

VAIL TOWN COUNCIL REGULAR MEETING

Evening Agenda



Town Council Chambers

6:00 PM, February 7, 2017

Notes:

Times of items are approximate, subject to change, and cannot be relied upon to determine what time Council will consider an item.

Public comment will be taken on each agenda item.

Citizen participation offers an opportunity for citizens to express opinions or ask questions regarding town services, policies or other matters of community concern, and any items that are not on the agenda. Please attempt to keep comments to three minutes; time limits established are to provide efficiency in the conduct of the meeting and to allow equal opportunity for everyone wishing to speak.

1. Citizen Participation

2. Consent Agenda

- 2.1. Minutes from January 17, 2017 meeting 5 min.

3. Town Manager Report

4. Action Items

- 4.1. Present an update and schedule on the planning and entitlement process for Chamonix Vail. 60 min.

Presenter(s): George Ruther, Director of Community Development;
Kathleen Halloran, Director of Finance and Michael O'Connor, Triumph
West Development

Action Requested of Council: The development team is requesting that the
Vail Town Council provide direction and answers to the following three
questions:

1. **Does the Vail Town Council support the development schedule as recommended? If not, what changes are needed to gain the Town Council's support?**
2. **Is the Vail Town Council supportive of continuing to pursue a single phase of construction as contemplated in the development schedule?**
3. **Is the Vail Town Council supportive of funding the development of Chamonix Vail with cash from town reserves?**

Background: The development team has created a [Chamonix Vail Housing Critical Path Schedule](#) for the completion of Chamonix Vail. The critical path schedule, as recommended, reduces costs, minimizes risk, allows for

informed decision making to continue, and ensures the Town Council achieves its adopted goal of growing a thriving and balanced community. As recommended, the critical path schedule continues to push for a late April – early May construction start with the first homes available for occupancy in before the end of the year. This schedule, while aggressive, is appropriate and achievable.

Staff Recommendation: The Community Development Department recommends the Vail Town Council affirms their support for the critical path schedule, as recommended by the development team, and in doing so, continues to support a single phase of development that utilizes cash funds from town reserves to pay for the cost of constructing the Chamonix Vail development.

5. Adjournment

5.1. Adjourn at 7:10 p.m.

Meeting agendas and materials can be accessed prior to meeting day on the Town of Vail website www.vailgov.com. All town council meetings will be streamed live by High Five Access Media and available for public viewing as the meeting is happening. The meeting videos are also posted to High Five Access Media website the week following meeting day, www.highfivemedia.org.

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VAIL TOWN COUNCIL AGENDA MEMO

ITEM/TOPIC: Minutes from January 17, 2017 meeting

ATTACHMENTS:

Description

Minutes from January 17, 2017 meeting

The regular meeting of the Vail Town Council was called to order at approximately 6:00 P.M. by Mayor Chapin.

Members present:	Dave Chapin, Mayor Jenn Bruno, Mayor Pro Tem Dick Cleveland Kevin Foley Kim Langmaid Jen Mason Greg Moffet
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Staff members present:	Stan Zemler, Town Manager Matt Mire, Town Attorney Patty McKenny, Town Clerk
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1. Citizen Participation

Greg Bemis, resident, thanked the town for addressing the Vail Commons access gate.

Paul Rondeau, resident, spoke about his “VOICES” acronym which was an attempt to describe Vail’s resident housing and suggested it be used as a “term to describe the local housing”. He also noted the need for an annual report about the town’s subsidized housing programs and general housing information.

Steve Lindstrom, VLHA, shared that the Housing Authority uses the term “resident housing” and some of the town document uses “employee housing unit (EHU), when addressing the topic. He also shared that their action plan will include an annual strategic report and update.

Michael Dunahay, thanked the community for their support during the November election in his run for county commissions.

2. Consent Agenda

2.1. Minutes from December 20, 2016 meeting

2.2. Minutes from January 3, 2017 meeting

2.3. Resolution No. 3, Series of 2017, Resolution Designating a Public Place Within the Town of Vail for the Posting of Notice for Public Meetings of the Vail Town Council, Planning and Environmental Commission, Design Review Board, and Other Boards, Commissions, and Authorities of the Town of Vail

2.4. Resolution No. 4, Series of 2017, A Resolution Approving an Intergovernmental Agreement Between the Town of Vail and the Eagle County Housing and Development Authority Regarding the Management of the Town of Vail Deed Restricted Properties; and Setting Forth Details in Regard Thereto

Moffet moved to approve the consent agenda; Foley seconded the motion and it passed unanimously.

