INFORMATION ITEM
MEMORANDUM

TO: Members of City Council

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DATE: August 20, 2019

SUBJECT: UHGID Pleasant Street Sale Consideration – Response to Information Requests

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EXECUTIVE SUMMARY

This information item supplements prior documentation related to City Council consideration of the potential sale and redevelopment of the Pleasant Street parking lot; an asset owned by the University Hill General Improvement District (UHGID). UHGID generally follows the boundaries of what is known as the Hill Commercial Area, which consists of 33 privately owned properties that contribute to UHGID through a district-wide commercial property tax; two properties owned by the University of Colorado at Boulder (CU); and the two surface parking lots owned by UHGID.

Revitalization of the Hill Commercial Area, which has seen a gradual decline in both sales tax revenues and commercial occupancy in recent decades, was a City Council priority in 2014-2016, prompting the Hill Reinvestment Strategy initiative in 2014. A hotel was identified in a 2014-2015 Hill Reinvestment Strategy study as a potential catalytic use to support sustained Hill Commercial Area revitalization. The original Letter of Intent from the Hill Hotel Partners, LLP

to construct a hotel on the project site was received by the city in April 2015. The current proposal is to combine the Pleasant Street parking lot with three adjacent privately held parcels to construct a 189-room hotel and 10,500 square feet of related commercial space above a 50-car public parking garage operated by the hotel. There are currently no hotels in the broader University Hill area of Boulder, a neighborhood generally extending from University Avenue in the north to Baseline Road at the south, between Broadway to the east and the foothills to the west. CU is currently pursuing a combined conference center, hotel and underground parking garage on the east side of Broadway at University Avenue.

Related to the proposed sale and redevelopment of the Pleasant Street lot, council has previously been provided with:

- *Proposed project scope and intent;*
- *Parcel ownership descriptions;*
- *Pleasant Street lot current utilization and UHGID financial impacts of the proposed project;*
- *Summary of community input and outreach (including council directed outreach to current retail tenants);*
- *Overview of project bulk and mass comparisons to other Boulder hotel properties;*
- *Property appraisal of fair market value*;
- *Developer letter* (from the Hill Hotel Partners, LLP, eliminating the request for financial support for the project and committing to requests from council such as funding $200,000 in tenant relocation assistance to be administered by the city);
- *Affordable housing feasibility analysis* (preliminary "test fit" analysis to determine the feasibility of constructing affordable housing on the Pleasant Street lot as an alternate use); and
- *Additional correspondence from one of the landowners on the project site.*

At the April 24, 2019 City Council meeting, council directed staff via a nod-of-five to hire an expert to conduct economic- and parking impact-related analyses of the proposed project and to proceed with negotiating an offer from the Hill Hotel Partners, LLP to purchase the Pleasant Street parking lot. Specifically, council requested the following additional information:

- *Economic Impact Study*. A study to determine whether selling the Pleasant Street lot at fair market value for the proposed use would likely benefit the businesses in the historic core, as intended by the Hill Reinvestment Strategy priority to attract such a catalytic use to the UHGID;
- *Parking Demand Projections*. A study to determine the manner in which proceeds from the sale of the Pleasant Street lot might be allocated to provide additional access enhancements (for both hourly parkers and permit holders) in UHGID, both during the hotel construction period and after construction is complete;

- *Offer Letter*. Updated offer letter from the Hill Hotel Partners, LLP to purchase the Pleasant Street lot for fair market value, as might be mutually agreed;
- *Term Sheet*. Negotiated term sheet with detail on the commitments that the developer will make to the city if the project is approved.

The two above-referenced studies are now complete and provided in this item for council's use and information while negotiation continues with the Hill Hotel Partners, LLP related to the Pleasant Street purchase offer letter and term sheet.

ECONOMIC IMPACT STUDY

At the direction of council, staff drafted a scope of work and issued a request for proposals for a consulting firm to independently verify whether the proposed project would likely have a positive economic benefit for the businesses in UHGID and for the city at-large. The study analyzed the potential economic impact on Boulder and UHGID, fiscal impacts on City of Boulder revenues, and retail demand spillover on UHGID. The scope of work included comparison of the proposed hotel development to three alternative scenarios:

- A hypothetical 36,000 square foot office/retail development on the Pleasant Street lot consistent with existing zoning;
- A hypothetical 35-unit affordable housing project above approximately 8,000 square feet of ground floor retail on the Pleasant Street lot; and
- A status-quo scenario in which the Pleasant Street parking lot is maintained and operated as-is and the private property comprising the remainder of the development site does not change.

The firm of Gruen, Gruen + Associates ("GG+A") was selected in June and performed their analysis during the months of June and July. The scope of the study included interviews with businesses and property owners within UHGID, the Hill Hotel Partners, LLP, and the Boulder Convention and Visitors Bureau.

The complete results of the study are provided herein (ATTACHMENT A). Overall, GG+A concluded that the proposed hotel development is estimated to generate the highest one-time and ongoing fiscal impacts and second highest economic impacts. It also has the greatest potential to generate positive retail demand spillover for UHGID and to improve the balance between retail space supply and demand.

<u>Economic Impacts</u>

- The proposed hotel development is estimated to generate the second highest ongoing economic impacts (including employment, earnings, and economic output), behind the hypothetical office/retail development:

	Proposed Hotel/Retail Development	Office/ Commercial Alternative	Affordable Housing Alternative	Status-Quo Alternative
Employment	183.9	257.8	111.3	78.1
Earnings	$5,133,000	$10,761,000	$2,701,000	$1,830,000
Output	$22,088,000	$38,899,000	$11,025,000	$7,307,000

(Note: the potential impacts of the highest impact office/commercial hypothetical alternative represent less than 0.3 percent of citywide employment, earnings, and economic output for Boulder)

One-Time and Ongoing Benefits

- The proposed hotel development is estimated to generate the highest one-time and ongoing fiscal benefits (e.g. tax, impact fees, and land sale proceeds to UHGID) of all the alternatives:

	Proposed Hotel/Retail Development	Office/ Commercial Alternative	Affordable Housing Alternative	Status-Quo Alternative
One-Time Benefits	$5,428,418	$4,319,497	$3,604,965	$0
Ongoing Benefits	$1,668,618	$634,758	$449,067	$340,728

- In general, businesses on the Hill have significantly lower sales per square foot than the city as a whole ($230/ft. vs $435/ft.), despite average net rents being close to city averages ($20-$25/ft. vs $25.37/ft.). This indicates that Hill businesses are currently less productive than the citywide average perhaps due to the largely seasonal customer base.

Retail Demand Spillover Effects

- The proposed hotel development is estimated to generate the highest demand for new retail space in the UHGID commercial area and has the highest likelihood of spurring business investment in the commercial area:

	Proposed Hotel/Retail Development # Square Feet	Office/ Commercial Alternative # Square Feet	Affordable Housing Alternative # Square Feet
Potential New Retail Space Demand Generated from Development	26,400	5,100	1,300

- Based on past performance, future expected business and tourism growth, and the planned CU conference center and hotel, there is long-term potential for the proposed hotel to be supported without negatively impacting the existing hotel supply.

PARKING DEMAND PROJECTIONS

At the direction of council, staff drafted a Scope of Work ultimately issued to the consulting firm which had recently completed a UHGID Parking Utilization Study, Apex Design, PC. The consultant was asked to build on their earlier findings regarding capacity and current use of the Pleasant Street lot to project parking demand, both during the construction phase of the hotel development (estimated at 20 months) and after the hotel construction is complete. The consultant was asked to distinguish demand during mid-day and in the evening, and to distinguish between hourly demand and employee permit demand. Lastly, the consultant was asked to determine to what degree the parking provided by the hotel would meet long-term demand, and how much unmet demand would need to be accommodated by allocating proceeds from the sale of the Pleasant Street lot toward additional district access enhancements.

The results of their inquiry are provided herein (ATTACHMENT B), including an appendix with additional detail on the consultant's methodology, assumptions and calculations. For purposes of this analysis, all parking demand projections assume 100 percent occupancy of the proposed hotel to envision the impact of a maximum demand scenario. This scenario is compared to average hotel occupancy in Boulder, which ranges from 67.7 percent to 73.1 percent as observed between 2015 and 2019 year-to-date.

The consultant's key findings were:

- At mid-day during the construction phase, existing UHGID spaces are sufficient to accommodate displaced demand from the Pleasant Street lot, increasing demand from 80 to 89 percent utilization.
- At 7:00 p.m. during the construction phase, existing UHGID spaces are sufficient to accommodate displaced demand, however the anticipated increase in demand from 77 to 96 percent may result in limited dispersion outside the commercial district.
- 30 employee permit holders will need to be relocated at the start of construction.
- At mid-day when the hotel construction is complete, the 50-space hotel garage can accommodate 10 hourly parking users in addition to demand generated on-site.
- At 7:00 p.m. when the hotel construction is complete, the hotel site will generate demand for five spaces in excess of what the garage can accommodate. UHGID spaces are sufficient to accommodate the demand, however the demand would increase from 77 to 95 percent and may (as during the construction period) result in limited dispersion outside the district.

The consultant concludes the report with recommendations concerning the accommodation of employee permit demand and the potential dispersion of evening and/or overnight parking demand, should the hotel project proceed.

- Continue to market the EcoPass program to maximize UHGID employee usage;
- Consider ways to create additional hourly parking supply within UHGID that will reduce estimated utilization rates to meet the 85 percent goal and reduce potential neighborhood parking impacts;
- Research further the demand for the employee permit parking program. Assess latent demand for permits and whether this program should be expanded;
- Identify a way to accommodate the demand for employee permit spaces, with consideration for allowing these spaces to transition to hourly spaces in the afternoon and evening; and
- Monitor the implementation of the Sage Hospitality transportation demand management program.

It is worth noting that since the hotel proposal was modified to no longer include a UHGID-owned and operated parking garage, the city has been in communication with CU about the potential to meet demand for UHGID employee permits via existing University Hill parking infrastructure and programs, or in the parking garage planned as part of the proposed CU hotel and conference center within one block of the Pleasant Street lot. CU has responded with openness to partnership proposals from UHGID, and conversations would resume if the project proceeds and once the number of permits needed is confirmed.

In light of potential increased hourly parking demand if the proposed hotel succeeds at catalyzing economic vitality in the district (i.e. decreasing the district's current eight percent vacancy rate), the University Hill Commercial Area Management Commission (UHCAMC) and the Hill Reinvestment Working Group (HRWG) have expressed interest in leveraging a portion of the proceeds from the sale of the Pleasant Street lot to engage a partner in the development of a privately operated garage on the UHGID-owned 14th Street surface lot.

Both avenues for enhancing the UHGID access would be explored further if and when the sale of the Pleasant Street lot is approved. Additionally, the city's Transportation Division and Community Vitality Department will continue to collaborate with CU and other area stakeholders to pursue ongoing comprehensive improvements to district access for its residents, businesses and visitors.

AUTHORITY OF THE UHGID BOARD OF DIRECTORS

UHGID was created by the city in 1970 under authority that exists in the city charter. UHGID is a quasi-municipal corporation, separate and apart from the City of Boulder, with only those powers granted to it by council. UHGID's powers derive from two places: 1) its originating legislation, described below, which includes powers related to UHGID's mission; and 2) the powers described in Chapter 8-4, “General Improvement Districts,” B.R.C. 1981, which are the general corporate powers for the city’s general improvement districts.

Originating Legislation

The powers of UHGID are described in its originating legislation. UHGID was created in 1970 by Ordinance 3638, and its boundaries increased in 1978 by Ordinance 4299. Its powers were then modified by Ordinance 4958 in 1985. UHGID’s powers are described in Section 4 of Ordinance 4958 as follows:

> A general description of the improvements to be constructed and installed within the district or outside the district for the special benefit of the district is a *general program of providing parking, pedestrian, bicycle, mass transit, aesthetic and related improvements for the district area*, which may include, but shall not be limited to:
>
> (a) parking and off-street parking facilities;
>
> (b) acquisition or lease of necessary land or interests therein, and improvements thereto in connection with said facilities both within and outside the district; and
>
> (c) other incidental and appurtenant facilities and improvements designed to improve parking and improve the convenience of the district area;
>
> (d) pedestrian and bicyclist amenities including benches, trees, landscaping, bike racks, signage, banners and trash receptacles;
>
> (e) improvements to increase the attractiveness and convenience of the district;
>
> (f) incentive programs to encourage use of means of transportation to and from the district other than the under-occupied private automobile; and
>
> (g) maintenance of any of the above described types of facilities and improvements located in the public right of way within the district.

Authority for General Improvement Districts

In addition to the originating legislation creating UHGID, its powers are also described in Section 8-4-11, “Powers of District,” B.R.C. 1981. This section of the code describes general corporate authority and addresses a number of issues, including perpetual corporate existence, the ability to sue or be sued, to borrow and repay debt, construct improvements, manage district assets and services, to acquire and dispose of property, improve public streets and property, repair, operate and maintain improvements, create and charge rates for services, adopt and enforce rules, to name a few.

UHGID has the power of taxation. There is a mill levy that is assessed on properties within the district. It can also charge fees for the use of its facilities.

The sale of the Pleasant Street parking lot would be within UHGID's authority to dispose of property and manage district assets and services. Proceeds of the sale could be allocated to provide additional district enhancements, while improved economic vitality would enhance UHGID's ability to serve its function into the future.

NEXT STEPS

Following this satisfaction of council's requests for additional information related to the proposed sale and redevelopment of the Pleasant Street lot, staff will proceed with completing the negotiation of a purchase offer and associated term sheet with the Hill Hotel Partners, LLP. When complete, the documents will be forwarded to the City Council for its determination whether to proceed with scheduling a public hearing on the sale of the Pleasant Street lot.

If council, as the UHGID Board of Directors, decides to pursue the sale of the Pleasant Street lot to the Hill Hotel Partners, LLP, staff will begin to prepare for disposal of the property, which would likely include coordination with:

- District stakeholders to develop criteria for distribution of the tenant relocation assistance funding;
- The city's Community Vitality Department to update the UHGID budget to account for projected increases in UHGID mill levy revenues from the proposed hotel and related commercial uses; projected loss of hourly parking revenue from disposing of the Pleasant Street lot; and projected cost reductions from eliminating the operations and maintenance of the Pleasant Street lot;
- Current UHGID employee parking permit holders to coordinate alternate parking locations during the construction period;
- UHGID employers to quantify latent demand for UHGID employee parking permits;
- CU Parking and Transportation to develop a long-term solution for meeting UHGID employee parking permit demand, possibly in the proposed CU conference center garage;
- The city's Transportation and Mobility division and UHCAMC to begin planning for potentially allocating a portion of the Pleasant Street lot land sale proceeds to meet projected increases in hourly parking demand;
- Tenants on the project site to begin planning for relocation within the next two years.

ATTACHMENTS

Attachment A – Economic Impact Study (July 2019)
Attachment B – Parking Demand Projections (July 2019)

THE POTENTIAL ECONOMIC AND FISCAL AND SPILLOVER IMPACTS OF THE PROPOSED UNIVERSITY HILL HOTEL DEVELOPMENT

A Report

To

CITY OF BOULDER

From

GRUEN GRUEN + ASSOCIATES
Urban Economists, Market Strategists & Land Use/Public Policy Analysts

July 2019

C1538

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APPLYING KNOWLEDGE
CREATING RESULTS
ADDING VALUE

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CHAPTER I

EXECUTIVE SUMMARY

INTRODUCTION

Nichols Partnership proposes to develop a 189-room hotel and 10,500 square feet of retail/commercial space (the "University Hill Hotel" development) on 1.4 acres of land within the University Hill General Improvement District ("UHGID" or "Hill District") located at the southwest corner of University Avenue and Broadway in Boulder. The proposed redevelopment site includes the Pleasant Street public parking lot operated by UHGID.

Gruen Gruen + Associates ("GG+A") was asked to evaluate and describe the potential economic and fiscal impacts and property spillover effects the proposed University Hill Hotel development may have on UHGID and City of Boulder.

