The Economics of Land Use

Final Report

Third Party Analyst Evaluation: Go NoCO RTA Application

Prepared for:

Colorado Office of State Planning and Budgeting

Prepared by:

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October 2, 2015

EPS #143071

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1. *INTRODUCTION AND SUMMARY OF FINDINGS*

This report evaluates the revised Application submitted to the Colorado Office of Economic Development and International Trade (OEDIT) by Go NoCO, a private 501(c)(3) nonprofit corporation formed by the City of Loveland, Town of Windsor, and Larimer County, Colorado for state funding under the Regional Tourism Act. Economic & Planning Systems (EPS) was contracted by the State of Colorado Governor's Office of State Planning and Budgeting (OSPB) to serve as the Third Party Analyst (TPA) to provide an independent review of the Project including the required estimates of:

- The total tax increment expected to be generated within the Regional Tourism Zone (RTZ);
- The maximum portion of the total RTZ tax increment that the project would be eligible to receive;
- A determination that the requested RTA funding is needed to enable the project to be feasibly built (financial need); and

Introduction

The Regional Tourism Act (24-46-300 C.R.S.) promotes diversification of the state's economic base by providing a financing mechanism for attracting, constructing and operating large-scale regional tourism projects that will attract significant investment and revenue from outside the state, as stated in the 2014/15 OEDIT Application Guidelines. Tourism or entertainment facilities include but are not limited to museums, stadiums, arenas, major sports facilities, performing arts theaters, theme or amusement parks, conference centers or resort hotels or other similar venues that draw a significant number of regional, national or international patrons. The Act and Guidelines identify several criteria projects need to meet to be eligible for funding:

- Projects are of an extraordinary and unique nature,
- Are anticipated to result in a substantial increase in out-of-state tourism,
- Generate a significant portion of their sales tax revenue from transactions with nonresidents of the state. An exception to this requirement may apply if a significant portion of the sales tax revenue generated by the project is reasonably anticipated to be attributable to residents of the state but the revenue would otherwise leave the state due to a lack of a similar project or facility in the state, and
- The local government must provide reliable economic data demonstrating that in the absence of state sales tax increment revenue, the project is not reasonably anticipated to be developed within the foreseeable future.

The Economic Development Commission (EDC) can approve up to two projects per year for three years through the RTA and shall not approve any project that would create a state sales tax revenue dedication of more than $50 million to all projects in any given year. Project financing entities for approved projects shall receive a percentage of annual state sales tax increment revenue to a defined maximum dollar total above a baseline revenue amount set by the EDC to be used to finance eligible costs for the project.

Regional Tourism Zone

Section 24-46-303 (11) defines a "Regional Tourism Zone" (RTZ) as:

> *"…the geographic area defined by the Commission as part of an approved regional tourism project. A regional tourism zone shall not extend into the territorial boundaries of any local government except for the local government that is requesting the designation of the regional tourism zone. A regional tourism zone may be limited to portions of a local government and may include noncontiguous tracts or parcels of property."*

An RTZ may be larger than the specific boundaries of a project and may be non-contiguous, but may not extend beyond the jurisdictional boundary of the local government (City or County) requesting RTZ designation.

Eligible Tax Increment

Under the state statute, there is a distinction between the total tax increment generated within a RTZ and the portion of the increment that is eligible to be dedicated to a project. A project can receive only the portion of the tax increment that represents new revenue to the state, as opposed to new revenue to the RTZ or local jurisdiction. Section 24-46-305 (3)(d) indicates that a project is only eligible to receive the portion of the RTZ tax increment that is "net new" to the state:

> *"The percentage of the State sales tax increment revenue that will be dedicated to the regional tourism project. Such percentage shall be set at a value that in the best estimation of the Commission will result in only the net new revenue likely created by the Project and related development being dedicated to the Financing Entity and shall exclude any sales tax revenue the State would likely have received without the Project and development."*

The above language requires the TPA to determine how much of the RTZ tax increment is net new to the state, and to exclude from any funding award any sales tax the state would have received without the project. This requires the TPA to exclude any sales tax increment resulting from competition with existing tourism attractions (cannibalization) regardless of whether it occurs in the RTZ or not. Due to cannibalization and competition impacts, a project may generate substantial positive local economic impacts, but have less of a positive impact at the state level due to the redistribution of economic activity within the state.