3. Town Manager Report

There were no items reported on at this time.

4. Action Items

4.1. Resolution No. 2, Series of 2017 - A Resolution Supporting the Goals of the Climate Action Plan (CAP) for the Eagle County Community

Presenter(s): Kristen Bertuglia, Environmental Sustainability Manager

Action Requested of Council: Staff requests the Vail Town Council review the Climate Action Plan (CAP) for the Eagle County Community, participate in the discussion and consider for approval Resolution No. 2, Series of 2017.

Background: Over thirty (30) diverse stakeholders from the Eagle County community participated in a nine (9) month-long process to develop the CAP and associated goals of reducing greenhouse gas emissions by 25% by 2025 and 80% by 2050 in accordance with the recommendations of the Intergovernmental Panel on Climate Change (IPCC). The Vail Town Council is being asked to approve Resolution No. 2, Series of 2017, in support of these goals.

A presentation was made by Bertuglia after an introduction was made of the numerous stakeholders involved in the project. Others who addressed the process and plan included John Gitchell, environmental sustainability coordinator for Eagle County, and Larissa Reed, Common Ground Environmental Consulting, LLC. There was a review made of the listing of the recommended actions addressing the following areas of focus:

- ✓ Education & Outreach
- ✓ Commercial & Residential Buildings
- ✓ Waste & Landfill
- ✓ Transportation & Mobility
- ✓ Energy Supply

There were both council and public input on the topic as follows:

- Have there been completed any cost-benefit studies for the recommendations
- How does life safety get connected w/ the climate action plan
- A challenge to the community to also make a difference with the implementation of small steps
- Pat Tierney, resident, supported making investments to maintain the natural environment.
- Stephen Connelly, resident, suggested two more initiatives that could be implemented, 1) ban plastic bag use in the commercial industry, 2) adopt limitations on idling vehicles,
- Greg Bemis, resident, inquired about what Vail Resorts is doing and their impact on the community.
- Shawn Brockman, resident, supported the resolution noting some specific areas that would lend towards implementing the plan, i.e. commercial compost facility.
- Wendy Erb, resident, expressed support for more action related to transportation improvements, bus service and charge for parking.

Langmaid moved to approve Resolution No. 2, Series of 2017 - A Resolution Supporting the Goals of the Climate Action Plan (CAP) for the Eagle County Community. Mason seconded the motion and it passed (7-0). The Council thanked all involved in developing the climate action plan.

5. Public Hearings

5.1. Ordinance No. 35, Series of 2016, First Reading, An Ordinance establishing Special Development District No. 41 (Marriott Residence Inn), pursuant to Section 12-9(A), Special Development Districts, Vail Town Code, to allow for the development of a limited service lodge and deed restricted employee housing units and a conditional use permit for public or commercial parking facilities or structures, located at 1783 North Frontage Road West/Lots 9-12, Buffehr Creek Resubdivision, and setting forth details in regard thereto. (PEC16-0030)

Presenter(s): George Ruther, Director of Community Development

Action Requested of Council: The Vail Town Council shall approve, approve with modifications, or deny Ordinance No. 35, Series of 2016, upon first reading.

Background: The purpose of the proposed Special Development District (SDD), is to facilitate the redevelopment of the former Roost Lodge site with a 170 unit Marriott Residence Inn limited service lodge (LSLU), 107 Type III deed-restricted employee housing units (EHUs), six (6) unrestricted rental dwelling units, and a commercial parking facility, located at 1783 North Frontage Road West.

Staff Recommendation: The Town of Vail Planning and Environmental Commission recommends that the Vail Town Council approves, with conditions, Ordinance No. 35, Series of 2016 on first reading, to allow for the establishment of Special Development District No. 41, Marriott Residence Inn, and set the date of the second reading of this ordinance for February 21, 2017.