ALTERNATIVE SCENARIOS

The economic and fiscal impacts and spillover effects of the proposed development are compared to three alternatives for the 20,000-square-foot Pleasant Street parking lot. The three alternatives as specified by the City project team include:

1) an office/commercial use (consistent with existing zoning);
2) an affordable housing use (including some ground floor retail/commercial space as required in the Business Main Street zoning district); and
3) a status-quo scenario in which the Pleasant Street parking lot is maintained and operated as-is and the private property comprising the remainder of the development site does not change.[1]

Note that neither of the alternative scenarios (office or affordable housing) assume any displacement of economic activity. Office and residential tenants are assumed to be new to Boulder. Ground floor retail/commercial spaces are assumed to capture new sales (rather than siphoning sales already captured in Boulder or the Hill District). Thus, the estimates presented for the alternatives are gross rather than net impacts. In addition, an inherent assumption is that the alternatives are financially feasible to develop. These assumptions made for purposes of estimating impacts may be unrealistic and optimistic given that there has been no interest from the development community in constructing either office or affordable housing on the Hill in recent years. The site is not a preferred and established location for office space users.

[1] For purposes of this analysis, land use scenarios are assumed to be market responsive and financially feasible to develop and operate. While GG+A was not charged with evaluating the feasibility of the postulated alternatives the research conducted suggests that the office/commercial use alternative is unlikely to be feasibly developed.

PRINCIPAL FINDINGS AND CONCLUSIONS

Of the alternatives evaluated, the proposed University Hill Hotel development is estimated to generate the highest one-time and ongoing fiscal impacts and second highest economic impacts. It also has the greatest potential to generate positive spillover for UHGID and improve the balance between retail space supply and demand. The office/commercial alternative, assuming it is feasible to develop and operate, would generate the highest citywide economic impacts but substantially lower fiscal impacts and would generate less positive spillover than the proposed University Hill Hotel development.

Boulder Hotel Market Conditions

- Hotel room revenue growth has been strong. Real citywide room revenue (adjusted for inflation) grew by 25 percent or $22.1 million between 2014 and 2018.

- Growth in hotel market volume at least partially reflects a considerable hotel supply expansion. Approximately 680 new hotel rooms were added between March 2015 and February 2018.

- New lodging inventory added over the past three years has primarily served/captured new room night demand. If new hotels were merely "siphoning" demand from existing lodging establishments in the City of Boulder, overall gross revenue per available room ("RevPAR") would have significantly declined. This has not been the case in Boulder (see Chapter III).

- Estimates of economic and fiscal impact presented in this report related to the proposed University Hill Hotel development conservatively assume a 25 percent "displacement" factor with respect to short-term operations after the hotel is built and stabilized. Put differently, the estimates reflect "net" rather than "gross" impacts associated with the proposed University Hill Hotel development.

- Continued robust employment growth and office space development, the successful utilization of the adjacent planned CU hotel and conference center (which Boulder Convention and Visitor's Bureau staff and others expect to "spillover" room night demands), general growth in local households and CU enrollment, and continued success in attracting leisure and recreational visitors to Boulder suggest that over time the proposed University Hill Hotel will not need to siphon off room night demand from existing hotels to succeed and that the market will be sufficient to support well maintained and well operated lodging facilities in Boulder.

- The proposed hotel represents a new land use for the Hill District that will attract a significant number of non-local visitors who would otherwise not be present in the District under the status quo or alternative development scenarios.

Hill District Retail Market Conditions

- The Hill District contains an estimated 176,500 square feet of retail space. The retail space vacancy rate is estimated to currently approximate nine percent (9%).

- Time-series sales tax receipts data suggest the Hill District has not shared proportionally in the recovery from the Great Recession. Inflation-adjusted taxable sales in Hill District have increased by three percent (3%) since 2010; while citywide taxable sales have increased about 17 percent (17%) over the same period.

- A high degree of tenant turnover persists. The seasonal and singular nature of the customer base served (CU students) contributes to the high rate of turnover. Rents have declined in the Hill District but even with the decline in rents, as a percentage of sales, rents tend to be higher in the Hill District than in other retailing areas in Boulder. A relatively high rent to sales relationship also contributes to the high rate of turnover.

- Overall sales-per-square-foot for the Hill District are estimated to be much lower than achieved citywide. Retail sales in the Hill District have averaged about $230-per-square-foot. Citywide sales productivity is about 90 percent higher, estimated at $435-per-square-foot.

Economic Impacts on City of Boulder

- The office/commercial alternative would produce the largest economic impact on the local Boulder economy. The proposed University Hill Hotel development would generate the second largest economic impact.

- The on-going employment and earnings impact of the office/commercial alternative is estimated at 258 jobs and $10.8 million. These potential impacts represent less than 0.3 percent of citywide employment and earnings.[2] The estimated output impact of $38.9 million represents a similar share (at less than 0.3 percent) of the total volume of economic activity in the City of Boulder.

[2] Quarterly Census of Employment and Wage (QCEW) data indicates the City of Boulder contained about 93,000 wage and salary jobs (not including self-employed individuals or contract workers) with annual wages of about $5.8 billion as of 2018.

Table 1-1: Total Annual Economic Impacts on City of Boulder[1]				
	Proposed Hotel/Retail Development	Office/ Commercial Alternative[2]	Affordable Housing Alternative[2]	Status-Quo Alternative
Employment[3]	183.9	257.8	111.3	78.1
Earnings[4]	$5,133,000	$10,761,000	$2,701,000	$1,830,000
Output[5]	$22,088,000	$38,899,000	$11,025,000	$7,307,000

[1] Total impacts include direct, indirect, and induced effects. The impacts assume each of the alternatives are feasible to develop, which is not assured.
[2] Impacts of each alternative include those related to the status-quo activity.
[3] Full- and part-time employment (jobs).
[4] Wages, salaries, benefits and proprietor income.
[5] Local value of goods and services produced or sold.

Sources: RIMS II, Regional Production Division, Bureau of Economic Analysis; Gruen Gruen + Associates.

Economic Impacts on Hill District

Table I-2: Total Annual Economic Impacts on Hill District[1]				
	Proposed Hotel/Retail Development	Office/ Commercial Alternative[2]	Affordable Housing Alternative[2]	Status-Quo Alternative
Employment[3]	187.7	212.1	98.0	70.8
Earnings[4]	$5,060,000	$8,949,000	$2,183,000	$1,556,000
Output[5]	$21,229,000	$30,366,000	$8,371,000	$5,868,000

[1] Total impacts include direct, indirect, and induced effects. The impacts assume each of the alternatives are feasible to develop, which is not assured.
[2] Impacts of each alternative include those related to the status-quo activity.
[3] Full- and part-time employment (jobs).
[4] Wages, salaries, benefits and proprietor income.
[5] Local value of goods and services produced or sold.

Sources: RIMS II, Regional Production Division, Bureau of Economic Analysis; Gruen Gruen + Associates.

Fiscal Impacts

- One-time fiscal benefits (including the $3,000,000 purchase price for the Pleasant Street parking lot) to the City and UHGID total $5.4 million for the proposed University Hill Hotel development.

- On-going fiscal benefits including accommodations tax, sales tax (direct and indirect), and property tax to the City of Boulder and UHGID are estimated at $1,734,000 annually upon stabilization of the proposed University Hill hotel development.

- The estimated on-going fiscal benefits attributable to the proposed University Hill Hotel development compare to approximately $341,000 of sales tax, property tax, and net parking revenues (to UHGID) estimated to be generated from the existing use of the 1.4-acre site.

- As summarized below, fiscal benefits from the proposed University Hill Hotel development will far exceed those likely to result from alternative uses even under the assumptions that these alternatives are (a) feasible to develop and (b) represent "net new" activity to the City and Hill District. On-going tax revenues from the proposed University Hill Hotel development, net of the "status-quo", are estimated at approximately $1.4 million.

Table I-3: Summary of Fiscal Benefits to City of Boulder and UHGID

	Proposed Hotel/Retail Development $	Office/ Commercial Alternative $	Affordable Housing Alternative $	Status-Quo Alternative $
One-Time Benefits[1]	5,428,418	4,319,497	3,604,965	0
Per Acre	*3,813,902*	*3,034,795*	*2,532,779*	*0*
On-Going Benefits[2]	1,668,618	634,758	449,067	340,728
Per Acre	*1,172,339*	*445,968*	*315,506*	*239,389*

[1] Includes construction use tax, affordable housing linkage fees, other capital impact fees, and land sale disposition proceeds from Pleasant Street Parking Lot to UHGID.
[2] Recurring or "on-going" benefits estimated upon stabilization of each land use/scenario. Estimates include direct City accommodations tax, sales tax, and property tax, as well as indirect City sales tax. Direct benefits to UHGID include property tax and net parking revenues (for status-quo operation of Pleasant Street parking lot).

Source: Gruen Gruen + Associates

Hill District Spillover Impacts

- The Hill District and nearby environs do not currently contain a hotel. Hotel-related economic activities and hotel visitor spending will represent new market segments/sales not presently attracted to the Hill District.

- Annual hotel visitor expenditures are estimated at nearly $9.9 million for retail goods and eating and drinking activities. The visitor expenditure potential equates to approximately 25,000 square feet of additional retail space supported at a sales threshold of $400-per-square-foot. Some of the hotel visitor spending potential will be captured within the Hill District.

- The proposed University Hill Hotel development includes 10,500 square feet of new retail/commercial space. Hotel visitors can support this space, in addition to existing space elsewhere in the Hill District provided that existing or new businesses are well-attuned to the preferences and tastes of hotel visitors.

- Relative to alternative scenarios, the largest "net change" or improvement in the Hill District retail space supply-demand balance can be achieved through development of the proposed University Hill Hotel. Table I-4 summarizes the estimated retail supply effects and new retail space demand potentially associated with the alternative land uses.

Table I-4: Estimated Retail Supply and New Retail Demand Associated with Proposed University Hill Development and Alternative Land Uses

	Proposed Hotel/Retail Development # Square Feet	Office/ Commercial Alternative # Square Feet	Affordable Housing Alternative # Square Feet
Existing Hill District Retail Space Inventory[1]	176,546	176,546	176,546
Removal: Existing Space at Hotel Site	(31,521)	0	0
Plus: New Retail Space Added via Development	10,500	13,600	8,000
Future Hill District Retail Space Inventory	**155,525**	**190,146**	**184,546**
Potential New Retail Space Demand Generated from Development[2]	**26,400[3]**	**5,100**	**1,300**

[1] Includes basement and second floor retail spaces as well as currently vacant spaces (about 15,000 square feet currently vacant).
[2] Represents potential hotel visitor spending as well as the indirect and induced effects from introducing additional hotel or office space workers, or affordable housing residents, to the Hill District.
[3] Does not assume any relocation of existing tenants (at the development site) to other spaces in the Hill District, i.e., it is conservative.

Source: Gruen Gruen + Associates

- Whether property owners will maintain and improve their properties and businesses maintain and enhance their space and goods and services in a particular area or neighborhood often boils down to expectations about the future. The interviews and analysis of secondary data suggest that portions of and some uses in the Hill District have stagnated or deteriorated as the customer base has become less diverse and smaller while the appeal of Downtown Boulder and other areas have improved.

- Optimism about the future of the Hill District has declined. While not a panacea for all challenges associated with the Hill District, the development and occupancy of the proposed University Hill Hotel development would signal confidence in the future of the District and spillover value within the District from the fiscal and economic impacts including funds that can be used to enhance the District.

- In addition, if the retail tenancies are unique and experiential, such uses may attract new visitors, residents, and workers in Boulder and generate sales spillover to restaurants and services in the Hill District responsive to their preferences.

- If the proposed University Hill Hotel development succeeds, it may encourage investments and enhancements by other property owners and businesses seeking to emulate the success of the University Hill Hotel development and capture the new visitor base attracted to the University Hill Hotel development.

CHAPTER II

INTRODUCTION AND STUDY PURPOSE

INTRODUCTION

Nichols Partnership proposes to develop a 189-room hotel and 10,500 square feet of retail/commercial space (the "University Hill Hotel" development) on 1.4 acres of land within the University Hill General Improvement District ("UHGID" or "Hill District") located at the southwest corner of University Avenue and Broadway. The proposed redevelopment site includes the Pleasant Street public parking lot operated by UHGID. The Pleasant Street parking lot is approximately 20,000 square feet in size and currently accommodates 68 off-street parking spaces. The privately-owned portions of the proposed redevelopment site contain approximately 31,500 square feet of existing retail and commercial building space. About 20 percent of the existing building space is currently vacant.

We understand from City staff that Nichols Partnership proposed to purchase the UGHID-owned Pleasant Street parking lot for $3 million in a Letter of Intent sent to the UHGID Board of Directors in November 2018. Pursuant to UHGID charter, proceeds from the sale must remain with UHGID fund and be utilized to enhance access and economic vitality in UHGID.

The University of Colorado intends to develop a new conference center including 15,000 square feet of contiguous multi-purpose assembly/ballroom space and a 250-room hotel across the street from the proposed University Hill Hotel development at the university-owned Grandview site (at the corner of University and Broadway). The University of Colorado development will contain a parking garage which could accommodate a portion of the parking that is displaced by the proposed development on the municipal parking lot. The University of Colorado is not subject to the City of Boulder development entitlement/zoning process and therefore the hotel conference center development could potentially be completed before the proposed University Hill Hotel development. Because of a lack of an existing base of large traditional, full-service, convention-quality hotel properties, and that the size of the ballroom/meeting facilities would support more than 250 hotel rooms, the proposed University Hill Hotel development could be expected to obtain spillover room night demand from the conference center. Currently, only two hotels are within one mile of the university-owned Grandview site: the Boulder University Inn along Broadway and the St. Julien at the corner of Canyon Boulevard and 9th Street. Therefore, the proposed University Hill Hotel development would be ideally positioned to capture spillover demand attributable to the conference center.

PURPOSE

The City of Boulder and UHGID desire to attract a catalytic anchor that will improve the Hill District's ability to attract and serve non-student customers on a year-round basis. The UHGID-owned Pleasant Street public parking lot was identified as a potential 'catalytic site' for a use that could generate spillover benefits in the 2014 University Hill Commercial District Moratorium Project Phase 1 Report. The purpose of the study summarized in this report by Gruen Gruen + Associates ("GG+A") is to evaluate and describe the potential economic and fiscal impacts, and property spillover effects on the Hill District the development and operation of the proposed University Hill Hotel development may generate.

For purposes of the fiscal and economic impact analysis, we conservatively estimate that no more than 25 percent of room nights in an initial stabilized condition may be displaced from existing commercial lodging establishments in the City of Boulder. Any negative near-term competitive effects are also likely to be "spread wide" given (a) the university campus and UHGID presently contain no hotel room inventory and (b) the proposed select-service hotel product type has minimal direct competition in Boulder.

A related purpose of the study is to evaluate and describe the same economic, fiscal, and spillover effects potentially associated with alternative uses of the Pleasant Street parking lot. The alternatives compared to the proposed University Hill Hotel development described in more detail in the next section selected by the City project team include an office/commercial use (consistent with existing zoning), affordable housing use, and a "status quo" scenario in which the Pleasant Street parking lot is maintained and operated as-is.

ALTERNATIVE SCENARIOS

The economic and fiscal impacts and spillover effects of the proposed University Hill Hotel development are compared to three alternatives for the 20,000-square-foot Pleasant Street parking lot including:

- An office/commercial use consistent with existing zoning. Based on information provided by City staff, this alternative includes a three-story building with approximately 36,000 square feet of gross floor area (± 1.8 FAR). Two floors of office space (22,000 square feet) are included over 13,600 square feet of retail/commercial space on the ground floor;

- An affordable housing alternative that assumes a similar building size and height (three floors) with a small amount of off-street parking tucked under the rear of the building. Two floors of residential space are included above 8,000 square feet of ground floor retail/commercial with frontage on Pleasant Street (as required in current zoning standards). Based on prior analysis performed by City Staff and additional input, this alternative includes 35 multi-family housing units that would be affordable to households at 60 percent of Area Median Income

("AMI"). Unit sizes and mix would be small, with an average occupancy of 1.2 persons per affordable unit; and

- A "status quo" scenario in which the 68 off-street parking stalls at the Pleasant Street lot are maintained and operated as-is.

Note that each of the alternative scenarios only reflect activity from redevelopment of the 20,000-square-foot Pleasant Street public parking lot. The privately-owned remainder of the proposed hotel development site (± 42,000 square feet of land) is assumed to remain unchanged from current conditions.