Page 8 of the 2014/15 RTA Application Guidelines provides additional clarification on the determination of net new sales tax revenue. It states that revenue from residents of the zone "will be subject to the highest standards of scrutiny". It also adds direction on the treatment of other revenue growth in the RTZ. Other revenues that will not be available to the project include sales tax from "unrelated new projects in or near the zone", and "general improvements in economic or demographic conditions or changes in trends". Indirect and induced economic impacts are therefore not included in the eligible tax increment revenues.

Approach

EPS has estimated the total RTZ tax increment, the portion expected to be net new to the state of Colorado, and the financial need for RTA funding for each proposed Project. The following points on statutory guidance and interpretation were verified with OSBP and OEDIT.

- **Net New Revenue** – The role of the TPA is to determine the eligible tax increment revenues over the 30-year period of eligibility. In order for tax increment revenue to be net new to the state, the revenue must be derived from out-of-state visitors who would not otherwise have come to Colorado. It is possible, however, for a project to generate net new revenue by capturing spending from Colorado residents who may have traveled to another state to engage in a recreation or tourism/entertainment activity. Without this demonstration of spending "leakage", spending from Colorado residents within an RTZ is a redistribution of spending and associated tax revenues that would have occurred elsewhere within the State of Colorado with or without the project. The "net new" tax increment must also take into account competition that the proposed project will create and any resulting "cannibalization" of existing state revenues.

- **Statewide Economic Impacts** – There is a distinction between economic activity that is net new to a local jurisdiction and net new to the State of Colorado. It is a reality in economic development that municipalities within the same region or state are often competing for the same economic development opportunities. A gain of economic activity in one community or facility can result in a decline in another community. The net impact to the state in this case is often minimal to zero unless new dollars and new jobs are being imported from outside Colorado. Projects that introduce competition with existing facilities or businesses without bringing in substantial new dollars from outside Colorado, or relocate existing uses, will not result in significant statewide benefits although their local benefit may be significant.

- **Percentage of RTZ Tax Increment** – The role of the TPA is also to determine the percentage of state sales tax revenues a project may be eligible to receive in a year. This calculation requires an estimate of the dollar amount of sales tax generated by a project in its RTZ as well as the dollar amount estimated to be net new. Since revenue projections involve inherent uncertainties, the state would be exposing itself to the potential of providing funding in excess of what is generated by a project. A project is only eligible to receive a percentage of the revenue generated in the RTZ which will vary according to the performance and timing of the project.

- **Construction Use Tax** – The RTA Legislation does not allow for the inclusion of state construction use tax in the eligible tax increment.

Scope of Work

The report includes the following chapters following this Introduction and Summary of Findings:

- **Proposed Tourism Project** – A summary of the proposed development project, timing, estimated visitation, and available state tax increment revenues as presented in the submitted RTA Application.
- **PeliGrande Resort Analysis** - The TPA's evaluation of the PeliGrande Project element including: total, out of state, and net new visitors and spending; an estimate of the total state sales tax generated by the Project in the RTZ; and the net new state sales tax revenues and percentage of incremental state sales tax revenues that the Project is eligible to receive.
- **Indoor Waterpark Resort of the Rockies Analysis** - The TPA's evaluation of the Indoor Waterpark of the Rockies Project element including: total, out of state, and net new visitors and spending; an estimate of the total state sales tax generated by the Project in the RTZ; and the net new state sales tax revenues and percentage of incremental state sales tax revenues that the Project is eligible to receive.
- **U.S. Whitewater Adventure Park Analysis -** The TPA's evaluation of the U.S. Whitewater Adventure Park Project element including: total, out of state, and net new visitors and spending; an estimate of the total state sales tax generated by the Project in the RTZ; and the net new state sales tax revenues and percentage of incremental state sales tax revenues that the Project is eligible to receive.
- **Financial Need** – An analysis of the financial need for state tax increment financing addressing the stipulation that "but for" the state's investment, the Project could not be built in the foreseeable future.