Chapin introduced the topic by reading the ordinance title and Ruther noted the public hearing was continued for another first reading at this time. He reviewed the memo and highlighted the concerns heard at the first hearing on January 3, 2017. He presented information that helped address the process associated with special development district reviews. There were references to the history of development on the site as well as a summary about the vesting of property rights related to the site. Dominica Mauriello, Mauriello Planning Group, addressed the Town Council as well with another presentation, which included a description of the proposal which included 170 mid priced hotel rooms, 96 deed restricted retnal units, 6 free market rentals and 29 surplus parking spaces. He presented a number of supportive testimonials made by the public, the results of the PEC meetings with their support, and the additional changes they've made to the project, i.e. reduced building height and reduced the number of EHU units. He spoke about the revenue losses associated with the changes, noted the timeline of development and proposed applications for the property. There were some renderings presented that showed the proposed building next to the existing structures. He also spoke about the a number of other topics, including the retaining wall, the left turn lane and traffic impacts, parking, dog restrictions, landscaping buffers, and the structure of the deed restriction program. And finally he reviewed the comments related to the design criteria and noted the public benefits they see with the proposed project.

After a brief break, Chapin asked for public input at this time.

- Leah O'Brian, resident, supported the project in light of the housing it would offer.
- Randy Guerriero, resident, expressed concern that the project doesn't meet the character of their neighborhood, concern about too many dogs, the traffic impacts, the increased density it will bring, the need for the left lane to be built, and concern about the implementation of the deed restriction program.
- Rick Smith, VVMC, voiced support for the project as it would help solve some of the housing issues faced by employers.
- Adelle Picking, resident, opposed to the project as it block view corridors, it does not fit the neighborhood.
- Stephen Connelly, resident, noted the difficulty with this decision and that any surveying that was completed was not scientific. He wondered if there was more credit being given to the future community of Vail rather than the existing community of Vail.
- Barbara Brindin, expressed opposition to the project noting it was too large for the neighborhood and was frustrated by the process and the lack of listening to the neighborhood.
- Chris Romer, Vail Valley Partnership, expressed support in representing the businesses in the town and the valley.
- Michael Donehey, Beaver Creek resident, supported any affordable housing for the region.
- Howard Picking, resident, expressed concern about the project as it doesn't fit the neighborhood, it is too big. He encourage them to delay this project.
- Hank Saipe, resident, expressed support of the project on the property.
- Greg Bemis, resident, suggested an alternative in swapping the Timber Ridge property for the roost property as the parcel sizes would be more appropriate on a larger site. He expressed his concern that the proposal does not fit the character of the neighborhood.
- Melissa Dombrowski, resident, expressed support of the project because she sees the positives aspects of the housing far outweigh the negatives of not having the housing.
- Chris Wamboat, resident, expressed concern about the parking study and too many dogs.
- Wendy Erb, resident, expressed concern with the five minute limit and the project and the calculations involved related to gross residential floor area. She urged the council to deny the proposal and return it to the developer to make changes.
- Heather McDonald, resident, expressed support of the project and sees it as a housing opportunity for many locals.
- Gwen Scalpello, resident, expressed concerns about the urban look of the project in the current neighborhood and the size seems too large for the site.
- Brian Rodine, resident, expressed support of the project in light of the fact that regardless a hotel will be built on the property.
- Alison Wadey, Vail Chamber & Business Association, expressed support representing the Board members. There were many reasons for supporting the project because of the affordability of both the housing and the lodging.
- Kim Bell Williams, Vail Home Store, expressed support of the project in light of the current crisis with housing inventory.
- Steve Lindstrom, VLHS and resident, noted that the property is zoned for this use and a larger building would be built in any scenario. He shared the proposal is submitted as a public and private partnership in an effort to provide more housing and lodging inventory, both important goals for the community.

Chapin closed public input at this time and Mauriello submitted some closing comments about their project, the traffic study, the height calculation and site coverage, and their intention to build a hotel with some housing opportunities. Ruther also submitted some procedural

comments. Final comments were made by the town council with some opposing the size of the project and others supportive of the project because of the affordable lodging and housing offerings. Several members requested some conditions to the project as follows:

1. consider new idea for a dog park on site that would accommodate the neighborhood
2. suggested more deciduous trees to create the buffer between properties
3. requested more safety precautions on the trail to safeguard those using it
4. supported the car share idea and suggested they continue to think about innovative problem solving, i.e. electric vehicle charging stations, share recreational amenities with the neighborhood
5. suggested the developer fund the left turn lane to east access if built within 10 years of approval