WORK COMPLETED

In order to accomplish the study purpose, GG+A staff completed the following principal tasks:

- Inspected the Hill District and environs;
- Obtained and reviewed land use, real estate (hotel, retail, and office market), and property inventory data;
- Obtained and analyzed demographic, income, employment, and taxable sales data;
- Evaluated recent time-series hotel revenue and hotel room supply trends and relationships to estimate the potential short-term diversion of hotel rooms from the opening of the proposed University Hill Hotel development on existing hotel supply;
- Forecast the potential growth in demand for hotel rooms attributable to anticipated increases in occupied office space;
- Obtained and analyzed information on the cost and operating characteristics of the proposed University Hill Hotel development;
- Estimated the potential retail/restaurant expenditures visitors to the proposed University Hill Hotel development could contribute and the amount of associated retail/restaurant building space the estimated visitors could support;
- Conferred with Boulder staff to create prototypical development options as alternatives against which the economic, fiscal, and spillover effects of the proposed University Hill Hotel development were compared;
- Obtained sources and rates of taxes and fees from the Boulder Finance Department and applied the tax and fee rates to the characteristics of the proposed University Hill Hotel

development and postulated alternatives to estimate the amounts of tax and fee revenue each of the land use alternatives can be expected to generate;

- Conducted interviews with merchants and property owners within the Hill District as well as with representatives of the Boulder Convention and Visitors Bureau;

- Created an economic impact model of the jobs, income, and economic output of the proposed University Hill Hotel development and the postulated alternatives using RIMS II input-output multipliers obtained from the United States Bureau of Economic Analysis, a provider of custom input-output data for local economies; and

- Synthesized and described the results of the research and analysis outlined above in this report.

REPORT ORGANIZATION

Chapter III reviews the existing and planned hotel inventory within Boulder and presents an assessment of the current hotel market conditions and sources that stimulate hotel room night demand.

Chapter IV reviews an analysis of taxable retail sales trends and retail market conditions for the Hill District and the City of Boulder.

Chapter V presents an estimate of the economic impact that the proposed University Hill Hotel development is likely to have on the City of Boulder economy. Order-of-magnitude estimates are presented for potential impacts to the Hill District. Comparisons between the proposed University Hill Hotel development and alternative scenarios (for use of the Pleasant Street parking lot) are also summarized.

Chapter VI presents an estimate of the fiscal benefits that the proposed University Hill Hotel development will generate for the City of Boulder as well as UHGID. Comparisons between the proposed University Hill Hotel development and alternative scenarios (for use of the Pleasant Street parking lot) are also summarized.

Chapter VII presents the additional spillover effects the proposed University Hill Hotel development may generate within the Hill District based on a synthesis of the interviews with merchants and property owners and analysis of hotel and retail market conditions and trends.

CHAPTER III

BOULDER HOTEL MARKET CONDITIONS AND ASSESSMENT OF MARKET SUPPORT FOR PROPOSED HOTEL DEVELOPMENT

INTRODUCTION AND BASIC CONCLUSIONS

This chapter reviews the existing and planned hotel inventory within Boulder and presents an assessment of the current hotel market conditions and sources that stimulate hotel room night demand. The results of the review and assessment suggest that the Boulder hotel market is strong enough to support the development of the proposed University Hill Hotel without the hotel having to siphon off room night demands of a magnitude that could cause existing hotels to close.

If the CU hotel and conference center development is successful, it may spillover group bookings-related room night demands to the proposed University Hill Hotel property; a source of new lodging demand to the Boulder market.

EXISTING HOTEL ROOM INVENTORY

The City of Boulder contains a total hotel room inventory of about 2,500 rooms. Table III-1 shows the hotels with number of rooms in the City of Boulder. Limited service hotels (i.e., hotels that do not offer food and beverage service or significant amounts of on-site meeting/conference space) comprise most of the existing room inventory. The 269-room Millennium Harvest House and 201-room St. Julien Hotel & Spa are the two primary full-service hotels in Boulder.

Table III-1: Existing Hotel Room Inventory in Boulder

Name of Establishment	Number of Rooms #
Basecamp Boulder	50
Best Western Plus Boulder Inn	98
Boulder Marriott	165
Boulder University Inn	40
Bradley Boulder Inn	12
Colorado Chautauqua	58
Courtyard by Marriott Boulder	149
Days Hotel Boulder[1]	0
Embassy Suites Boulder	204
Foot of the Mountain	20
Hampton Inn & Suites Boulder North	100
Hilton Garden Inn	172
Holiday Inn Express	106
Homewood Suites by Hilton	112
Hotel Boulderado	160
Hyatt Place Boulder	150
Millennium Harvest House	269
Residence Inn by Marriott Boulder	128
Residence Inn - Canyon Blvd	155
St. Julien Hotel & Spa	201
Roadway Inn & Suites[2]	118
Briar Rose[2]	10
Total	2,477

[1] Days Hotel closed; Fairfield Inn Marriott opening 2020 with 74 renovated rooms.
[2] Non-BHMA member hotels.

Sources: Boulder Hotel Motel Association; Gruen Gruen + Associates.

Three hotels have opened in the past 18 months including the Embassy Suites Boulder and Hilton Garden Inn totaling 376 rooms on 28th Street and Canyon Boulevard close to the University of Colorado campus and the 155-room Residence Inn- Canyon Boulevard. Hyatt Place Boulder opened in 2015. Since 2015, a total of 681 rooms have been added to Boulder's hotel room inventory.

HOTEL MARKET CONDITIONS AND ROOM NIGHT DEMAND SOURCES

Table III-2 summarizes the two basic indicators of lodging demand (average daily rate and occupancy rate) for the Boulder hotel market.

Table III-2: Boulder Hotel Market Performance, 2015-2019 Year-to-Date

	Average Daily Rate		Annual Occupancy Rate
	January $	May $	%
2015	131.27	176.06	73.1
2016	135.06	187.98	72.1
2017	139.98	192.06	71.2
2018	142.96	195.40	67.7
2019 YTD	134.13	195.03	67.7

Sources: Boulder Convention & Visitors Bureau; Gruen Gruen + Associates.

Average daily room rates since 2015 have increased. The average daily room rate was $131.27 in January 2015 and $176.06 in May 2015 and has increased to $134.13 and $195.03, respectively in January and May 2019. Average daily rates in May as well as August tend to be high relative to other times of year due to CU-related activity (such as graduation events which draw families and visitors to town and move-ins during late summer prior to start of Fall semester, etc.). The year-over-year increases in average daily room rates have generally ranged from two to over three percent even with the additions to the supply of hotel rooms. While average daily room rates have grown over time, annual occupancy rates have declined. The annual occupancy rate declined from about 73 percent in 2015 to nearly 68 percent in 2018 and year-to-date 2019.

Hotel demand in the Boulder market area is driven by three primary segments: business travel, leisure travel, and convention/conferences. An interview with representatives of the Boulder Convention & Visitors Bureau ("Boulder CVB") indicates that business travel and business conferences are large sources of room night demand in Boulder. The leisure/tourism market also generates significant room night demand. Boulder appeals to leisure travelers who enjoy its vibrant Downtown and accessibility to outdoor recreation activities. According to a Boulder CVB tourism snapshot report[3], 73 percent of visitors come to see family and friends or recreate and vacation. The presence of the CU Boulder campus also stimulates hotel room night demand. The number of CU employees has grown by over one-third from 2010 to 2018, increasing by approximately 4,800 employees to a total of 18,475 employees in 2018. CU student enrollment has also grown. Between

[3] 2018 Tourism Snapshot, Boulder Convention and Visitors Bureau

2010 and 2018, student enrollment grew by 15 percent, to over 34,000 students for fall 2018 enrollment.

According to the CVB, Boulder has experienced growth in business travel and conferences due to the robust economy and attraction and expansion of high technology and business and technical services sectors.

OVERALL HOTEL REVENUE PERFORMANCE

Table III-3 summarizes an estimate of annual room revenues in Boulder attributable to the existing hotel supply. Accommodation tax receipts collected by the City of Boulder are used to estimate historical gross room revenues in the City.

Table III-3: Estimated City of Boulder Hotel Revenue Performance

Year	Gross Room Revenue[1] $	Estimated Hotel Inventory # Rooms	RevPAR[2] $
2014	87,733,576	1,870	128.54
2018	109,827,209	2,477	121.48
Actual Change, 2014-2018	19,165,784	607	(7.06)
2019 (projection)[3]	117,357,481	2,477	129.81
Projected Change, 2014-2019	29,623,905	607	+1.27

[1] Adjusted for inflation to current 2019 dollars.
[2] Daily gross revenue per available room.
[3] Accommodations tax receipts through April 2019 were up 8.6 percent year to date. This year-over-year percentage change is used to project 2019 gross room revenues.

Sources: City of Boulder; Boulder Convention & Visitors Bureau; Gruen Gruen + Associates.

Total annual gross room revenue in Boulder is estimated to have increased in real terms from approximately $88 million in 2014 to $110 million in 2018, representing 25 percent inflation-adjusted growth over the four-year period. According to information provided by the Boulder CVB, the net (after openings and closings) inventory of hotel rooms is estimated to have increased by 32 percent or by about 600 rooms over that same period.

Average daily revenue per available room ("RevPAR") provides another basic indicator of hotel market performance and a basis from which to judge historical competitive impacts of hotel supply additions if new hotel rooms are added to inventory. The overall RevPAR estimate for 2018 of approximately $121 is commensurate with an average daily rate of about $180 at a 68 percent annual occupancy rate. Relative to 2014 estimates, overall RevPAR declined slightly by about five percent over the four-year period.

The comparison of citywide RevPAR before and after recent growth in hotel room inventory suggests that some competitive effects have likely occurred. If all new hotels were merely capturing lodging demands already served by existing hotels/motels, overall RevPAR by 2018 would have declined to below $100. Given high land and development costs in Boulder, new hotels will typically need to generate above-average RevPAR to be feasibly built and operated. Table III-4 provides perspective on the potential competitive impacts occurring from the development of 681 new hotel rooms over the 2015-2018 period.

Table III-4: Hotel Revenue Displacement Effects	
	Citywide[1]
Projected citywide "net" hotel room revenue growth, 2014-2019 (see Table III-3)	$29,624,000
Total new hotel room inventory added since 2014 (# Rooms)[2]	681
New hotel room inventory gross annual revenue requirement @ $150 RevPAR[3]	$37,285,000
Net-to-gross room revenues from new hotel developments	**79.5%**
[1] In current 2019 dollars. [2] Includes Hyatt Place (Boulder Junction), Embassy Suites, Hilton Garden Inn, and Residence Inn, all opened between March 2015 and February 2018. [3] Assumes recent new hotel developments have likely required at least $150 RevPAR (e.g., $200 average daily rate at 75% annual occupancy) to be feasibly developed in Boulder.	
Source: Gruen Gruen + Associates	

An order-of-magnitude comparison between citywide room revenue growth and gross room revenue likely required to develop 681 new hotel rooms suggests that about 20 percent of room revenues may be displaced, in the short-term, from other existing lodging establishments in the City of Boulder.

If the CU conference center is well utilized, and robust economic conditions continue, growth in occupancy rates will likely resume along with continued growth in average daily room rates. Continued growth in tourism and business activity suggest the longer-term potential for the proposed hotel to be supported without having to negatively impact existing supply to succeed.

For purposing of quantifying fiscal and economic impacts of the proposed development, to be conservative, we estimate that no more than 25 percent of room nights in an initial stabilized condition may be displaced from existing commercial lodging establishments in the City of Boulder.

FUTURE HOTEL SUPPLY

In addition to the proposed 189-room University Hill hotel, CU Boulder has proposed a new hotel and conference center facility on university-owned land near Broadway and Grandview Avenue. The proposed project would include a 250-room hotel, 15,000-square-foot ballroom, and additional meeting rooms, and underground parking. Fairfield Inn and Suites is anticipated to re-open 74 rooms after renovations to the former Days Hotel are completed (in 2020). A 120-room Holiday Inn Express is also under construction in northeast Boulder with an anticipated 2020 opening date.
Collectively, these projects represent potential hotel supply additions totaling 633 rooms. This is similar in magnitude to the recent hotel supply growth that occurred between 2015 and 2018.

POTENTIAL HOTEL ROOM DEMAND

Short Term Forecast

Historical changes in hotel demand can be partially explained by continued growth in occupied office space and employment. We use a short-term projection of office space growth for Boulder to estimate the potential short-term growth in hotel demand. The Boulder office market has experienced 750,000 square feet of new office space added since 2016. Another nearly 300,000 square feet of space is under construction. Office space market vacancy rates have declined. Rents have increased even as a significant amount of new office space has been constructed. Google is expected to add 1,500 workers in Boulder into its multi-phased campus. Apple and Amazon are also moving high technology jobs to Boulder.

Assuming a relationship equating to about $1,200 in annual room revenue per additional job[4], consistent with past trends, we estimate the magnitude of potential room night demand growth. To estimate the total number of potential new hotel rooms supported, we then apply a citywide RevPAR benchmark.

[4] Boulder contains approximately 93,300 jobs as of 2018. Total gross hotel room revenue in Boulder is estimated to have equated to approximately $1,200 per primary job.

Table III-5 summarizes these calculations and the projection of potential hotel demand.

Table III-5: Short-Term Hotel Demand Projection for Boulder	
	Four-Year Total (2019-2023)
Projected Office Employment Growth (Jobs) in Boulder[1]	4,800
Additional Annual Hotel Room Revenue Per Job	$1,200
Total Additional Room Revenue	$5,760,000
Existing RevPAR (citywide for 2018)	$121
Additional Hotel Demand (# Rooms)	130
[1] Based on MacLaurin Williams Metro Denver/Boulder Office Market Report (1Q 2019) showing additional office space growth of over 1.4 million square feet in Boulder market area. Assume 66 percent of this space is in City of Boulder for total additional office space of 955,000 square feet. Assuming employment density of 200 square feet per employee, the office space demand projection for City of Boulder would equate to approximately 4,800 additional office space jobs over the next four years.	
Sources: MacLaurin Williams Metro Denver/Boulder Office Market Report (1Q 2019); Boulder Economic Profile, January 2019; Gruen Gruen + Associates.	

The demand projection over four years totals approximately 130 hotel rooms. The quantitative projection is not a precise tool, but its results lend to a basic comparison between likely future demand and supply based solely on office space employment. The results suggest growth in near-term office space occupancy will support about 130 existing hotel rooms. Short term growth office space development growth in Boulder will offset some competitive/displacement effects that may result from development of the identified hotel supply pipeline, especially for existing hotels (e.g., near 29th Avenue) situated closest to major concentrations of non-university employment.

Note according to the Boulder Valley Comprehensive Plan, employment in all sectors is projected to increase by 18,500 jobs to a total of 117,000 jobs within City limits by 2040. Accordingly, over time, the growth in employment and volume of economic activities can be expected to induce growth in room night demand and meeting space.

CHAPTER IV

UNIVERSITY HILL DISTRICT RETAIL MARKET CONDITIONS AND ESTIMATE OF AMOUNT OF RETAIL SPACE HOTEL VISITORS MAY SUPPORT

INTRODUCTION AND BASIC CONCLUSIONS

This chapter reviews an analysis of taxable retail sales trends and retail market conditions for the Hill District and the City of Boulder. The results indicate that retail sales growth in the Hill District has lagged citywide sales growth, and that the Hill District comprises a small and decreasing share of citywide sales.

Retail sales productivity per-square-foot is one basic indicator of retail space supply and demand conditions. Overall sales-per-square-foot for the Hill District are estimated to be much lower than achieved citywide. Retail sales in the Hill District have averaged about $230-per-square-foot. Citywide sales productivity is about 90 percent higher, estimated at $435-per-square-foot. As a percentage of sales, retail space occupancy costs (rents and expenses) are generally higher in the Hill District than for Boulder as a whole.

Fast-casual restaurants, cafes, and service-oriented businesses dominate the tenant mix of the Hill District. Eating and drinking establishments consistently comprise more than 60 percent of taxable retail sales in the Hill District. CU students (and to a lesser extent, faculty and staff) continue to represent the predominant source of sales for most merchants.

If the retail tenancies attracted to the proposed University Hill Hotel development serve to appeal to both visitors and Boulder residents who are not affiliated with CU, they would represent sources of demand not typically attracted to the Hill District. This chapter also presents estimates of the sales and the amount of retail space hotel visitors alone could support. Hotel visitor expenditures are estimated at nearly $9.9 million. The visitor expenditure potential equates to approximately 25,000 square feet of retail space supported at a sales threshold of $400-per-square-foot. This suggests the proposed retail uses of 10,500 square feet can potentially be supported by hotel guests and that businesses and space located in the Hill District well attuned to the preferences of the hotel visitors can also capture sales from a market segment new to the Hill District.