Summary of Findings

Proposed Project

Go NoCO is a private 501(c)(3) nonprofit corporation formed by the City of Loveland, Town of Windsor, and Larimer County. Go NoCO's proposed development program contains three elements summarized below and in **Table 1.**

- **PeliGrande Resort and Windsor Conference Center -** A proposed 300-room hotel and conference center in Windsor. It is envisioned to be Northern Colorado's only four star golf resort hotel and conference center, and described as comparable in quality and market appeal to the Broadmoor Resort in Colorado Springs. Currently no resorts of this quality exist in the Northern Colorado market area. The resort will be located on a 10-acre site in Water Valley, an existing resort-style lakefront golf community in the Town of Windsor approximately six miles east of I-25.
- **Indoor Waterpark Resort of the Rockies -** The Indoor Waterpark Resort of the Rockies is a proposed 330-room hotel property to be built in the City of Loveland on Fairgrounds Avenue north of the existing Budweiser Events Center. Included in the complex is a 75,000 square foot indoor water park, 55,000 square foot outdoor water park, 20,000 square foot family entertainment center featuring mini-golf and laser tag, 40,000 square foot of meeting and conference space, 3,000 square foot of retail, a 3,000 square foot spa, and 7,400 square foot restaurant and lounge.
- **U.S. Whitewater Adventure Park -** The U.S. Whitewater Adventure Park is proposed for a site north of the existing Budweiser Events Center adjacent to the Indoor Waterpark Resort of the Rockies. The main attraction is a 20-acre artificial whitewater river system designed to Olympic standards, allowing the facility to host U.S. Olympic Trials and other national and international events as well as accommodating beginner and intermediate paddlers. Numerous other outdoor activities are a part of the development such as a whitewater rescue training center, climbing wall, zip line, obstacle course, canopy tour, canyoneering attraction, and children's' play area.

Table 1
Go NoCO Proposed Tourism Projects Overview

Facility	Location	Description
PeliGrande Resort & Windsor Conference Center	Windsor	300 room resort hotel and conference center
Indoor Waterpark Resort of the Rockies	Loveland, north of The Ranch	75,000 sq. ft. indoor water park, 330 room hotel
U.S. Whitewater Adventure Park	Loveland, north of The Ranch	20 acre whitewater park, outdoor adventure facilities

Source: GoNoCo Application; Economic & Planning Systems

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Net New Visitors

A comparison of the Applicant's and the TPA's estimates of total, out-of-state, and net new out-of-state visitors is provided below (**Table 2**). A summary of the major adjustments follows:

- **PeliGrande Resort –** The Applicant's estimates of total, out-of-state, and net new visitors to the Hotel were judged to be reasonable. The Applicant had estimated that 46.5 percent of the out-of-state visitors would be net new to the state, which we agree is an appropriate estimate for a resort hotel that competes with other properties in the state. The only adjustment made was a 15 percent reduction in food and beverage and retail spending assumed to be captured in the RTZ, which equates to 93.8 percent of spending including lodging. By definition, 100 percent of lodging stays would be in the RTZ for this Project component.
- **Indoor Waterpark –** The Applicant's visitor forecast was based on a 71 percent annual hotel occupancy rate which we judged to be reasonable for this location based on the information provided. The resulting annual visitor estimates of 299,320 and 56.8 percent from outside Colorado were not adjusted. While we consider that Applicant's estimate of 88.9 percent net new visitors to be aggressive; we do recognize the unique nature of the Project and its potential to entice visitors to stay an extra day in Colorado, and the potential to draw people from surrounding states. We have estimated that 75 percent of out-of-state visitors would be net new as this Project may not be the primary purposed for a trip to Colorado for some percentage of visitors.
- **Whitewater Adventure Park –** No adjustments to visitor levels were made. Other spending adjustments were made, however, to reduce the assumed spending capture in the RTZ from 100 percent to 85 percent.