Moffet moved to approve Ordinance No. 35, Series of 2016, First Reading, An Ordinance establishing Special Development District No. 41 (Marriott Residence Inn), pursuant to Section 12-9(A), Special Development Districts, Vail Town Code, to allow for the development of a limited service lodge and deed restricted employee housing units and a conditional use permit for public or commercial parking facilities or structures, located at 1783 North Frontage Road West/Lots 9-12, Buffehr Creek Resubdivision, and setting forth details in regard thereto. (PEC16-0030)

1. "Approval of Special Development District No. 41, Marriott Residence Inn, is contingent upon the applicant obtaining Town of Vail approval of an associated design review application;
2. The applicant shall obtain Leadership in Energy and Environmental Design (LEED) certification for the structure within one (1) year of issuance of the first Certificate of Occupancy. Failure to obtain the certification within the identified time-frame will necessitate a return to the Planning and Environmental Commission and/or Town Council for an evaluation of a suitable, replacement public benefit;
3. Prior to submitting any building permit application, the applicant shall identify the six (6) unrestricted, rental dwelling units and provide documentation that the units shall have the right-of-use to the lodge's service and facilities under the same rules and regulations as the lodge guests.;
4. Prior to submitting any building permit application, the applicant shall submit revised plans relocating the proposed retaining walls at least two feet (2') from adjacent property lines;
5. Should the Colorado Department of Transportation (CDOT) not approve the proposed landscaping in the North Frontage Road right-of-way, the applicant shall submit a revised landscape plan, for review and approval, prior to submitting any building permit application, subject to Design Review;
6. Prior to submitting any building permit application, the applicant shall submit revised plans that clearly illustrate signage and striping of the fire staging area;
7. Prior to submitting any building permit application, the applicant shall submit revised plans that illustrate the continuation of the proposed sidewalk to the intersection with Buffehr Creek Road;
8. Prior to submitting any building permit application, the applicant shall submit approval from CDOT related to all proposed work within the CDOT right-of way;
9. The applicant shall mitigate system wide pedestrian and traffic impacts through the payment of a Transportation Impact Fee that shall not be offset by the project level improvements. This payment shall be made prior to requesting any Certificate of Occupancy for the project. The fee shall be determined through the ongoing update and codification to the Impact Fee as approved by the Town Council. In the event that the updated fee is not adopted by the Town Council prior to July 1, 2017, the applicant shall

provide a payment, prior to requesting any Certificate of Occupancy, based upon net new PM Peak Hour vehicle trips generated by the development. The amount per trip shall be assessed at the established rate as of July 1, 2017; and

10. Prior to submitting any building permit application, the applicant shall provide roadway and snow storage easements for the portion of Meadow Ridge Road that encroaches onto the subject property in a format acceptable to the Town's Attorney.

11. Prior to second reading of Ordinance No. 35, Series of 2016, the applicant shall cause the following revisions to be made to the proposed application and submit said revisions to the Town of Vail Community Development Department, by no later than January 31, 2017, in order to remain in the agenda for the February 21, 2017, public hearing of the Vail Town Council:

In addition, Moffet moved to include with the approval the condition that a development agreement be approved and that the following findings were made:

1. "The SDD complies with the standards listed in Section VII of the staff memorandum, dated November 28, 2016, or the applicant has demonstrated that one or more of the standards is not applicable;
2. The SDD is consistent with the adopted goals, objectives and policies outlined in the Vail comprehensive plan and compatible with the development objectives of the town;
3. The SDD is compatible with and suitable to adjacent uses and appropriate for the surrounding areas; and
4. The SDD promotes the health, safety, morals, and general welfare of the town and promotes the coordinated and harmonious development of the town in a manner that conserves and enhances its natural environment and its established character as a resort and residential community of the highest quality."

Bruno seconded the motion. Moffet suggested the developer address Councilor Langmaid's list of conditions and Cleveland requested a bond be required for the project. The motion passed (5-2; Foley and Mason opposed).

6. Presentations / Discussion

6.1. Transportation Impact Fee Update

Presenter(s): Tom Kassmel, Town Engineer and Dwayne Guthrie, TischlerBise Representative
Action Requested of Council: Affirm the direction of the Transportation Impact Fee

Background: TischlerBise has provided an updated Nexus Study and draft fee schedule for the Town's review. The draft fee schedule is based on anticipated future development, the current estimated cost of the capital projects to accommodate future development, and the appropriate proportioned fiscal responsibility.