ANALYSIS OF TAXABLE RETAIL SALES

Citywide and UHGID

Table IV-1 presents annual taxable retail sales in the Hill District and City of Boulder in constant 2019 dollars from 2010 to 2018. In other words, the sales dollars have been adjusted to consider inflation.

Table IV-1: Taxable Retail Sales in UHGID and City of Boulder, 2010-2018[1]		
	UHGID $	City of Boulder[2] $
2010	39,438,183	2,339,654,970
2011	36,480,741	2,367,258,871
2012	34,822,738	2,430,683,153
2013	33,624,839	2,495,381,839
2014	38,799,269	2,729,218,204
2015	38,727,040	2,940,681,034
2016	35,963,795	2,757,651,623
2017	40,044,122	2,711,442,790
2018	40,755,527	2,740,086,856
Change 2010-2018:		
Retail sales $	1,272,384	400,431,886
Retail sales %	3.2%	17.1%

[1] Retail sales presented in 2019 dollars.
[2] Excludes auto trade sales for City of Boulder.

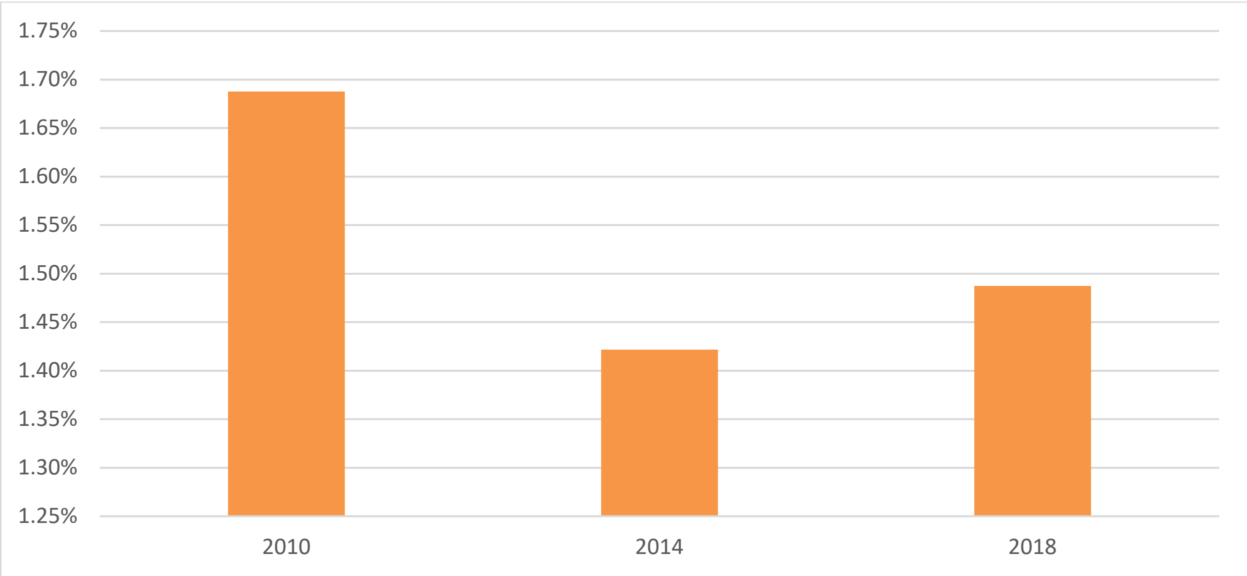
Sources: City of Boulder, Sales and Use Tax Revenue Reports; Gruen Gruen + Associates.

Retail sales in the Hill District have grown by nearly $1.3 million between 2010 and 2018. Retail sales increased by approximately three percent from $39.4 million in 2010 to $40.8 million in 2018. Citywide retail sales grew by $400 million or about 17 percent, increasing from approximately $2.34 billion to $2.74 billion. The Hill District's retail sales growth accounted for less than 0.5 percent of the Citywide sales growth.

UHGID Sales as Proportion of Citywide Sales

Figure IV-1 presents the Hill District's retail sales as a proportion of Citywide retail sales from 2014 to 2018

Figure IV-1: Hill District Retail Sales as Proportion of Citywide Retail Sales



As a proportion of Citywide sales, the Hill District's retail sales are less than two percent of Citywide sales. Over the 2010-2018 period, Hill District's sales have declined as a proportion of Citywide sales. In 2010, Hill District's sales comprised about 1.69 percent of total City sales. As overall Citywide sales growth outpaced Hill District's sales growth, the Hills sales declined to about 1.42 percent in 2014 and slightly higher at 1.49 percent in 2018.

RETAIL MARKET CONDITIONS

Table IV-2 presents the amount of retail space, vacancy rate, reported net rents, non-auto taxable retail sales, estimated sales-per-square-foot, and estimated rents as a proportion of sales for both the Hill District and City of Boulder.

Table IV-2: Retail Market Conditions

	Hill District	City of Boulder[1]
Estimated Inventory of Retail Space	176,500[2]	6,300,000
Estimated Vacancy Rate	8.6%[2]	3.9%
Average Net Rents (Per-Square-Foot)	$20-$25	$25.37
Non-Auto Taxable Retail Sales (2018)	$40.8 million	$2.74 billion
Estimated Sales Per-Square-Foot	$230	$435
Net Rent Percent of Sales	8.7-10.9%	5.8%

[1] Inventory, vacancy, and rent estimates from *Citywide Retail Study, Final Report*, City of Boulder, June 2019.
[2] Approximately 15,000 square feet of vacant retail space existed in UHGID as of May 2019. The total estimated inventory is drawn from property-level estimates summarized in Appendix 2 of the *University Hill Commercial District Moratorium Project: Phase 1 Report.*

Sources: City of Boulder; Gruen Gruen + Associates.

The overall retail inventory in Boulder comprises 6.3 million square feet with a 3.9 percent vacancy rate and non-automotive taxable sales of about $435-per-square-foot. The Hill District contains approximately 176,500 square feet of retail space, or approximately 2.7 percent of Citywide retail inventory. According to a 2015 University Hill Commercial District Moratorium Project report, the Hill District contained 87 businesses at that time. Fast-casual restaurant/cafes and service-oriented businesses comprised 50 percent of Hill District businesses. General retail businesses comprised only 17 percent of the total businesses. Full-service restaurants of which there were five made up just five percent of Hill District businesses.

Table IV-3 summarizes the retail vacancies on University Hill as of May 2019. Approximately 15,000 square feet of space is currently vacant in six locations. The 5,614-square-foot vacancy at 1301 Broadway is one of the parcels proposed to be redeveloped for the hotel use. Excluding this property, the Hill District contains approximately 9,500 square feet of vacant retail space.

Table IV-3: Current Retail Vacancies in Hill District		
Address	Vacant # Square Feet	Asking Rent $ NNN Per Square Foot
1301 Broadway[1]	5,614	12.00
1144 13th Street	300	NA
1140 13th Street	2,000	NA
1129 13th Street	2,475	NA
1121 13th Street	2,251	28.50 (modified gross)[2]
1261 College Ave.	2,500	15.00
Total	15,140	
[1] Property is part of the proposed hotel redevelopment site. [2] Tax and operating expenses reported at $9.90 per square foot.		
Sources: Loopnet; Dean Callan & Company, Inc.; Flagstaff Properties Incorporated; Mapleton Real Estate Group; Gruen Gruen + Associates.		

The historic core and "center of gravity" for the Hill District has traditionally been comprised of tenants located on 13th Avenue, from College Avenue to Pennsylvania Avenue. This core area along 13th Street currently contains four retail vacancies with approximately 7,000 square feet of available space.

Some businesses interviewed which have been in the Hill District for at least eight years or more pay higher net rents than current asking net rents for some vacant spaces. Some property owners also report that effective net rents have declined over time in the Hill District. This reflects a combination of stagnant sales performance and increasing operating expenses (such as property taxes). One fast-casual restaurant space being marketed at a modified gross rent of $28.50-per-square-foot, according to the property owner, used to command higher rent of $35-per-square-foot. A second property owner also reported that a new lease was recently signed at a net rent 20 percent lower than rent obtained 15 years ago.

ESTIMATE OF ANNUAL SALES AND AMOUNT OF RETAIL SPACE VISITORS TO PROPOSED HOTEL MAY SUPPORT

Table IV-4 presents an estimate of retail sales potentially to be generated by overnight visitors to the proposed 189-room University Hill Hotel development. Retail sales estimates are based on the number of occupied room nights estimated by the developer and assumptions drawn from our review of prior tourism studies and visitor surveys conducted by the City of Boulder and Boulder CVB.

Table IV-4: Visitor Expenditure Estimate for Proposed 189-Room Hill Hotel	
	University Hill Hotel Visitors
Annual Occupied Room Nights[1]	54,167
Annual Overnight Visitor-Days[2]	131,524
Daily Spending, Per Overnight Visitor:	
Eating and drinking (food service)	$40.00
Retail food stores	$10.00
Other retail stores	$25.00
Subtotal	$75.00
Total Annual Retail Expenditures[3]	**$9,864,300**
Sales-Per-Square-Foot Threshold	$400
Supportable Retail Space in Square Feet	**24,700**

[1] Based on stabilized occupancy estimate of 78.5 percent.
[2] Based on 1.85 visitors per room and average length of stay of 3.2 nights. Drawn from 2015/16 visitor survey data for commercial lodging in Boulder.
[3] Does not include potential spending on non-retail activities such as recreation and entertainment.

Sources: Downtown Boulder User Survey, Summer 2018, RRC Associates; 2015/16 Boulder CVB Visitor Survey; Nichols Partnership; Gruen Gruen + Associates.

GG+A reviewed the developer's projections of hotel occupancy and secondary sources of information including the results of the 2015/16 Boulder CVB Visitor Survey and Summer 2018 Downtown Boulder User Survey to quantify the volume of visitation the University Hill Hotel is likely to generate. We estimate the number of annual overnight visitor-days at approximately 131,500 upon stabilization of the hotel. The non-lodging retail expenditure estimate of $75 per day results in annual hotel visitor expenditures of nearly $9.9 million. This does not include potential spending on non-retail activities (e.g., arts and recreation and entertainment).

To convert the visitor expenditure potential estimate into on-the-ground retail space demand, we utilize an average sales-per-square-foot threshold of $400. This threshold is similar to the average sales-per-square-foot performance of Boulder's retailing base overall, but well above the existing sales performance of the Hill District. The assumption reflects the typical need for new retail development to generate rents high enough to feasibly amortize contemporary development costs. According to the developer of the proposed University Hill Hotel, retail/restaurant space rents are estimated to average $30 per square foot (triple-net). Therefore, rents for new retail space are assumed to approximate 7.5 percent of required sales (a lower proportion than currently the case).

Hotel visitor retail expenditure potential equates to approximately 24,700 square feet of supportable retail space. This suggests the proposed retail uses of 10,500 square feet can potentially be supported by hotel guests. The estimate of supportable space attributable to hotel visitors also suggests that businesses and space located in the Hill District well attuned to the preferences of the hotel visitors can also capture sales from a market segment new to the Hill District.

CHAPTER V

ECONOMIC IMPACTS THE PROPOSED UNIVERSITY HILL HOTEL DEVELOPMENT AND ALTERNATIVE SCENARIOS

INTRODUCTION

This chapter presents an estimate of the economic impact that the proposed University Hill Hotel development is likely to have on the City of Boulder economy. Order-of-magnitude estimates are also presented for potential impacts to the Hill District. The economic impacts estimated and presented in this section relate to:

- Occupancy and on-going operation of the proposed University Hill Hotel development; and
- Off-site hotel visitor expenditures.

Once completed and occupied, the operations of the proposed University Hill Hotel development will generate an "on-going" economic impact on the local economy as the hotel and other tenants produce sales, pays wages to employees, and purchases goods and services from other vendors/businesses in the local economy. Visitors attracted to the development will also generate an on-going economic impact of their own through off-site purchases of local goods and services during their stay. These on-going impacts are also recurring in nature.

Comparisons between the proposed University Hill Hotel development and alternative scenarios (for use of the Pleasant Street parking lot) are also estimated and summarized in this chapter. Note that neither of the alternative scenarios (office or affordable housing) assume any displacement of economic activity. In the case of office space, if as likely, any of the office space users moved from within Boulder, such a relocation would not represent new economic activities to Boulder; just an internal change in location. Office and residential tenants are assumed to be new to Boulder and ground floor retail/commercial spaces are assumed to capture new sales (rather than siphoning sales already captured in Boulder or the Hill District). In addition, the alternatives are assumed to be financially feasible to develop and operate. These assumptions may be unrealistic and optimistic but facilitate a comparison of the gross economic impacts associated with the alternatives postulated by the City's project team. The impacts associated with the hotel component of the proposed University Hill Hotel development are presented on a net rather than gross basis and so therefore represent conservative estimates relative to the impacts estimated for the land use alternatives.

DATA SOURCES

The economic impact analysis is based on anticipated characteristics of the proposed development provided by representatives of Nichols Partnership and RIMS II input-output multipliers obtained from the Bureau of Economic Analysis, a provider of custom input-output data for local economies.

2019 CONSTANT DOLLARS

The figures presented in this report are expressed in constant 2019 dollars. That is, the possible effects of inflation or deflation on future economic activities are not quantified.

METHODOLOGY AND TYPES OF ECONOMIC IMPACTS ESTIMATED

The economic impacts quantified in this report are presented in terms of:

- Employment (full- and part-time jobs);
- Earnings (wages, salaries, benefits and proprietor income); and
- Output (the value of goods and services produced or sold).

Development of the proposed University Hill Hotel will cause an economic impact beyond the direct expenditures associated with on-going operations. Secondary or "multiplier" effects result from increased production in industries affected by direct changes in local economic activity. These secondary impacts are referred to as indirect and induced effects.

Direct Effects are the number of jobs, earnings, and output produced in industries directly affected by the on-going operations of the hotel and retail space. Direct effects attributable to the occupancy and on-going operations of the hotel and retail space are estimated based upon expected gross revenue performance.

Indirect Effects relate to changes in the number of jobs, earnings, and output produced within a local economy given interdependencies among economic sectors. Businesses buy products and services from each other, creating indirect impacts on other businesses. In other words, a change in one industry or business "ripples" through to other industries or businesses.

Induced Effects refer to the impacts of increased household spending. For example, a portion of the wages paid to hotel workers (direct employment) and a portion of the wages paid to employees of firms providing goods or services to the hotel (indirect employment) will then be spent locally to purchase goods and services (induced effect) in the local economy.

TOTAL ECONOMIC IMPACTS ON CITY OF BOULDER

Table V-1 shows the estimated annual on-going total (direct, indirect and induced) economic impacts on the City of Boulder economy attributable to the occupancy and operations of building space included in each alternative.

Table V-1: Total Annual Economic Impacts on City of Boulder[1]

	Proposed Hotel/Retail Development	Office/ Commercial Alternative[2]	Affordable Housing Alternative[2]	Status-Quo Alternative
Employment[3]	183.9	257.8	111.3	78.1
Earnings[4]	$5,133,000	$10,761,000	$2,701,000	$1,830,000
Output[5]	$22,088,000	$38,899,000	$11,025,000	$7,307,000

[1] Total impacts include direct, indirect, and induced effects.
[2] Impacts of each alternative include those related to the status-quo activity.
[3] Full- and part-time employment (jobs).
[4] Wages, salaries, benefits and proprietor income.
[5] Local value of goods and services produced or sold.

Sources: RIMS II, Regional Production Division, Bureau of Economic Analysis; Gruen Gruen + Associates.

The proposed University Hill Hotel development is estimated to generate a net[5] employment impact of about 184 jobs and an annual earnings impact of $5.1 million in a stabilized condition. The total direct and indirect annual output impact approximates $22.1 million. The citywide economic impacts of the proposed development include those related to hotel operations (including food and beverage), the 10,500 square feet of retail/commercial space as well as hotel visitor spending.

Based on the reported level of sales generated by existing retail and commercial tenants of the proposed development site, we estimate the "status-quo" use of the property generates an employment impact of 78 jobs and an annual earnings impact of approximately $1.8 million.

The office/commercial use alternative is estimated to generate an annual employment impact of 258 jobs and an annual earnings impact of $10.8 million. The total direct and indirect annual output impact approximates $38.9 million. These citywide economic impacts assume the alternative office/commercial use is fully occupied and include the impacts related to the status-quo use which is not assumed to change. As indicated earlier the analysis assumes market support and that the office/commercial alternative is financially feasible. These may be unrealistic assumptions given that

[5] As indicated previously, assumes 25 percent of gross hotel room revenues and off-site visitor spending are initially displaced from other existing lodging establishments in Boulder.

the interviews and review of office supply do not indicate the location is preferred by office space users.