Table 2
Comparison of Applicant and TPA Visitor Estimates

	Applicant			Third Party Analyst		
	Annual Visitor Days	Out-of-State	Net New Out-of-State	Annual Visitor Days	Out-of-State	Net New Out-of-State
PeliGrande Resort & Windsor Conference Center	145,854	99,032	46,080	145,854	99,032	46,080
Indoor Waterpark of the Rockies	299,320	170,128	151,200	299,320	170,128	127,596
US Whitewater Adventure Park	397,920	41,640	31,230	397,920	41,640	31,230
Total GoNoCO Projects	843,094	310,800	228,510	843,094	310,800	204,906
PeliGrande Resort and Windsor Conference Center	100.0%	67.9%	46.5%	100.0%	67.9%	46.5%
Indoor Waterpark of the Rockies	100.0%	56.8%	88.9%	100.0%	56.8%	75.0%
US Whitewater Adventure Park	100.0%	10.5%	75.0%	100.0%	10.5%	75.0%
Total GoNoCO Projects	100.0%	36.9%	73.5%	100.0%	36.9%	65.9%

Source: GoNoCo Application; Economic & Planning Systems

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Net New Sales Tax and Eligible Tax Increment

The forecasts of the total tax increment in Go NoCO RTZ and net new sales tax increment are shown below in **Table 3 and Table 4** and compared the TPA analysis. As noted above, the major differences are due to lower spending estimates for day visitors by the TPA and reductions in spending captured in the RTZ. The primary reasons for our adjustments to spending capture are that some visitors will choose to stay in Fort Collins or in the Denver Metro area.

Table 3
Comparison of Applicant and TPA Net New Sales Tax Estimates

Project	Applicant	Third Party Analyst
PeliGrande Resort & Windsor Conference Center		
RTZ Increment		
Natural Tax Increment	$253,548,134	$253,548,134
Project Tax Increment	$41,119,569	$39,876,445
Total RTZ Increment	$294,667,703	$293,424,579
Net New Sales Tax		
PeliGrande Net New Tax Increment	**$12,991,003**	**$12,598,260**
% of RTZ Increment	**4.41%**	**4.29%**
Indoor Waterpark Resort of the Rockies		
RTZ Increment		
Natural Tax Increment	$253,548,134	$253,548,134
Project Tax Increment	$43,596,690	$38,899,816
Total Increment	$297,144,824	$292,447,950
Net New Sales Tax		
Net New Tax Increment	**$22,022,650**	**$16,582,457**
% of RTZ Increment	**7.41%**	**5.67%**
US Whitewater Adventure Park		
RTZ Increment		
Natural Tax Increment	$253,548,134	$253,548,134
Project Tax Increment	$30,468,329	$14,646,199
Total Increment	$284,016,463	$268,194,333
Net New Sales Tax		
Net New Tax Increment	**$4,706,140**	**$3,959,364**
% of RTZ Increment	**1.66%**	**1.48%**

Source: GoNoCo Application; Economic & Planning Systems

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In total, the Applicant is requesting $39.7 million over 30 years, or 10.77 percent of the RTZ tax increment as forecasted in its Application (**Table 4**). Our analysis calculates that the eligible net new sales tax is $33.1 million over 30 years, equivalent to 9.55 percent of the cumulative 30 year tax increment forecast in this report.

Table 4
Comparison of Total Tax Increment for All Projects

All Projects	Applicant	Third Party Analyst
RTZ Increment		
Natural Tax Increment	$253,548,134	$253,548,134
Project Tax Increment	$115,184,588	$93,422,460
Total RTZ Increment	$368,732,722	$346,970,594
Net New Sales Tax	$39,719,793	$33,140,081
% of RTZ Increment	**10.77%**	**9.55%**

Source: GoNoCo Application; Economic & Planning Systems

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Financial Need

RTA funding is intended to act as gap financing for projects in which there is a financial hurdle that is impeding development; it is not intended to function as a grant program nor is it intended to be the primary source of funding. In order to demonstrate financial need, it needs to be shown that "but for" requested state funding the project cannot be feasibly developed. The financial criteria also require the applicant to demonstrate some degree of "project readiness" so that there is an assurance that any state funding that is committed will go to a project that is defined and approved based on the application, and does not substantially change after funding is granted. The RTA Statute requires the Applicant to *"provide reliable economic data demonstrating that in the absence of state sales tax increment revenue, the Project is not reasonably anticipated to be developed in the foreseeable future."* The Applicant has demonstrated financial need for each project component as summarized below.

