH WILL GENERATE SIGNIFICANT REVENUE, BUT WILL ULTIMATELY HAVE A NET NEGATIVE IMPACT ON THE CITY'S GENERAL FUND

- ▶ RCLCO projects that Brown Ranch will generate \$2,654,000 at full buildout. Meanwhile, The city of Steamboat Springs project Brown Ranch will cost the city \$577,000 annually in order to operate the city streets. The analysis does not yet include the impact Brown Ranch will have on other expenses within the city's General Fund, including transit, fire, parks, police and general government.
- ▶ The total net fiscal impact will not be available until RCLCO obtains all cost estimates from the city of Steamboat Springs. Current expectations are that Brown Ranch will have a significantly negative net fiscal impact and will cost the city money during and after development.



**Cumulative Revenues, and Streets Expenses Induced by Brown Ranch;  
City of Steamboat Springs**



Note: Dollar amounts are in 2023 dollars.

Source: RCLCO

# ADDITIONAL CONSIDERATIONS & NEXT STEPS

## **WHILE THIS ANALYSIS FOCUSES ON THE GENERAL FUND, ON WHICH BROWN RANCH IS EXPECTED TO HAVE A NET NEGATIVE FISCAL IMPACT, THERE OTHER ARE POSITIVE REVENUE STREAMS THAT CAN OFFSET SOME OF THE IMPACT**

- ▶ **Building Use Taxes** and **Excise Taxes** are calculated using the development's expected cost of construction and applying the relevant tax rates to determine revenues. Brown Ranch could generate up to \$30M in these taxes that can be used for capital projects.
- ▶ The short-term rental tax is expected to drive up to \$14M in revenue; part of this could be earmarked to offset some of the Brown Ranch fiscal impacts.

## **NEXT STEPS WILL DRIVE TOWARD AN UNDERSTANDING OF THE TRUE NET IMPACT OF BROWN RANCH, AGGREGATING ALL THE CITY DEPARTMENT EXPENSES AND REVENUES**

- ▶ RCLCO will continue to work with the various city departments to estimate detailed expenses similar to the streets example.
- ▶ RCLCO will continue to refine revenue assumptions based on fixed and variable revenue streams due to the net new growth generated by Brown Ranch.

## DISCLAIMERS

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# CRITICAL ASSUMPTIONS

Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they are reflective of changing market conditions.

We assume that the economy and real estate markets will experience a period of slower growth in the next 12 to 24 months, and then return to a stable and moderate rate in 2024 and beyond. However, stable and moderate growth patterns are historically not sustainable over extended periods of time, the economy is cyclical, and real estate markets are typically highly sensitive to business cycles. Further, it is very difficult to predict when inflection points in economic and real cycles will occur.

With the above in mind, we assume that the long-term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

Our analysis does not consider the potential impact of future economic shocks on the national and/or local economy, and does not consider the potential benefits from major "booms" that may occur. Similarly, the analysis does not reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

As such, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, we assume that the following will occur in accordance with current expectations:

- ▶ Economic, employment, and household growth
- ▶ Other forecasts of trends and demographic and economic patterns, including consumer confidence levels
- ▶ The cost of development and construction
- ▶ Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth)
- ▶ Availability and cost of capital and mortgage financing for real estate developers, owners and buyers
- ▶ Competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand
- ▶ Major public works projects occur and are completed as planned

Should any of the above change, this analysis should be updated, with the conclusions reviewed accordingly (and possibly revised).

# GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.





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