The affordable housing use alternative is estimated to generate an annual employment impact of 111 jobs and an annual earnings impact of $2.7 million. The total direct and indirect annual output impact approximates $11 million. Again, these citywide economic impacts assume the alternative affordable housing use is fully occupied and include the impacts related to the status-quo use which is not assumed to change.

Relative to the status-quo, the results of the economic impact modeling suggest that the proposed University Hill Hotel development would result in an incremental increase in citywide employment of approximately 106 full- and part-time jobs. Many of the net-new jobs will directly result within the Hill District.

LOCAL ECONOMIC IMPACTS ON HILL DISTRICT

Table V-1 shows the estimated annual on-going total (direct, indirect and induced) economic impacts on the Hill District[6] attributable to the occupancy and operations of building space for each alternative.

Table V-2: Total Annual Economic Impacts on Hill District[1]

	Proposed Hotel/Retail Development	Office/ Commercial Alternative[2]	Affordable Housing Alternative[2]	Status-Quo Alternative
Employment[3]	187.7	212.1	98.0	70.8
Earnings[4]	$5,060,000	$8,949,000	$2,183,000	$1,556,000
Output[5]	$21,229,000	$30,366,000	$8,371,000	$5,868,000

[1] Total impacts include direct, indirect, and induced effects.
[2] Impacts of each alternative include those related to the status-quo activity.
[3] Full- and part-time employment (jobs).
[4] Wages, salaries, benefits and proprietor income.
[5] Local value of goods and services produced or sold.

Sources: RIMS II, Regional Production Division, Bureau of Economic Analysis;
Gruen Gruen + Associates.

[6] All "direct" economic impacts from operations will occur within the Hill District, and portions of economic impacts related to hotel visitor spending will also occur locally within the Hill District. Based on our knowledge of the tenant mix and economic activities present within the Hill District, the estimates also assume a small share of indirect and induced economic effects occurring citywide will impact the Hill District. (For example: a part-time hotel worker will spend a small portion of its earnings locally on eating and drinking, or convenience-type goods, during the workday or commute).

The proposed University Hill Hotel development is estimated to generate an employment impact of about 188 jobs and an annual earnings impact of $5.0 million within the Hill District. Note that the local employment impact on the Hill District is estimated to be higher than the citywide impact because the analysis assumes a 25 percent displacement factor for the proposed hotel use at the citywide level (there are no existing hotel room revenues within the Hill District to displace).[7]

Based on the reported level of sales generated by existing retail and commercial tenants of the proposed development site, we estimate the "status-quo" use of the property generates an employment impact of 71 jobs and an annual earnings impact of approximately $1.6 million on the Hill District.

The office/commercial use alternative is estimated to generate an annual employment impact of 212 jobs and an annual earnings impact of $8.9 million. The total direct and indirect annual output impact approximates $30.3 million.

The affordable housing use alternative is estimated to generate an annual employment impact of 98 jobs and an annual earnings impact of $2.2 million. The total direct and indirect annual output impact approximates $8.4 million.

(Again, the estimates of local Hill District economic impacts for these alternative scenarios include the impacts related to the status-quo use which is not assumed to change).

Relative to the status-quo, the results suggest that the proposed University Hill Hotel development will result in a "net" increase in Hill District employment of approximately 117 full- and part-time jobs.

[7] The overall difference in employment is estimated at approximately four jobs. Direct hotel-related employment impacts in the Hill District exceed those at the citywide level by 24 jobs (i.e., 24 direct jobs may be displaced elsewhere in Boulder). Indirect and induced employment effects in the small Hill District however are estimated to be lower than such impacts at the larger citywide level; by about 20 jobs. Therefor the total difference in employment impact approximates four jobs.

CHAPTER VI

FISCAL IMPACTS OF THE PROPOSED UNIVERSITY HILL HOTEL DEVELOPMENT AND ALTERNATIVE SCENARIOS

FISCAL IMPACTS

This chapter presents an estimate of the fiscal benefits that the proposed University Hill Hotel development will generate for the City of Boulder as well as UHGID. Comparisons between the proposed University Hill Hotel development and alternative scenarios (for use of the Pleasant Street parking lot) are also summarized.

Estimates related to the proposed development, as indicated in Chapter III, reflect a 25 percent displacement factor for gross hotel room revenues and related hotel visitor spending within the City of Boulder. While all hotel room night demands will be new to the Hill District neighborhood (there is no existing hotel), some near-term displacement from other commercial lodging establishments in Boulder may occur. We estimate that no more than 25 percent of room nights in an initial stabilized condition may be displaced from existing commercial lodging establishments in the City of Boulder.

The estimates of direct fiscal benefits estimated and presented include:

- Accommodation Tax;
- Retail Sales Tax;
- Property Tax;
- Construction Use Tax;
- Affordable Housing Linkage Fees; and
- Capital Impact Fees.

Based on the economic impact estimates summarized in Chapter VI, estimates of indirect retail sales tax revenue are also presented. The Status-Quo scenario also presents an estimate of net revenue UHGID receives from operation of the 68 off-street parking spaces in the Pleasant Street lot.

The fiscal impacts can be categorized into two categories: one-time benefits related to initial development of the proposed project and alternative projects; and on-going or "recurring" sources of revenue related economic activities once the hotel and retail development (and alternative scenarios) are operational and occupied. Estimates of on-going tax revenue are made for the stabilized build-out condition of each alternative including the proposed hotel and retail development.

We have assumed that current tax rates will remain constant and all estimates are presented in constant 2019 dollars.

ONE-TIME FISCAL IMPACTS

Table VI-1 summarizes the one-time tax and impact fee revenues from the proposed University Hill Hotel development and the three alternative scenarios to the City of Boulder. For each land use alternative, a $3.0 million one-time land sale proceed is assumed to be generated.

Table VI-1: One-Time (Upfront) Taxes and Fees

	Proposed Hotel/Retail Development	Office/ Commercial Alternative	Affordable Housing Alternative	Status-Quo Alternative
City Revenues:				
Construction Use Tax	$809,751	$223,301	$167,910	$0
Affordable Housing Linkage Fees	$1,159,559	$932,000	$160,000	$0
Other City Impact Fees[1]	$459,109	$164,196	$277,055	$0
Subtotal	$2,428,418	$1,319,497	$604,965	$0
UHGID Land Sale Proceeds	$3,000,000	$3,000,000	$3,000,000	$0
Total	**$5,428,418**	**$4,319,497**	**$3,604,965**	**$0**

[1] Includes capital impact fees (for municipal facilities, police, fire, and transportation) and transportation excise tax revenues.

Source: Gruen Gruen + Associates

The proposed University Hill Hotel development is estimated to generate construction use tax and impact fees of approximately $2.4 million and a total one-time benefit of $5.4 million including land sale proceeds. The office/commercial use alternative is estimated to generate $1.3 million in use tax and impact fees and a total of over $4.3 million including land sale proceeds. The affordable housing alternative is estimated to generate a total of approximately $605,000 in use tax and impact fees and a total of approximately $3.6 million including land sale proceeds. The status-quo alternative will not generate any one-time taxes and fees.

ON-GOING FISCAL IMPACTS

Table VI-2 summarizes the estimates of annual tax revenue at build-out of each of the four land use alternatives to the City of Boulder General Fund. An estimate of UHGID annual revenues is also presented.

Table VI-2: Summary of Direct Annual Fiscal Impacts[1]

	Proposed Hotel/Retail Development	Office/ Commercial Alternative	Affordable Housing Alternative[2]	Status-Quo Alternative
City Revenues:				
Accommodations Tax	$761,530	$0	$0	$0
Retail Sales Tax	$181,661	$448,096	$361,632	$238,112
Property Tax	$177,850	$79,606	$43,645	$33,221
Subtotal	$1,121,041	$527,702	$405,277	$271,333
UHGID Revenues:				
UHGID Property Tax [3]	$24,760	$11,083	$6,076	$4,625
UHGID Net Parking Revenue [4]	$0	$0	$0	$46,981
Total	**$1,145,802**	**$538,784**	**$411,353**	**$322,939**

[1] The office/commercial and affordable housing alternatives include sales tax and property tax currently generated by the privately-owned portions of the redevelopment site (which consists of about one acre of land with 31,500 square feet of existing retail/commercial building space).
[2] Affordable housing units assumed to be exempt from property taxes (i.e., owned/operated by non-profit). Property tax estimate is for retail/commercial space included in the alternative.
[3] Based on currently reduced UHGID mill levy of 1.668.
[4] Attributable to 68 off-street spaces in the Pleasant Street lot.

Source: Gruen Gruen + Associates

Development, operation, and occupancy of the proposed University Hill Hotel development is estimated to generate direct annual city tax revenues of approximately $1.1 million upon stabilization and UHGID annual property tax revenues of approximately $25,000. Total annual city and UHGID revenues approximate $1,146,000.

Development, operation, and occupancy of an office/commercial land use alternative on the Pleasant Street parking lot is estimated to generate direct annual city tax revenues of $527,700 and UHGID annual revenues of approximately $11,100. Total annual city and UHGID revenues approximate $539,000.

Development, operation, and occupancy of an affordable housing land use alternative is estimated to generate annual city tax revenues of $405,300 and UHGID annual revenues of approximately $6,100. Total annual city and UHGID revenues approximate $411,400.

The status quo alternative is estimated to generate annual city tax revenues of $271,300 and UHGID annual revenues of $51,600. Total annual revenues to the city and UHGID approximate $323,000.

ACCOMMODATION TAX REVENUE

Table VI-3 summarizes the estimated accommodation tax revenue.

Table VI-3: Annual Accommodation Tax Revenue at Build-out

	189-Room Hotel @ Stabilization
Annual Average Occupancy Rate	78.5%
Average Annual Daily Room Rate	$250
Annual Gross Room Revenue	$13,508,306
Room Night Demand Displacement Factor	25%
Annual Net Accommodation Tax Revenue[1]	**$761,530**

[1] Based on 7.5 percent tax rate. Figures have been rounded

Sources: City of Boulder; Nichols Partnership; Gruen Gruen + Associates.

The City of Boulder imposes a tax of 7.5 percent on the gross room revenues of lodging facilities when occupied by visitors staying in Boulder for less than 30 days. In order to estimate accommodation tax revenue, we assume the 189-room hotel will obtain at stabilization average daily room rates of $250 and an average annual occupancy rate of 78.5 percent. These assumptions produce an estimate of approximately $13,508,000 in annual gross hotel room revenues.

We estimate that no more than 25 percent of room nights in an initial stabilized condition may be displaced from existing commercial lodging establishments in Boulder. Given the accommodation tax rate of 7.5 percent and the annual hotel room revenue at built out, the proposed hotel development is estimated to generate net annual accommodation tax revenue of approximately $762,000.

RETAIL SALES TAX REVENUE

Direct

The proposed University Hill Hotel development will generate General Fund sales tax revenue directly from hotel food and beverage service and retail/restaurant space in addition to indirectly from the expenditures of hotel visitors or other patrons.

Table VI-4 summarizes indirect annual sales tax revenues at build-out of each land use alternative.

Table VI-4: Direct Annual Retail Sales Tax Revenues

	Proposed Hotel/Retail Development	Office/ Commercial Alternative	Affordable Housing Alternative	Status-Quo Alternative
Hotel Food & Beverage Revenue @ $275 per Square Foot for 5,550 Square Feet	$1,526,250			
New Retail Sales @ $400 Per Square Foot	$3,180,000[1]	$5,440,000[2]	$3,200,000[3]	$0
Existing Retail Sales[4]	---	$6,168,705	$6,168,705	$6,168,705
Total Estimated Retail Sales	$4,706,250	$11,608,705	$9,368,705	$6,168,705
Direct Retail Sales Tax Revenue @ 3.86 Percent	**$181,661**	**$448,096**	**$361,632**	**$238,112**

[1] The developer estimates obtainable rents of $30 per square foot for primarily restaurant tenancies. Restaurants and other retailers typically cannot afford to pay rents more than 7.5 percent of sales and citywide sales average $415 per square foot. Ancillary retail/restaurant space assumed to total 7,950 square feet.
[2] Assumes 13,600 square feet of retail space at the same rents and sales productivity as assumed for the hotel and retail development.
[3] Assumes 8,000 square feet of retail space at the same rents and sales productivity as assumed for the hotel and retail development.
[4] Sales tax revenues for the 31,500 square feet of existing retail/commercial space at the hotel site.

Sources: City of Boulder; Nichols Partnership; Gruen Gruen + Associates.

Based on information provided by the developer of the proposed University Hill Hotel project, food and beverage components are estimated to generate sales of about $1.5 million upon stabilization (sales per square foot of $275 for 5,550 square feet of food and beverage space). In addition, approximately 7,950 square feet of retail/restaurant space in the proposed University Hill Hotel development is estimated to generate sales per square foot of $400 or $3,180,000. This sales productivity is close to the overall sales per square foot for the citywide retail space as a whole and equates to rents of $30 per square foot comprising 7.5 percent of sales. With a sales tax rate of 3.86 percent, total retail sales of over $4.7 million are estimated to generate direct annual City sales tax of nearly $182,000.

The office/commercial component with 13,800 square feet of retail space would generate over $5.4 million in new sales assuming the same $400 per square foot sales productivity applied to the proposed hotel and retail development. The office/commercial alternative is estimated to generate annual sales tax of $448,000 when combined with the existing retail/commercial space on the hotel site.

The affordable housing alternative includes 8,000 square feet of retail space pursuant to current zoning standards. Assuming the same sales productivity and tax rates, the estimated $3,200,000 in new annual retail sales equates to annual sales taxes of approximately $123,500. Combined with the existing space on the hotel site, the annual direct sales tax revenue to the City would total about $362,000.

The status-quo alternative (existing retail/commercial space on the hotel site) is estimated to generate about $238,000 in existing annual City sales tax revenues.

Indirect

The indirect sale of taxable retail goods will generate revenue for the General Fund. Table VI-5 summarizes an estimate of taxable retail sales, and therefor sales tax revenues, that result indirectly from the operations of each alternative based on the 3.86 percent local sales tax rate.

Table VI-5: Indirect Annual Retail Sales Tax Revenues

	Proposed Hotel/Retail Development[1]	Office/ Commercial Alternative	Affordable Housing Alternative	Status-Quo Alternative
Indirect Taxable Sales in Boulder	$6,968,224	$2,486,354	$977,058	$460,851
Indirect Retail Sales Tax Revenue @ 3.86 Percent	**$268,973**	**$95,973**	**$37,714**	**$17,789**

[1] Estimates assume that hotel visitor spending supports one-half of sales required to viably operate the proposed on-site retail/commercial space. (The fiscal benefits of which are accounted for directly in Table VI-4).

Sources: RIMS II, Regional Product Division, Bureau of Economic Analysis; Gruen Gruen + Associates

Estimates of indirect taxable sales for the proposed hotel and alternative scenarios reflect the results of the economic impact (input-output) modeling described previously in Chapter V.

The proposed University Hill Hotel development is estimated to generate about $7 million of indirect retail sales and eating and drinking activity within the City of Boulder. Indirect retail sales tax is estimated at $269,000 annually. This includes the effects of off-site hotel visitor spending.

Indirect retail sales tax revenues associated with the alternative scenarios range from approximately $18,000 to $96,000 annually. The office/commercial alternative generates the largest indirect impact among the three alternative scenarios largely because it is assumed the scenario would directly add 88 new, high-earning office jobs.

PROPERTY TAX REVENUE

The assessed value of new development will generate property tax revenue. The City of Boulder's General Fund mill levy rate is 1.1981 percent. The current UHGID mill levy rate is 0.1668 percent.

Estimate of Property Tax Revenue by Alternative Land Use at Build-out

Table VI-6 summarizes an estimate of annual General Fund property tax revenue at build-out for the proposed University Hill Hotel development and alternative uses of the Pleasant Street lot.

Table VI-6: Annual Property Tax Revenue at Build-out

	Proposed Hotel/Retail Development $	Office/ Commercial Alternative $	Affordable Housing Alternative $	Status-Quo Alternative $
New Market Value at Build-out	51,187,500	13,350,000	3,000,000	
Total Assessed Value at Build-out @ 29 Percent Assessment Rate	14,844,375	3,871,500	870,000	2,772,824
City Property Tax @ 11.981 Mills	177,850	46,384	10,423	33,221
UHGID Property Tax @ 1.668 Mills	24,760	6,458	1,451	4,625
Total Annual Property Tax Revenue	**202,611**	**52,842**	**11,874**	**37,846**

Sources: City of Boulder; Gruen + Associates.