Staff Recommendation: Staff recommends confirming the direction of the Transportation Impact Fee with the understanding a final Transportation Impact Fee schedule and Ordinance will be presented to Council for adoption within the next couple of months.

A presentation was made by Guthrie, TischlerBise with information about the following:

- Vail's current mitigation fee
- Colorado's Impact Fee Act
- The Fundamentals about impact fees
- The methods of calculating impact fees

- A comparison about the transportation impact fee (with other municipalities and counties)
- A listing of growth related capital improvements
- A review of the impact fee inputs & outputs
- Projections of impact fee revenue

Kassmel noted public input would still be heard on the topic. There was support from council about the information and direction the discussion is headed as presented by the staff and consultant.

There being no further business to come before the council, Moffet moved to adjourn the meeting and Foley seconded the motion which passed (7-0) and the meeting adjourned at 10:35 p.m.

Respectfully Submitted,

Attest:

Dave Chapin, Mayor

Patty McKenny, Town Clerk

MAIL TOWN COUNCIL AGENDA MEMO

ITEM/TOPIC: Present an update and schedule on the planning and entitlement process for Chamonix Vail.

PRESENTER(S): George Ruther, Director of Community Development; Kathleen Halloran, Director of Finance and Michael O'Connor, Triumph West Development

ACTION REQUESTED OF COUNCIL: The development team is requesting that the Vail Town Council provide direction and answers to the following three questions:

1. Does the Vail Town Council support the development schedule as recommended? If not, what changes are needed to gain the Town Council's support?
2. Is the Vail Town Council supportive of continuing to pursue a single phase of construction as contemplated in the development schedule?
3. Is the Vail Town Council supportive of funding the development of Chamonix Vail with cash from town reserves?

BACKGROUND: The development team has created a Chamonix Vail Housing Critical Path Schedule for the completion of Chamonix Vail. The critical path schedule, as recommended, reduces costs, minimizes risk, allows for informed decision making to continue, and ensures the Town Council achieves its adopted goal of growing a thriving and balanced community. As recommended, the critical path schedule continues to push for a late April – early May construction start with the first homes available for occupancy in before the end of the year. This schedule, while aggressive, is appropriate and achievable.

STAFF RECOMMENDATION: The Community Development Department recommends the Vail Town Council affirms their support for the critical path schedule, as recommended by the development team, and in doing so, continues to support a single phase of development that utilizes cash funds from town reserves to pay for the cost of constructing the Chamonix Vail development.

ATTACHMENTS:

Description

Chamonix Vail Update on Progress and Schedule



Memorandum

To: Vail Town Council

From: George Ruther, Director of Community Development
Kathleen Halloran, Director of Finance
Michael O'Connor, Triumph Development West

Date: February 7, 2017

Subject: Chamonix Vail – Update and schedule on the planning and entitlement process

I. Purpose of this Public Hearing

The purpose of this public hearing is to present an update and schedule on the planning and entitlement process for Chamonix Vail. At the conclusion of the presentation, members of the development team will be available to answer any questions the Vail Town Council may have regarding the planning and entitlement process.

The Chamonix Vail development helps the Vail Town Council achieve its adopted goal of “growing a thriving and balanced community”.

II. Project Goals and Objectives

A list of project goals and objectives has been adopted for the future development on the Chamonix site. The project team has continually relied upon these goals and objectives for direction throughout the planning process. On April 15, 2014, the Vail Town Council affirmed and adopted the following project goals and objectives:

- Optimize the use of the site for **affordable for-sale housing** (15 - 25 DU's per acre)
- Design a **context sensitive design solution** (design review guidelines)
- Ability to be **phased over time** (min. two phases)
- Deliver **desirable, marketable and diverse** types of housing products (duplexes; one, two & three bedroom flats; townhomes, etc.)
- **Maximize the town's limited financial resources**
- **Build responsibly** given the existing site configuration, topography and natural features of the site
- Develop a **diversified cost/sales structure to respond to a wider range of buyers** (i.e. pricing structure based upon income)

III. Update on Progress to Date

The development team has made significant progress on a number of critical and important next steps in the planning and entitlement process since last presenting to the Vail Town Council on January 3rd. Significant progress includes:

- Unveiling of www.Chamonixvail.com webpage
- Launch of the Chamonix Vail reservations and marketing campaign
- Hosting of a Chamonix Vail Interested Homebuyer's Meeting
- Announcement of six upcoming Homebuyer Education Classes
- Final Development Plan approval from the Town of Vail Planning & Environmental Commission
- Two review meetings with the Town of Vail Design Review Board
- Finalization of interior home floor plans and start of initial mechanical, plumbing, electrical design
- Ongoing communication and sharing of answers to the most frequently asked questions

Critical next steps in the planning and entitlement process include:

- Final approval of the design review application by the Town of Vail Design Review Board on February 15th.
- Sign off on the construction documents for the development [February 21, 2017]
- Authorization to proceed with systems-built shop drawings [February 21, 2017]

IV. Chamonix Vail Critical Path Schedule

The development team has created a Chamonix Vail Housing Critical Path Schedule for the completion of Chamonix Vail. The critical path schedule, as recommended, reduces costs, minimizes risk, allows for informed decision making to continue, and ensures the Town Council achieves its adopted goal of growing a thriving and balanced community. As recommended, the critical path schedule continues to push for a late April – early May construction start with the first homes available for occupancy in before the end of the year. This schedule, while aggressive, is appropriate and achievable.

A number of assumptions have gone into the creation of the Chamonix Vail Housing Critical Path Schedule. Those assumptions include:

- The Town of Vail will finance the construction cost of the development.
- The method of construction utilizes poured in place foundations and site-built, first floor construction with the remainder of the homes construction utilizing systems-built construction.
- The development of the 32 townhomes at Chamonix Vail will be completed in a single phase.
- Construction will commence late April – early May of 2017.

To achieve the schedule, however, a number of key decisions and dates lay ahead. Key decisions and dates include:

- Execution of a development agreement with Triumph Development West, including acceptance of guaranteed maximum price (GMP) [May 4, 2017]
- Sign off on the construction documents for the development [February 21, 2017]
- Authorization to proceed with systems-built shop drawings [February 21, 2017]
- Approval of deposit payment to Champion Homes [April 4, 2017]

- Authorization for permitting and procure of materials [April 4, 2017]
- Determination of final home sale prices [March 21, 2017]

A copy of the Chamonix Vail Housing Critical Path Schedule has been attached for reference.

V. Action Requested of the Vail Town Council

The development team is requesting direction from the Vail Town Council. Direction is needed to continue to advance the development forward. The Town Council is being asked to provide direction and answer the following questions:

1. **Does the Vail Town Council support the development schedule as recommended? If not, what changes are needed to gain the Town Council's support?**
2. **Is the Vail Town Council supportive of continuing to pursue a single phase of construction as contemplated in the development schedule?**
3. **Is the Vail Town Council supportive of funding the development of Chamonix Vail with cash from town reserves?**

VI. Attachments

- A. Chamonix Funding and Cash Flow Memorandum, dated February 7, 2017
- B. Chamonix Housing Critical Path Schedule



Memorandum

TO: Vail Town Council

FROM: Finance Department

DATE: February 7, 2017

SUBJECT: Chamonix Funding and Cash Flow

I. SUMMARY

The purpose of this memo is to update Council on the proposed strategy for cash funding and impacts of a single phased project to the town's cash flow and reserves.

II. BACKGROUND

During the December 20, 2016 evening presentation, Council decided on a Chamonix site plan including 32 units with five types of townhomes. Over the past couple of months, the Community Development department has been working along side Triumph Development in presenting the project to the Planning and Environmental Council (PEC) as well as the Design Review Board (DRB). They have also been working with a modular manufacturer on specifications and interior finishes as well as the contractor for site work, exterior finishes and landscaping. In the coming weeks staff is expecting to have more finalized cost estimates based on these developing details.

III. DISCUSSION

For the purposes of this exercise, staff used the current site plan which includes a total of 32 units with five types of townhomes. Proposed construction costs for each unit type were provided by Triumph Development, for a total of approximately \$17.5 million. ***Please note that once more accurate numbers are received next week, staff has hired a third party consultant to review the construction estimations, developer fees and risk profile associated with the project.*** This is a critical step to prepare Council for negotiating the final development agreement.

Project Timing and Impact to Town Finances

There are three approaches to this project that have different impacts to the town's risk profile and financial commitment: Single phased modular and two phased approaches, one with modular and one using stick built construction. The currently proposed project schedule assumes a **single phased approach** and **modular construction**, with completion in 2018. Using this approach requires more upfront funding, especially when committing to a modular manufacturer.

