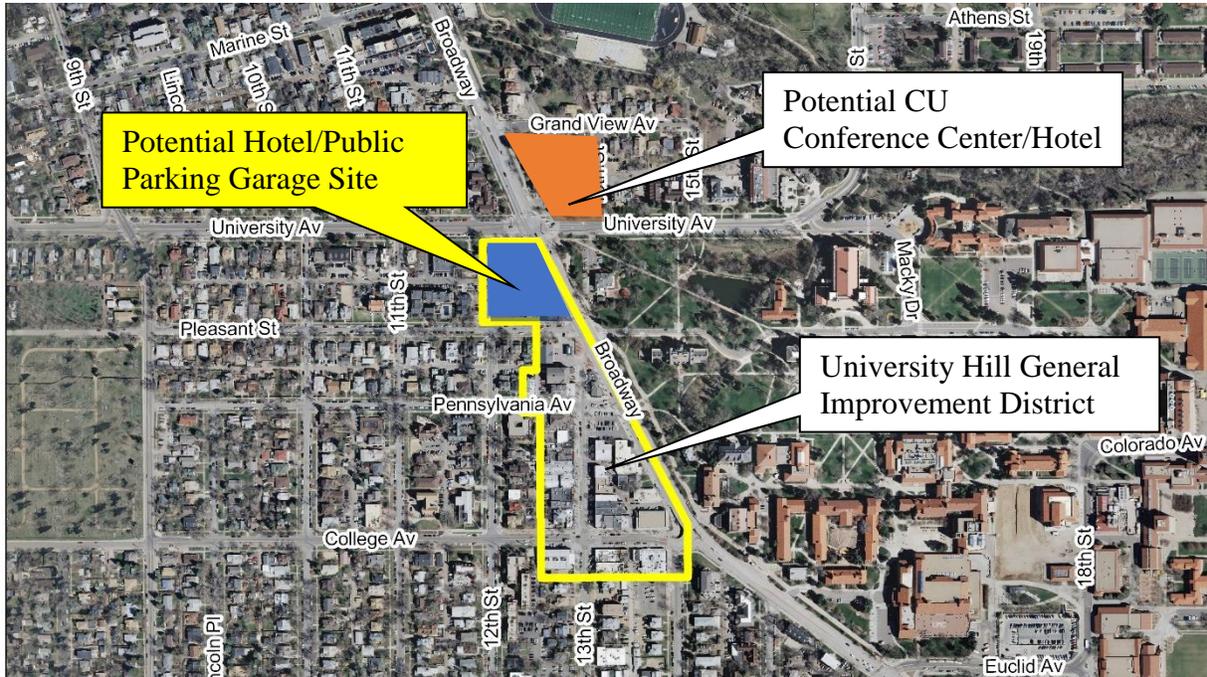


University Hill Hotel/Garage Project Summary

Southwest corner of Broadway & Pleasant Street

August 25, 2016



Project Description

In early 2015, a development team approached the University Hill General Improvement District (UHGID) with a proposed public-private partnership that would include the UHGID-owned public parking lot on Pleasant Street. The team had assembled three adjacent parcels on Broadway between Pleasant Street and University Avenue, with plans for developing a 155-room hotel, 30,000 square feet of retail/dining, and a 250-space public parking garage. Because the site is located within UHGID, the hotel would otherwise not be required to provide parking.

Community Need

Studies and surveys in recent years have identified a shortage of public parking on the Hill as a barrier to achieving the council's Hill Reinvestment Strategy goal of a greater diversity of uses to promote year-round economic vitality. There are currently 110 off-street public parking spaces that serve both the employees and visitors of 100 businesses, as well as the 100+ residential units in the district. Although the pilot Hill Employee EcoPass program is expected to reduce employee parking demand, the [2015 Moratorium Study](#) identified additional public parking as a requirement to attract a diversity of commercial uses. Currently, many employees park in the Hill neighborhoods because of the limited availability of commuter parking permits and public parking spaces within the commercial district. A larger underground facility would provide an opportunity for more employees to park in the commercial district instead. Additionally, discussions with the University of Colorado about a potential conference center on an adjacent 'catalyst' site indicate that a Hill location would be more attractive if there was supplemental parking and hotel rooms on the Hill.

Partners

- 1) Hill Hotel Partnership: includes developer BMC Investments, which recently completed the construction of a hotel in Cherry Creek, Denver; Sage Hospitality, the owner/operator of the Crawford Hotel in Union Station, Denver; and the owners of the assembled parcels.
- 2) City of Boulder: would construct and own the underground public parking garage.
- 3) University Hill General Improvement District: would contribute the Pleasant Street surface parking lot and operate the new public parking garage.

Staff presented the opportunity to council at a study session on Dec. 8, 2015. At council's request, staff returned at a regular meeting on April 19, 2016 with a cost estimate and proposed financing mechanism. Staff was directed to prepare a Letter of Intent (LOI) as a roadmap for pursuing the partnership, with specific attention toward protecting the city's investment and ensuring that the project will provide ample community benefit. Staff will present the LOI to Council on Sept. 6, 2016 for direction on whether to proceed with the project.

Risk Versus Reward

University Hill is an untested market for a hotel, and constructing an underground parking garage is costly and carries financial risks because of unknown below-grade conditions. The city would give the hotel exclusive use of 80 spaces that would otherwise be available to the public.

In addition to responding to the community needs outlined above, however, the project's potential rewards are considered to outweigh the risks. The Boulder Convention and Visitors Bureau has shown that Boulder is at the high end of occupancy and room rates and that the proximity of the project to the proposed CU conference center would generate its own demand. The city's Chief Financial Officer estimates that the project will cost the city \$20.3M, that can be repaid by sales, property and accommodations tax revenue from the site itself. It is anticipated that under the most likely scenario, the project will have a net positive cash flow to city of \$3.3M at the end of the financing repayment period. The long-term lease of parking spaces to the hotel will guarantee revenue to the city to help finance the repayment.

Commission/Public Feedback on the Proposal

The University Hill Commercial Area Management Commission voted unanimously (3 to 0) on May 19, 2016 to support the city contributing the UHGID Pleasant Street parking lot to the public-private partnership. At the commission retreat on July 7, 2016, UHCAMC expressed unanimous support for the overall project proposal.

To-date, council has received four letters on the proposal: three in support of the project (two from Hill neighbors and one from a Hill business and property owner) and one questioning potential traffic and parking impacts.