Hotel

For purposes of taxation, we assume a total market value of $51.2 million at build-out for the proposed University Hill Hotel development. This equates to a market value of $250,000 per hotel room and $375-per-square-foot for the retail space. According to the assessor, three hotels in Boulder built in 2016-17 have current actual values ranging from approximately $172,000 to $228,000 per room. Given the assessment rate of 29 percent of market value, the estimated assessed value of the proposed University Hill Hotel development is $14.8 million. Based on the current City mill rate of 1.1981 percent, the proposed University Hill Hotel development is estimated to generate annual property tax revenue of $177,900 for the City. At a current UHGID mill rate of 0.1668 percent, the proposed University Hill Hotel development is estimated to generate annual property tax revenue for UHGID of $24,800. The total annual property tax revenue the proposed University Hill Hotel development is estimated to generate is $202,600.

Office/Commercial

We apply a market value of $375 per square foot of space or a total market value for the office/commercial alternative of $13,350,000. Given the assessment rate of 29 percent of market value, the estimated assessed value of the office/commercial alternative is nearly $3.9 million. Based on a municipal mill rate of 1.1981 percent the office/commercial alternative is estimated to generate annual property tax revenue of $46,400. At a current UHGID mill rate of 0.1668 percent the office/commercial is estimated to generate annual property tax revenue for UHGID of $6,500. The combined annual property tax revenue the office/commercial alternative is estimated to generate is $52,800.

Affordable Housing

The affordable housing units are assumed to be exempt from property taxes (i.e., owned/operated by non-profit). The alternative, however, does include retail/commercial space. Based on a market value of $375 per square foot of space, we assume a market value for the affordable housing alternative of $3,000,000. Given the assessment rate of 29 percent of market value the estimated assessed value of the affordable housing alternative is nearly $870,000. Based on a municipal mill rate of 1.1981 percent the affordable housing alternative is estimated to generate annual property tax revenue of $10,400. At a current UHGID mill rate of 0.1668 percent the affordable housing is estimated to generate annual property tax revenue for UHGID of $1,500. The total annual property tax revenue the affordable housing alternative is estimated to generate is nearly $12,000.

Status Quo Alternative

Based on the 2018 assessed value of the existing property (consisting of 31,500 square feet of retail/commercial space) of nearly $2.8 million, and a City mill rate of 1.1981 percent the status quo alternative is estimated to generate annual property tax revenue of $33,200. At a current UHGID mill rate of 0.1668 percent the private property is estimated to generate annual property tax revenue for UHGID of $4,600. The total annual property tax revenue the private property is estimated to generate nearly $37,800.

ONE-TIME TAX REVENUE AND FEES

Construction use tax revenue is based on the City's sales tax rate of 3.86 percent applied to 50 percent of direct hard construction costs for the proposed hotel and each alternative. Affordable housing linkage fees, and other impact fees are calculated on a per room, per unit, or per square foot basis. Table VI-7 summarizes these fees. The City of Boulder Finance Department is the source.

Table VI-7: City Impact and Other Fees

Use	Affordable Housing Linkage[1] $	Other City Impact Fees[2] $	Transportation Excise Tax $
Lodging	5,024 per room	628 per room	2.48 psf
Retail/Restaurant	20.00 psf	2.33 psf	2.48 psf
Office	30.00 psf	2.01 psf	2.48 psf
Residential (<799 SF Per Unit)	NA	4,109 per unit	2,707 per unit

[1] Affordable linkage fees included for 2021 per rate schedule.
[2] Municipal, police, fire, and transportation impact fees.

Sources: City of Boulder; Gruen Gruen + Associates.

The construction use tax associated with the proposed University Hill Hotel development is estimated at nearly $810,000. The construction use tax associated with the office/commercial alternative is estimated at $223,000 while the construction use tax associated with the affordable housing alternative is estimated at $168,000.

Affordable housing linkage fees are estimated at $1,160,000 for the proposed University Hill Hotel development, $932,000 for the office/commercial alternative, and $160,000 for the affordable housing alternative. Other municipal impact fees including police, fire, and transportation fees are estimated to total $459,000 for the proposed University Hill Hotel development, $164,000 for the office/commercial alternative, and $277,000 for the affordable housing alternative.

CHAPTER VII

SPILLOVER EFFECTS THE PROPOSED UNIVERSITY HILL HOTEL MAY GENERATE WITHIN THE HILL DISTRICT

INTRODUCTION AND BASIC CONCLUSIONS

Whether property owners will maintain and improve their properties and businesses maintain and enhance their space and goods and services in a particular area or neighborhood often boils down to expectations about the future. The interviews with Hill District businesses and property owners and analysis of real estate market and retail sales data suggest that portions of and some uses in the Hill District have stagnated or deteriorated as the customer base has become less diverse and smaller and the appeal of Downtown Boulder and other areas have improved. Optimism about the future of the Hill District has declined.

While not a panacea for all challenges associated with the Hill District, the development and occupancy of the proposed University Hill Hotel development would signal confidence in the future of the District and spillover value to the Hill District. The value spillover from the fiscal and economic impacts and disposition proceeds can be used to enhance the District. In addition, visitors who would be unlikely to be in the Hill District in the absence of the proposed University Hill Hotel development constitute another source of potential positive spillover.

In addition, if the retail tenancies are unique and experiential, such uses may attract visitors and generate sales spillover to restaurants and services in the Hill District responsive to their preferences. Compared to the alternatives, the proposed University Hotel Development is estimated to improve the retail supply-demand conditions the most.

If the proposed University Hill Hotel development succeeds, it may encourage investments and enhancements by other property owners and businesses seeking to emulate its success, attract the visitor base induced by the University Hill Hotel development, and whose property and tenanting enhancements may cumulatively serve to encourage the revitalization of the Hill District.

The findings outlined above about spillover effects reflect the results drawn from interviews with businesses and property owners in the Hill District. The results are summarized in the rest of this chapter.

DIRECT BENEFITS TO UHGID OPERATIONS/FUNDING

A wide array of merchants and property owners concur that UHGID needs to develop additional sources of revenue to fund deferred maintenance items (like replacing public streetlights) and to help mitigate other challenges associated with the Hill District. Such challenges reportedly relate to negative perceptions of safety and security, parking optimization, and events management. Representatives of businesses and property owners believe that one-time proceeds from disposition of the Pleasant Street lot and on-going property tax benefits, once the hotel is built and on the tax rolls, could be directed to improving the physical environment, safety and security, programming, and to address other disadvantages or constraints. Accordingly, one spillover effect would be the direct and indirect revenues the proposed University Hill Hotel development generates that could be reinvested in the Hill District.

HILL DISTRICT SEASONALITY AND TURNOVER

The Hill District is "betwixt and between" the CU campus and significant amounts of off-campus student housing. Merchants and property owners indicate that the vast proportion of the customer base for businesses in the Hill District are CU students and other members of CU. The interviews indicate that the excessive dependence on the student customer base makes it difficult for some businesses to sustain their operations (make payroll, pay rent, etc.) during CU holiday breaks and during the summer when fewer classes are offered. The presence of students and the types of businesses that appeal to students do not equally well appeal to non-student Boulder residents or workers.

Merchants and property owners suggest that the seasonal nature and over dependence upon the primary customer base has resulted in a high degree of tenant turnover over for many years. Other conditions - such as comparatively high operating/occupancy costs, high tenant improvement costs and a difficult approvals process, etc. - also contribute to a relatively high rate of store turnover.

Many establishments including well-known and reputable fast-casual food chains (e.g., Five Guys, Qdoba, and Del Taco) have tried but failed to establish sustainable units in the Hill District. These establishments would have benefited from patronage of a wider market, including more non-student residents and workers. The more successful merchants in the Hill District have established secondary sources of business unrelated to students without which they may not be sustainable. Some local Hill District restaurants, for example, generate additional business/sales through catering.

Accordingly, another spillover effect of the proposed University Hill Hotel development would be to help reduce the seasonality and over-reliance upon student spending, provided property owners and businesses can adjust their offerings to appeal to the preferences of hotel visitors.

THE UNIVERSITY HILL BRAND/PERCEPTION

Merchants and property owners agree that improving the perception of the Hill District to local non-student Boulder residents and workers is essential for the Hill District to become more successful. Safety and security concerns and signs of social dislocation discourage Boulder residents or other potential sources of demand from patronizing the Hill District. Unlike students, other Boulder residents and workers do not necessarily live or work in the immediate area and can readily access other shopping and dining locations.

Merchants and property owners believe the proposed University Hill Hotel development and planned CU conference center and hotel could help to improve the image of the Hill District, induce a critical mass of potential non-student foot traffic to the Hill District, and start the process of diversifying and increasing the sources of patronage for services, restaurants, and stores in the Hill District. Compared to the alternatives, the proposed University Hill Hotel development is most likely to contribute these type of spillover effects.

INVENTORY OF RETAIL/COMMERCIAL SPACE IN THE HILL DISTRICT

The results of the interviews suggest that the Hill District has over time become too big or spread-out relative to supportable demand to thrive. Concentrating food/dining, entertainment, retail, and service-type uses in a more compact area would be advantageous and beneficial to long-term success. Accordingly, another positive effect of the proposed University Hill Hotel development would be to reduce the overall retail building space footprint of UHGID.

PSYCHOLOGY OF CAPITAL INVESTMENTS

Local and experienced restauranteurs and retailers with other locations in Boulder and elsewhere throughout the Front Range have not generally located in the Hill District, despite the marketing efforts of multiple property owners. Some property owners and merchants are reportedly very reluctant to make capital investments in old buildings and spaces under the status-quo, which tends to prohibit changing the "tenant mix" in any significant way. Part of this reluctance reflects the probable returns may not be high enough to justify the risky expenditure of capital (sales and rents are not increasing at the same rates or to levels enjoyed at other more productive locations in Boulder).

Expectations about the future, however, are a key part of the investment decision equation. The interviews we conducted with merchants and owners all point to a "confidence" benefit associated with the proposed University Hill Hotel development. Real estate and store location decisions require speculation about the future. Attracting establishments that can appeal to and attract a broader, larger customer base over the long-term will require greater confidence from both landlords and prospective tenants to make investments in Hill District properties.

Property owners and merchants believe the positive emotional or psychological benefits from $65 million of new development in UHGID could be significant by instilling confidence about the future health of the Hill District. The immediate direct benefits of additional visitors and new retail space by themselves may not dramatically improve the sales and rent capacity of Hill District properties and businesses. The more important spillover effect would be if the proposed University Hill Hotel development is successful in giving confidence to other property owners and businesses to take risks and invest resources in improving their properties and businesses that serve to improve the capacity of the Hill District to compete for new sources of demand.

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APPLYING KNOWLEDGE, CREATING RESULTS, ADDING VALUE

Memo

TO: Sarah Wiebenson, City of Boulder

FROM: Jessica Hernandez, Apex Design, PC

DATE: August 12, 2019

RE: Proposed University Hill Hotel Parking Demand Analysis

ATTACHMENTS: Appendix A

Apex Design, PC (Apex) has been asked by the City of Boulder to estimate and summarize the impacts of the proposed University Hill Hotel on parking demand in the University Hill General Improvement District (UGHID) area. There are two time periods that the Hotel project is expected to have impacts on parking: during the construction stage and once the hotel and new on-site commercial uses are in full operation. During the construction period, the parking demand generated by off-site uses that are currently served by the Pleasant Street Lot on the project site and on-street parking adjacent to the project site will need to be accommodated elsewhere in UHGID. Once the hotel and commercial uses are operational, the existing Pleasant Street Lot demand will continue to need to be accommodated in addition to the demand generated by the new hotel uses.

For the purposes of this memo, Apex has summarized the parking demand during the construction and operation stages at both midday and at 7pm on a typical weekday. These time periods were selected because they represent the peak parking demand periods currently recorded in UHGID and are most likely to be affected by the proposed hotel. Note that all parking demand estimates in this memo are based on UGHID land uses and observed parking occupancy as of November 2018.

To support this effort, Apex has completed the following tasks.

- Reviewed past parking studies and reports documenting parking conditions in UHGID.
- Studied UHGID employee commute and parking patterns, including surveys administered to employees in 2015 and 2017.
- Assessed current UHGID employee parking permit demand.
- Reviewed the inventory of hourly parking restrictions and supply in UHGID (completed by Apex in November 2018).
- Reviewed the parking occupancy study of City-managed and private customer-only parking spaces (completed by Apex in November 2018).
- Reviewed the observed parking patterns of Pleasant Street Lot users, including administering an intercept survey to users (completed by Apex in November 2018).
- Worked with Sage Hospitality to understand proposed Hotel programmed uses.
- Interviewed Denver metro hotel and valet operators to learn about guest parking behavior.

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Memo

The following memo summarizes the results of parking study in two parts:

1. Examining projected parking demand during the construction phase, and
2. Projecting parking demand once the hotel and new on-site commercial uses are in full operation.

Additional detail on the demand calculations for each part of the parking study is available in the attached appendix. The memo finishes with our recommendations for next steps to address the study findings.

Summary of Key Results

Construction Phase

- At midday, the demand for hourly parking spaces that can no longer be served by the Pleasant Street Lot during construction of the hotel can likely be met with existing unoccupied spaces in UHGID. This additional demand is expected to bring most of the streets in UHGID to capacity or very close to capacity.
- At 7pm, the demand for hourly parking spaces that can no longer be served by the Pleasant Street Lot is expected to be higher than at midday. As a result, the UHGID parking supply will likely be full, and the overflow parking demand may be dispersed to surrounding residential streets.
- At least 30 employee permit spaces will need to be relocated to a new location in the UHGID area. Allowing these spaces to transition to hourly parking after work hours will help to accommodate some of the additional evening demand that is anticipated.

Fully Operational Hotel and On-site Commercial Phase

- At midday, the parking demand in the 50-space hotel garage will likely be around 40 spaces. As a result, the garage may be able to accommodate additional parking demand that is currently served by UHGID spaces during the midday peak.
- At 7pm, the parking demand for the hotel lot will be around 55 spaces, and thus would spill over to the surrounding area. The UHGID parking supply is expected to be experienced as full at that time, so there may be parking demand dispersed to surrounding residential streets.

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Parking Demand During Construction

During the construction of the proposed hotel, the existing commercial buildings and the Pleasant Street Lot will be closed and demolished, so demand from customers and employees of the approximately 26,000 square feet (SF) of existing commercial land uses on the site will be eliminated. Parking demand will continue from people who currently park in the Pleasant Street Lot and visit locations off-site (not located on the proposed hotel site). The latter demand will need to be accommodated at other parking spaces in the UHGID area. The demand is estimated to be one hourly space and 26 employee permit spaces at midday and 18 hourly spaces and seven permit spaces at 7 pm (see Appendix).

In addition, there are 13 on-street metered spaces on the north side of Pleasant Street, adjacent to the potential construction site that will likely not be available for use during construction but will return to service once construction is complete. Using the parking occupancy of these spaces observed in November 2018, an additional nine hourly spaces during midday and 10 hourly spaces at 7pm may need to be accommodated in the UHGID area.

Based on the above, during construction at midday, the total estimated parking demand that will need to be accommodated is 10 hourly and 26 employee permit parking spaces. During construction at 7pm, the parking demand is estimated at 28 hourly and seven employee permit parking spaces. Table 1 summarizes the total parking demand that may need to be accommodated elsewhere in the UHGID area during construction.

Table 1: Estimated Pleasant Lot Unmet Parking Demand During Construction

	Unmet Parking Lot User Demand (spaces)		Unmet On-Street User Demand (spaces)		**Total Parking Demand (spaces)**	
	Midday	7pm	Midday	7pm	**Midday**	**7pm**
Hourly	1	18	9	10	**10**	**28**
Permit	26	7	0	0	**26**	**7**
Total	27	25	9	10	**36**	**35**

UHGID Potential to Accommodate Parking Demand During Hotel Construction

At midday, the estimated demand for 10 hourly parking spaces that is currently met by the Pleasant Lot can be accommodated by unoccupied hourly parking spaces located elsewhere in UHGID. The additional demand, however, will likely bring most streets in UHGID at or very close to capacity, increasing utilization from the 80 percent recorded in November 2018 to 89 percent. When parking occupancy is higher than 85 percent, a driver perceives the parking supply to be full. It is therefore a possibility that the additional demand will be dispersed to surrounding residential streets. It is important to note that at the time of the 2018 parking study there were vacancies in some commercial properties, and if these vacancies were to be filled, the parking demand in UHGID might increase.