Single Phase

With a single phase approach, Council should be aware of financial constraints with funding future unidentified or newly proposed capital spending. Currently budgeted projects and operational spending have been considered and are well within the means of reserve levels. However staff

would caution Council at undertaking any sizeable new financial commitments during the Chamonix project, until the completed units have been sold and cash reserves replenished.

Staff has completed a cash flow analysis to ensure adequate funding of operations and projects. By cash funding a single-phased approach for the Chamonix project, the town will outlay approximately \$14.9 million between April and November of 2017. The town's cash bank accounts will reach a low of approximately \$6.1 million in November. This is without drawing from any of the town's longer term investment holdings (\$49.0 million).

The single phase option is the currently proposed construction method and schedule. **It reduces the Capital Projects Fund down to \$2.3M by the end of 2017.** Based on the timing of unit sales, we may need to transfer reserves from the General Fund to continue normal capital maintenance and planned 2017 capital projects. There is financial risk to the town if not all of the sales are completed by 2018. The below chart demonstrates the Capital Projects Fund activity over the next three years:

Single Phase	2017	2018	2019
Beginning Fund Balance	15,828,727	2,267,682	21,144,178
Annual Activity per 5-Year Capital Plan	636,955	4,678,496	(9,496,899)
Remaining Development cost estimated at \$17.5M			
Systems Built Expenditures - No Phasing	(15,000,000)	(2,544,000)	
Systems Built - Sales of Units (Revenue)	802,000	16,742,000	
Estimated Fund Balance	2,267,682	21,144,178	11,647,280

Phased Approach

The other two options include a phased approach, with either modular or "stick-built" construction. These options have a cost associated with them however they provide more flexibility and less financial risk.

To pursue a **phased approach using modular construction, the additional cost is estimated at \$1.4M** (not passed on to the consumer), which includes escalation of construction and materials costs as well as additional soft costs for the longer timeline of project management. This method allows some time to react if the first phase does not go as planned. For example, Council may decide to delay the second phase based on market demand. A phased approach also alleviates stress on cash flow and fund balance in the Capital Projects Fund.

Phased Approach: Systems Built (Modular)

Beginning Fund Balance	15,828,727	8,762,682	10,320,178
Annual Activity per 5-Year Capital Plan	636,955	4,678,496	(9,496,899)
*Adds \$1.4M in cost (\$18.9M)			
Systems Built Expenditures - Phased	(8,505,000)	(10,395,000)	
Systems Built - Sales of Units (Revenue)	802,000	7,274,000	9,468,000
Estimated Fund Balance	8,762,682	10,320,178	10,291,280

The second phased option assumes a “stick built” construction rather than modular. While this method has some construction risk from the current high-level demand of sub-contractors, there is more control over project timing. Again, Council would have the ability to react to lessons learned during the first phase. **Stick built method of construction adds approximately \$800,000 to the overall project cost.**

Phased Approach: Stick Built

Beginning Fund Balance	15,828,727	7,600,682	9,520,178
Annual Activity per 5-Year Capital Plan	636,955	4,678,496	(9,496,899)
*Adds \$1.4M in cost to phase and \$800K for stick built (\$19.7M)			
Stick Built - Expenditures	(8,865,000)	(10,835,000)	
Stick Built - Sales of Units (Revenue)		8,076,000	9,468,000
Estimated Fund Balance	7,600,682	9,520,178	9,491,280

The intention of this memorandum is to inform Council of the various options for project timing and cash financing. The current direction of a single-phase approach to a systems-built (or modular) construction requires up front financial commitment and will draw down the town’s cash bank accounts for a period of time. Town reserves held in long term investments (\$49.0 million) will not need to be sourced. A single phase approach also places some limitation on Council for unforeseen capital needs or new projects until the sales of Chamonix units replenish reserves.

A phased approach, whether systems-built or stick built, allows greater flexibility with the town’s cash reserves and has less financial risk. However there is additional cost associated with a phased approach. This cost is currently estimated as \$1.4 million in cost escalation of construction materials and labor costs, and/or another \$800,000 if Council preferred to go to a stick built construction method.

Chamonix Housing Critical Path Schedule

2/2/17 created by QuickPlan for OSX

Triumph Development

WBS	TASK	START	FINISH	2016					2017												2018	
				Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb			
		Nov 2, 2016	Feb 16, 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