Memo

At 7 pm, the observed hourly parking demand in the Pleasant Street Lot and on-street is higher than in the daytime. Some of the increase may be from drivers taking advantage of the free parking allowed after 7 pm that continues until 9 am the following morning. Accommodating the total estimated demand within UHGID at 7 pm is expected to increase utilization from the 77 percent observed in 2018 to 96 percent. Since this is an essentially full parking supply, some demand may be dispersed to surrounding residential streets.

Note: current hourly Pleasant Street Lot customers who shift to on-street metered parking locations within UHGID will also experience a change from four-hour limits to two-hour time limits.

About 26 employee permit parking spaces are estimated to need to be relocated based on current employee permit usage. This number does not take into account permits that were not in use at the time of the 2018 parking occupancy study, such as permits purchased by businesses but not distributed. It also does not take into account latent demand for permits from employees that currently park in metered spaces or surrounding residential on-street spaces, but who do not have a permit because of the restricted number of permits made available by the city (50). Allowing permit spaces to shift to a mix of permit and hourly spaces in the late afternoon will accommodate some of the demand for parking after 7 pm created by former users of the Pleasant Street Lot, as discussed above.

Hotel and Commercial Uses Parking Demand Once Operational

The following uses of the proposed hotel program are expected to generate parking demand:

- Hotel guests (189 rooms)
- Hotel employees (20 daytime, 15 evening)
- Commercial space customers and employees (10,500 SF)

A number of assumptions were used to estimate the parking demand once the proposed hotel and on-site commercial uses become operational. These were based on conversations with Sage Hospitality and other hotel and valet operators in the Denver area, and current commercial customer and employee parking patterns in UHGID. The assumptions include:

- Hotel and commercial occupancy at 100 percent. While the observed average annual occupancy rate in Boulder 2015-2019 year to date is 67.7-71.3%,[1] using a conservative occupancy rate accounts for unusual circumstances such as parents weekend.

[1] *The Potential Economic and Fiscal and Spillover Impacts of the Proposed University Hotel Development*. Gruen Gruen + Associates (July 2019).

- The 10,500 SF of commercial occupied by two soft goods retailers, such as clothing or gifts (3,800 SF), and by two fast casual dining restaurants (6,700 SF).
- About 25 percent of hotel rooms are occupied by guests arriving with an automobile requiring a parking space in the hotel lot.
- About 50 percent of these hotel guest vehicles will be parked on-site at midday and 100 percent at 7pm.
- About 75 percent of on-site commercial customers will park in the hotel lot and 25 percent will park in hourly spaces elsewhere in UHGID, as some customers will visit more than one destination in UHGID and choose to park closer to another destination.
- Sage Hospitality will implement parking mitigation strategies including $25-35 overnight parking charges, communication to guests encouraging the use of public transit, private shuttle, taxi, and ride share services, and providing all employees with EcoPass transit passes.[2]
- Hotel and commercial employees will follow similar work commute patterns to current UHGID employees with EcoPass transit passes.

Using these assumptions, the hotel and commercial uses are estimated to have a parking demand of 49 spaces at midday and 63 spaces at 7 pm. Table 2 shows the distribution of parking space demand by user group and parking space location.

Table 2: Summary of Hotel and Hotel Commercial Parking Demand

	Hotel Guest Parking Demand (spaces)		Hotel Employee Parking Demand (spaces)		Commercial Customer Parking Demand (spaces)		Commercial Employee Parking Demand (spaces)		**Total Parking Demand (spaces)**	
	Midday	7pm	Midday	7pm	Midday	7pm	Midday	7pm	**Midday**	**7pm**
Hotel Lot	24	47	2	1	12	7	0	0	**38**	**55**
UHGID Hourly	0	0	2	2	4	2	3	2	**9**	**6**
UHGID Permit	0	0	1	1	0	0	1	1	**2**	**2**
Total	24	47	5	4	16	9	4	3	**49**	**63**

Assuming the commercial uses in UHGID continue to operate similar to current conditions, the off-site parking demand that was accommodated by the Pleasant Street Lot will continue to exist. The total parking demand, including the UHGID parking demand that will need to be met once the hotel and commercial uses are operational, is estimated to be 76 spaces at midday and 88 spaces at 7 pm.

[2] Outlined in *Sage Hospitality University Hill Hotel – Valet Operations* presentation dated May 30, 2019.

Table 3 shows the distribution of parking space demand by type of parking space.

Table 3: Summary of Total Hotel and Commercial Parking Demand

	UHGID Off-Site Parking Demand (spaces)		Hotel and Commercial Parking Demand (spaces)		**Total Parking Demand (spaces)**	
	Midday	7pm	Midday	7pm	**Midday**	**7pm**
Hotel Lot	0	0	38	55	**38**	**55**
UHGID Hourly	1	18	9	6	**10**	**24**
UHGID Permit	26	7	2	2	**28**	**9**
Total	27	25	49	63	**76**	**88**

Impact of Hotel and Commercial Parking Demand Once Operational

At midday, the 50-space hotel lot would accommodate the hourly parking demand generated by the hotel and on-site commercial uses and still have around 10 spaces available. Thus, the hotel lot may be able to accommodate a portion of additional UHGID hourly demand during the midday peak. It should be noted, however, that the number of spaces available to accommodate additional demand will vary based on hotel occupancy and parking location of commercial customers.

At 7pm, assuming 100 percent occupancy, the hotel guest parking demand is likely to fill the spaces in the 50-space hotel lot. As a result, evening customers of the two fast casual dining establishments may be required to find parking elsewhere in the District. The UHGID area may need to accommodate an additional demand of 29 spaces. As noted in the section on construction impacts, a portion of this demand can be met by spaces in the District. The additional demand is estimated to bring occupancy at 7pm to 95 percent from the 77 percent observed in 2018. Since this represents an effectively full parking supply within UHGID, some demand may be dispersed to surrounding residential streets.

The hotel and commercial uses are anticipated to generate additional demand for approximately two employee permit spaces. These additional spaces should be considered when identifying a location for the existing permit spaces being served by the Pleasant Street Lot. As noted, there may be additional demand for employee permit spaces if the City expands the program. Allowing the permit spaces to shift to a mix of permit and paid spaces in the late afternoon will accommodate some of the UHGID evening parking demand.

Memo

Next Steps

Apex recommends that the City consider the following if the hotel project moves forward to support future parking and access management decisions:

- Continue to market the EcoPass program to maximize UHGID employee participation.
- Consider ways to create additional hourly parking supply within UHGID that will reduce estimated utilization rates to meet the 85 percent goal and reduce neighborhood parking impacts.
- Research further the demand for the employee parking permit program. Assess the latent demand for permits and whether this program should be expanded.
- Identify a way to accommodate the demand for employee permit spaces, with consideration for allowing these spaces to transition to hourly spaces in the afternoon and evening.
- Monitor the implementation of the Sage Hospitality transportation demand management strategies.

Appendix A

Proposed University Hill Hotel Parking Demand Analysis

Apex Design, PC (Apex) has been asked by the City of Boulder to estimate and summarize the impacts of the proposed University Hill Hotel on parking demand in the University Hill General Improvement District (UGHID) area. There are two time periods that the Hotel project is expected to have impacts on parking: during the construction period and once the hotel and new on-site commercial uses are in full operation. The following sections summarize the parking demand analysis for each of these time periods at midday and at 7pm on an average weekday.

Note that all parking demand estimates in this memo are based on the UGHID land uses and observed in November 2018.[1] References to existing conditions or the current time frame reflects the data recorded in November 2018. Since then, some changes to land uses have occurred (businesses have opened and/or closed), but the parking behaviors and demand patterns observed in November 2018 is not considered to have changed significantly.

Parking Demand During Construction

What land uses and parking is available on the site currently?

The University Hotel project site is comprised of about 26,000 square feet (sf) of commercial land uses and two surface parking lots. The commercial uses and a 25-space private surface lot for customer use only (no time limit) are located within the purple area shown in Figure 1. The Pleasant Street Lot, a 62-space City-owned and managed paid public parking lot ($1.25 per hour with a 4-hour time limit) is shown in the purple area. Driving patrons of the on-site commercial uses have a choice to park in either of the on-site parking lots, at meters on streets in the UHGID area, or for free on nearby residential streets (2-hour time limit). Employees that drive or carpool to work can park with a permit in the Pleasant Street Lot (50 permits available at $70 per month, no time limit), at meter parking in the Pleasant Street Lot ($1.25 per hour with 4-hour time limit), at on-street meter parking ($1.25 per hour with 2-hour time limit), for free on nearby residential streets (2-hour time limit), or further away for free on residential streets outside of the Neighborhood Permit Program (no time limit).

[1] Details about the results of these parking studies can be found in the *University Hill Parking Study* memo dated December 28, 2018.

Appendix A

Figure 1: University Hotel Project Site Boundaries

What is the parking occupancy on the site currently?

A parking occupancy study completed in November 2018[2] showed that peak parking demand occurs on the site, and across the UHGID area, on weekdays at midday. Table 1 summarizes the observed on-site weekday parking demand by parking lot and type of payment at the Pleasant Street Lot. Peak parking demand was 62 spaces at midday and 55 spaces at 7 pm. In the Pleasant Street Lot, parking demand from employee permit parking is higher at midday and demand from drivers parking and paying hourly is higher in the evening.

Table 1: Observed Weekday Parking Occupancy (November 2018)

	Capacity (Spaces)	Midday Demand	7 pm Demand
Customer Lot	25	21	23
Pleasant Lot	62	41	32
Pleasant Hourly		*13*	*24*
Pleasant Permit		*28*	*8*
Total	**87**	**62**	**55**

[2] Details about the results of these parking studies can be found in the *University Hill Parking Study* memo dated December 28, 2018.

Appendix A

What is the current parking demand from the on-site uses?

On the University Hotel redevelopment site there are four different types of parking demand:

1. Customers patronizing the on-site commercial uses
2. Employees working at the on-site commercial uses
3. Customers, students, residents, and visitors with off-site destinations and parking in the Pleasant Street Lot
4. Employees working at off-site commercial uses in UHGID and parking in the Pleasant Street Lot

During the construction of the proposed hotel, the existing commercial buildings and the Pleasant Street Lot will be closed and demolished. As a result, customers and employee demand at the on-site commercial uses will be eliminated, but parking demand will continue from the other users who currently park in the Pleasant Street Lot and visit locations off-site. In order to better understand the off-site parking demand being served by the Pleasant Lot, Apex estimated the on-site parking demand from customers and employees. This demand was subtracted from the total observed parking occupancy to determine the demand from off-site uses that would need to be accommodated during construction.

In November 2018, about 19,000 sf of the space on the hotel project site was occupied and 7,000 sf was vacant. The parking demand generated by the commercial land uses was estimated using the UHGID commercial parking demand rate for the peak period developed by the Fox Tuttle Hernandez Transportation Group[3] of 1.92 parking spaces per thousand commercial square feet for the UHGID area. This rate is based on the parking rates observed in downtown Boulder and at other mixed use commercial sites throughout the city. It assumes that 85 percent of public and private commercial parking spaces are occupied during the midday peak. This is consistent with the November 2018 parking occupancy study, which observed a midday peak demand of 80 percent occupancy. Using this parking rate, the on-site commercial uses would generate a demand for 36 spaces at midday (Table 2).

Table 2: On-site Commercial Land Use Estimated Peak Parking Demand

Land Use	Size (SF)	Parking Demand per KSF (Spaces)	Midday Parking Demand (Spaces)
Shopping	6,750	1.92	13
Office	2,000	1.92	4
Restaurant	3,200	1.92	6
Fast Food	6,848	1.92	13
Total	**18,798**		**36**

[3] *Buildout Parking Projections Using Current Land Use Projection and Parking Supply/Demand Assumptions* dated November, 2015

Appendix A

What is the breakdown of on-site employee and customer parking demand?

The commercial parking demand at midday is estimated to be 36 spaces. This parking demand is generated by both employees and customers of the on-site commercial uses. The Urban Land Institute (ULI) has developed a Shared Parking methodology to estimate employee parking demand by type of commercial land use[4]. Using this methodology, which assumes that all employees drive to work and park, the total employee parking demand for the site is about 34 spaces. Table 3 shows the estimate of the peak parking demand by land use, or the number of employees expected to be on-site and requiring parking during midday.

Table 3: Estimated Employee On-site Peak Parking Demand (ULI Parking Rates)

Land Use	Size (SF)	Employee Parking Demand (spaces per KSF)	Total Employees
Shopping	6,750	0.7	4.7
Office	2,000	3.2	6.3
Restaurant	3,200	2.5	7.9
Fast Food	6,848	2.3	15.4
Total	**18,798**		**34.4**

In UHGID, not all employees drive to work, as assumed by the ULI estimates. A survey administered to full-time UHGID employees in September 2017[5] found that 49 percent of employees drove alone, 34 percent rode a bus, 12 percent biked or walk, and 5 percent carpooled to work. Assuming one vehicle for every two employees that carpooled, about 52 percent of employees required a parking space. This equals about 18 employees that drive to work of the 34 employees estimated to be on-site at midday.

The survey also asked respondents if they drove to work, where they parked. Table 4 summarizes the parking locations of the 18 employees that drive to work using the results from the survey.

Table 4: Estimate of Employees by Parking Location

Location	Percent of Employees	Number of Employees Parking
City Lot, with cash[6]	32%	5.8
City Lot, with permit	14%	2.5
Residential Street, no meter	54%	9.7
Total	**100%**	**18.0**

[4] Urban Land Institute and International Council of Shopping Centers. (2005). *Shared parking, 2nd edition*. Washington, D.C.: ULI.

[5] Details can be found in the *University Hill Employee EcoPass Pilot Program Usage Assessment* memo dated January 11, 2017.

[6] While about 25% of employees in the UHGID area choose to park at on-street meters, it was assumed that for employees working on-site, they would choose to pay for metered parking in the Pleasant Lot as the price is the same but the time limit is four hours as compared to three hours at on-street meters.

Appendix A

Using these assumptions, about 10 employees choose to park off-site and 8 employees choose to park on-site in the Pleasant Lot at midday. Parking demand at 7 pm is based on ULI shared parking methodology, which equates to about 54 percent of the midday peak employee demand. Table 5 shows the estimated distribution of employee parking spaces by type of payment and time of day.

Table 5: Pleasant Lot Employee Parking Demand

Pleasant Lot Parking Type	Midday Demand	7 pm Demand
Hourly	5.8	3.1
Permit	2.5	1.4
Total	**8.3**	**4.5**

Using the peak parking demand for commercial land uses of 36 spaces and the estimate that employees require eight of those spaces, customer parking demand equates to 28 spaces at midday (Table 6).

Table 6: On-site Parking Demand at Midday Peak

User Type	Parking Demand
Employees	8
Customers	28
Total	**36**

How many customers park in the Pleasant Lot?

To determine the number of customers patronizing on-site commercial uses parking in the Pleasant Lot, the parking demand observed in the November 2018 study was subtracted from the estimated total customer demand. Note that this calculation is not possible to estimate customer parking demand at 7 pm, as the observed parking demand in the Pleasant Lot also includes people parking to take advantage of the free spaces after 7 pm. Therefore, customer parking demand at 7 pm was estimated using the ULI shared parking methodology, or 46 percent of midday peak customer parking. Table 7 shows that there is a demand of about 7 spaces at midday and 3 spaces in the early evening for parking from customers patronizing on-site commercial uses.

Table 7: Pleasant Lot Parking Demand from On-site Customers

Customer Parking Location	Midday	7 pm
Total Customer Parking Demand	28	N/A
Observed Customer-Only Lot Occupancy	21	N/A
Estimated Pleasant Lot Hourly Spaces	**7**	**3**

Appendix A

Table 8 shows the distribution of current customer and employee parking on-site commercial parking demand at the on-site parking lot.

Table 8: Summary of Pleasant Lot Parking Demand from On-site Customers and Employees

	Midday			7 pm		
Pleasant Lot Parking Type	**Customers**	**Employees**	**Total**	**Customers**	**Employees**	**Total**
Hourly	7.0	5.8	12.8	3.0	3.1	6.1
Permit	0.0	2.5	2.5	0.0	1.4	1.4
Total	**7.0**	**8.3**	**15.3**	**3.0**	**4.5**	**7.5**

What is the parking demand that will need to be met during construction?

Parking demand in the Pleasant Lot from off-site uses will need to be accommodated during construction. By subtracting the number of on-site customers and employees that park in the Pleasant Lot from the total parking demand observed in the Pleasant Lot in November 2018, the demand for parking spaces from off-site uses can be estimated. Table 10 summarizes the distribution of Pleasant Lot parkers by type of demand and payment.

Table 10: Distribution of Existing Pleasant Lot Demand

	Total Observed Demand		On-site Commercial Demand		Off-site Demand	
Pleasant Lot Parking Type	**Midday**	**7 pm**	**Midday**	**7 pm**	**Midday**	**7 pm**
Hourly	13.0	24.0	12.8	6.1	0.2	17.9
Permit	28.0	8.0	2.5	1.4	25.5	6.6
Total	**41.0**	**32.0**	**15.3**	**7.5**	**25.7**	**24.5**

Table 11 rounds the results of the off-site demand reported in Table 10. About 27 parking spaces at midday and 25 spaces at 7pm in the Pleasant Lot will need to be accommodated during construction.

Table 11: Estimated Pleasant Lot Unmet Demand During Construction

Pleasant Lot Parking Type	Midday	7 pm
Hourly	1	18
Permit	26	7
Total	**27**	**25**

How will construction affect the on-street parking along Pleasant Street?

There are 13 parking spaces (2 hour limit metered parking) on the north side of Pleasant Street, adjacent to the potential construction site. These spaces will likely be closed during construction and demand for the spaces will also need to be accommodated during construction. Using the Parking Occupancy Study from November 2018, the District may need to accommodate the demand for an additional nine on-street spaces during midday and 10 on-street spaces at 7pm. Figures 2 and 3 at the end of the Appendix show parking demand by street and lot at midday and 7pm.

What is the total parking demand that will need be accommodated during construction?

During construction at midday, the total estimated parking demand that will need to be accommodated is 10 hourly and 26 employee permit parking spaces. During construction at 7pm, the parking demand is estimated at 28 hourly and seven employee permit parking spaces. Table 12 summarizes the total parking demand that may need to be accommodated elsewhere in the UHGID area during construction.

Table 12: Estimated Pleasant Lot Unmet Parking Demand During Construction

	Unmet Parking Lot User Demand (spaces)		Unmet On-Street User Demand (spaces)		Total Parking Demand (spaces)	
Parking Type	**Midday**	**7pm**	**Midday**	**7pm**	**Midday**	**7pm**
Hourly	1	18	9	10	**10**	**28**
Permit	26	7	0	0	**26**	**7**
Total	**27**	**25**	**9**	**10**	**36**	**35**

Hotel and Commercial Uses Parking Demand Once Operational

Apex consulted with Sage Hospitality to confirm the programmed uses for the hotel and additional retail spaces. In addition, Sage Hospitality provided the parking demand observed at their operating Denver-area hotels and in similar communities across the country. Apex combined this information with research on parking demand from other Denver-area hotels, knowledge of transportation planning, parking best practices, and research efforts to calculate the demand for parking spaces anticipated for the site after the redevelopment of the hotel.

What proposed uses will generate parking demand on the hotel site?

The University Hill hotel is anticipated to have the following uses that will generate parking demand:

- Hotel guests (189 rooms)
- Hotel employees (20 weekday day time, 15 early evening)
- Commercial space customers and employees (10,500 square feet)

The following discussion looks at each use and the parking demand estimated to be generated by each use.

What is the parking demand from hotel guests?

The hotel will have 189 guest rooms. Sage Hospitality, based on their valet experiences at similar hotels in Denver, anticipates that approximately 20 percent of the guests will arrive at the hotel with a vehicle requiring a parking space. This capture rate may be met, as Sage Hospitality plans to implement a number of parking mitigation strategies.[7] Critical strategies include $25-35 overnight parking charges and communication to

[7] Outlined in *Sage Hospitality University Hill Hotel – Valet Operations* presentation dated May 30, 2019.

guests encouraging the use of public transit, private shuttle, taxi, and ride share services. Based on additional research with Denver area hotels and valets, Apex has assumed a more conservative capture rate of 25 percent.

At 100% occupancy and assuming that 50 percent of guests would leave their vehicle parked during the day, the anticipated parking demand is 24 spaces during midday and 47 spaces at 7 pm (Table 13).

Table 13: Estimated Hotel Guest Parking Demand

Hotel Rooms	189
Percent Occupancy	100%
Percent of Rooms With Car	25%
Total Parking Spaces	**47**
Percent Parking Use Midday	50%
Total Occupied Spaces Midday	**24**
Percent Parking 7pm	100%
Total Occupied Spaces 7pm	**47**

What is the parking demand from hotel employees?

Sage Hospitality anticipates having 20 employees on-site at midday on a weekday and 15 employees on-site at 7 pm on a weekday. The hotel will supply 2 parking spaces for employees. These will be reserved for the General Manager and the Head of Sales. All other employees will be provided an RTD EcoPass, an annual transit pass that allows unlimited rides on all local and regional buses and light rail service.

The City of Boulder established a program to provide an EcoPass to all full-time employees in UHGID in 2016. Based on a survey administered to full-time UHGID employees in September 2017, 49 percent of employees drove alone, 34 percent rode a bus, 12 percent biked or walked, and 5 percent carpooled to work. Assuming one vehicle for every two employees that carpooled, about 52% of employees required a parking space. However, when this same distribution is analyzed for EcoPass-holding employees only, 39 percent of employees drove alone and 5 percent carpooled. Assuming one vehicle for every two employees that carpooled, about 42 percent of employees with an EcoPass would require a parking space.

If Sage Hospitality employees follow a similar pattern in their transportation choices when commuting to and from work, it is anticipated that eight employees at midday and four at 7 pm will require a parking space in the UHGID area (Table 14).

Table 14: Estimated Number of Hotel Employees Driving to Work Requiring Parking Space

Employee Data	Midday	7pm
Total Hotel Employees With No Designated Parking Space	20	15
Employees With Designated Parking Space	2	1
Employees With No Designated Parking Space	18	14
Percent of Driving Employees	42%	42%
Total Driving Requiring UHGID Area Parking Space	8	6

Appendix A

Table 15 shows the distribution of parking locations of hotel employees if they were to follow a similar pattern to current employees. Half of employees would likely park on a residential street without a meter.

Table 15: Estimated Parking Locations of Hotel Employees that Drive to Work

Parking Location	Percent of Employees	Midday	7pm
City Lot, with cash	7%	1	0
City Lot, with permit	14%	1	1
On-street, with meter	25%	2	2
Residential Street, no meter	54%	4	3
Residential Street, with permit	0%	0	0
Total	**100%**	**8**	**6**
Hotel Lot	--	2	1

What is the parking demand from the commercial uses?

In addition to the hotel, Sage Hospitality will provide 10,500 sf of commercial space. Based on discussions with Sage Hospitality, it is anticipated that about 3,800 sf will likely be occupied by two soft goods retailers, such as clothing or gifts, and about 6,700 sf by two fast casual dining restaurants. These land uses will likely primarily be visited by hotel guests and University of Colorado staff and students, UHGID residents, and visitors. Since the type and location of the hotel commercial uses will likely generate similar patrons and transportation mode patterns to the existing businesses in the District, the same parking rate of 1.92 spaces per KSF that is estimate for UGHID today was applied to the new commercial uses. Using this rate, the 10,500 commercial sf would require a total of 20 parking spaces at midday (Table 16).

Table 16: Midday Parking Demand by Type of Commercial Use

Land Use Type	Size (SF)	Parking Demand per KSF (Spaces)	Parking Demand Midday
Retail: clothing, soft goods	1,800	1.92	3
Retail: soft goods	2,000	1.92	4
Restaurant: fast casual	2,600	1.92	5
Restaurant: fast casual	4,100	1.92	8
Total	**10,500**		**20**

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Using the ULI's Shared Parking methodology, the commercial space would require 18 employee spaces on-site during the midday peak (Table 17).

Table 17: Midday Commercial Employee Demand by Use (ULI Demand Rates)

Land Use Type	Size (SF)	ULI Employee Parking Demand per KSF (Spaces)	ULI Employee Demand
Retail: clothing, soft goods	1,800	0.7	1.3
Retail: soft goods	2,000	0.7	1.4
Restaurant: fast casual	2,600	2.3	5.9
Restaurant: fast casual	4,100	2.3	9.2
Total	**10,500**		**17.7**

Based on current employee commuting patterns, nine of these employees are anticipated to drive (Table 18).

Table 18: Midday Commercial Employee Parking Demand

User Type	Total	Percent who Drive	Parking Demand (Spaces)
Employees	17.7	52%	9.2

Table 19 shows the estimated distribution of employee parking spaces by type of payment during the midday peak based on existing UHGID employee parking patterns. As the table indicates, employees would generate a demand for four spaces within UHGID at midday, and five spaces on the residential streets outside of UHGID.

Table 19: Estimated Locations of Commercial Employees Driving to Work

Parking Location	Percent of employees	Midday Parking Demand
City Lot, with cash	7%	1
City Lot, with permit	14%	1
On-street, with meter	25%	2
Residential Street, no meter	54%	5
Residential Street, with permit	0%	0
Total	**100%**	**9**

Summarizing the table above, Table 20 shows the expected distribution of the commercial employees parked at paid spaces within UHGID. Employee parking demand at 7 pm is based on ULI shared parking methodology, which equates to about 63 percent of the midday peak employee demand.

Table 20: Distribution of Commercial Employee Parking at UHGID Paid Spaces

Location	Midday Demand	7 pm Demand
UHGID Hourly	3	2
UHGID Permit	1	1
Total	**4**	**3**

Subtracting the employee parking demand from the total commercial parking demand of 20 spaces (Table 16), 16 customers will require parking during the midday peak (Table 21). Customer parking demand at 7 pm is based on ULI shared parking methodology, which equates to about 56 percent of the midday peak customer demand.

Table 21: Commercial Employee and Customer Parking Demand

User Type	Midday Demand	7 pm Demand
Total Demand	20	12
Employee Demand	4	3
Customer Demand	**16**	**9**

In order to better understand the distribution of parking from commercial uses, it was assumed that a small number of customers patronizing the hotel commercial would park at paid locations elsewhere in the District rather than at the hotel lot. This could be for a number of reasons, including that the customers patronized other businesses within UHGID on the same trip and walked to the hotel commercial, chose a less expensive option if the hotel lot charges more than city spaces, or a longer time limit found at the surface parking lots.

For this analysis, the distribution was assumed to be 75 percent park in the hotel lot and 25 percent park elsewhere in UHGID (Table 22).

Table 22: Commercial Customer Parking Locations

Location	Percent	Midday Demand	7 pm Demand
Hotel Lot	75%	12	7
UHGID Hourly	25%	4	2
Total	**100%**	**16**	**9**

What is the total parking demand that will need to be met once the hotel and commercial uses are operational?

Based on the analysis above, the estimated parking demand within the UHGID district at midday would be about 49 spaces at midday and 63 in the evening (Table 23). Sage Hospitality plans to supply a total of 50 parking spaces on the hotel site.

Table 23: Summary of Total Hotel and Commercial Parking Demand

Location	Hotel Guest Parking Demand (spaces)		Hotel Employee Parking Demand (spaces)		Commercial Customer Parking Demand (spaces)		Commercial Employee Parking Demand (spaces)		Total Parking Demand (spaces)	
	Midday	7pm	Midday	7pm	Midday	7pm	Midday	7pm	Midday	7pm
Hotel Lot	24	47	2	1	12	7	0	0	38	55
UHGID Hourly	0	0	2	2	4	2	3	2	9	6
UHGID Permit	0	0	1	1	0	0	1	1	2	2
Total	**24**	**47**	**5**	**4**	**16**	**9**	**4**	**3**	**49**	**63**

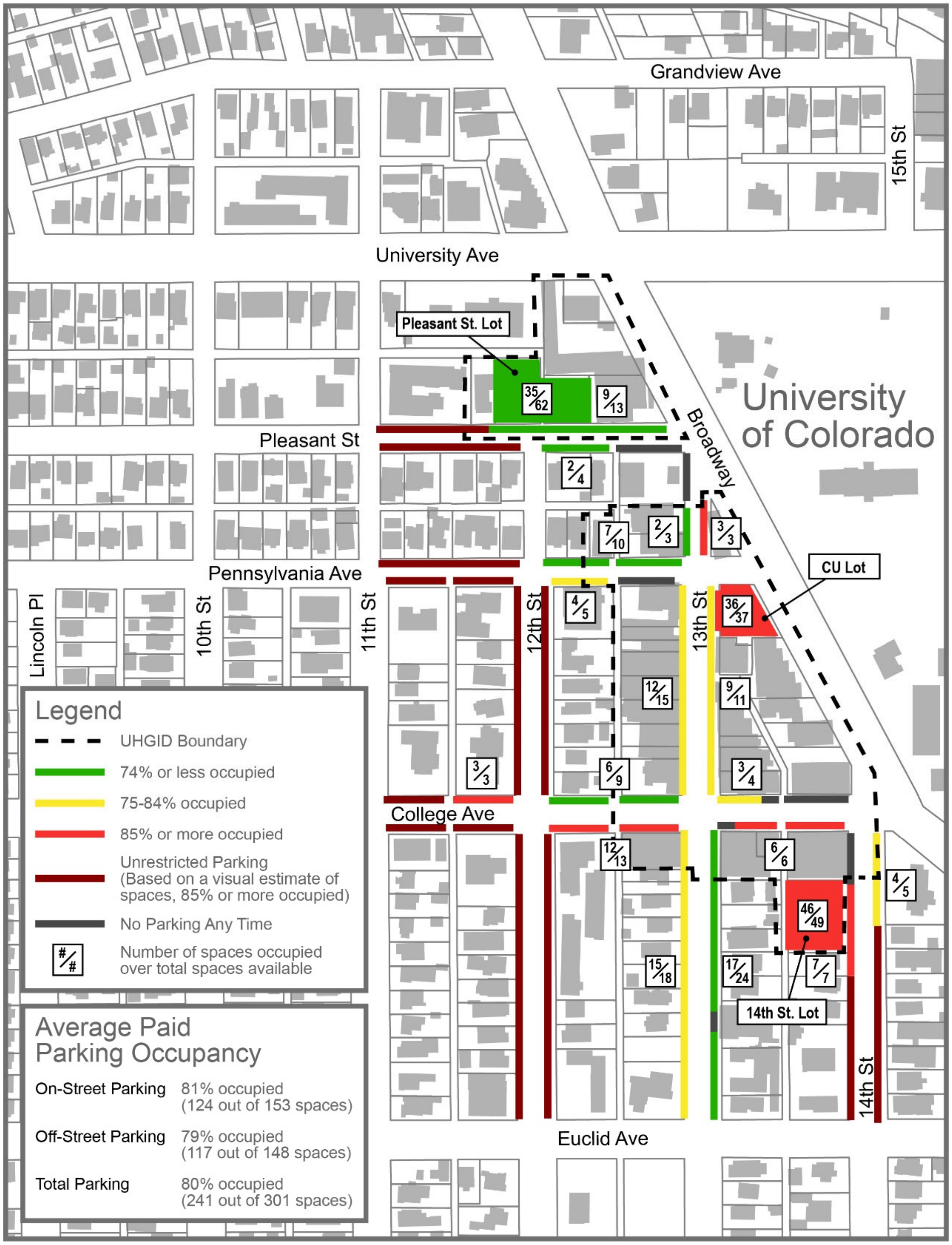
Assuming the commercial uses in UHGID continue to operate similar to current conditions, the off-site parking demand that was accommodated by the Pleasant Street Lot will continue to exist. The total parking demand, including the UHGID parking demand that will need to be met once the hotel and commercial uses are operational, is estimated to be 76 spaces at midday and 88 spaces at 7pm. Table 24 shows the distribution of parking space demand by type of parking space.

Table 24: Summary of Total Hotel and Commercial Parking Demand

Location	UHGID Off-Site Parking Demand (spaces)		Hotel and Commercial Parking Demand (spaces)		Total Parking Demand (spaces)	
	Midday	7pm	Midday	7pm	Midday	7pm
Hotel Lot	0	0	38	55	38	55
UHGID Hourly	1	18	9	6	10	24
UHGID Permit	26	7	2	2	28	9
Total	27	25	49	63	76	88

Appendix A

Figure 2: Noon Weekday Parking Occupancy (November 2018)



Appendix A

Figure 3: 7pm Weekday Parking Occupancy (November 2018)