PeliGrande Resort and Windsor Conference Center

The financing gap for the PeliGrande is attributed to two primary factors. First, the hotel would be built to standards and at a cost above what the Northern Colorado market currently supports. The cost per room is estimated at $366,600, compared to a cost of $150,000 to $200,000 for mid-range limited service hotels that are more common in the surrounding market area. Second, the Applicant's analysis of room rates recommends an average room rate of $247 per night based on competitive rates in the surrounding market area, which is not high enough to generate a return on investment at the proposed construction cost and quality.

Indoor Waterpark Resort of the Rockies

The cost of the Waterpark Resort is $138.3 million, or $419,000 per room including the water park feature. Similar to the PeliGrande, the development costs require a room rate above what the local market supports. The RTA funds, pooled with local sales tax incentives and a public improvement fee generate a sufficient financial return for the project to proceed.

U.S. Whitewater Adventure Park

The Whitewater Adventure park cost is estimated at $61 million, including $10.5 million in land costs amounting to 17 percent of the total cost. RTA funds are estimated by the Applicant to contribute $1.0 million in financing proceeds, a minor amount of the funding and financing needs at 1.7 percent of project cost. Renegotiating with the land owner to reduce the land costs by $1.0 million or more would have the same and potentially greater impact than RTA funds. The financial need for this Project is in our judgment due in part to high land costs.

2. PROPOSED TOURISM PROJECT

This chapter summarizes the Go NoCO Project Application including the development program, timing and phasing, construction costs, and use of RTA funds. It also includes a summary of the Applicant's economic analysis and visitation and state sales tax increment estimates.

Project Description

Go NoCO's development program contains four elements summarized below and in **Table 5**.

- PeliGrande Resort and Windsor Conference Center
- Indoor Waterpark Resort of the Rockies
- U.S. Whitewater Adventure Park

Table 5
Go NoCO Proposed Tourism Projects Overview

Facility	Location	Description
PeliGrande Resort & Windsor Conference Center	Windsor	300 room resort hotel and conference center
Indoor Waterpark Resort of the Rockies	Loveland, north of The Ranch	75,000 sq. ft. indoor water park, 330 room hotel
U.S. Whitewater Adventure Park	Loveland, north of The Ranch	20 acre whitewater park, outdoor adventure facilities

Source: GoNoCo Application; Economic & Planning Systems

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PeliGrande Resort and Windsor Conference Center

The PeliGrande Resort and Windsor Conference Center is a proposed 300-room hotel and conference center in Windsor. The development plan calls for two restaurants, upscale lounge, luxury spa, 58,500 square feet of meeting and conference space, and an event island for weddings and other functions. It is envisioned as Northern Colorado's only four star golf resort and conference center and described as comparable in quality and market appeal to the Broadmoor Resort in Colorado Springs. Currently no resorts of this quality exist in the Northern Colorado market area. The resort will be located on a 10-acre site in Water Valley, an existing resort-style lakefront golf community in the Town of Windsor approximately six miles east of I-25.

Visitation Estimates

In the stabilized operating year, estimated to be 2021, the $110 million resort and conference center hotel is estimated to attract nearly 146,000 visitors accounting for 81,000 room nights, as shown in **Table 6**. Of the 145,854 visitors, just over two-thirds are projected to be from outside Colorado with 46,080 or 31.6 percent of the total (46.5 percent of out-of-state visitors) estimated to be net new to the state.

Table 6
PeliGrande Resort Visitor Estimates (Applicant)

Component	Room Nights	Visitor Days	Out of State Pct.	Out of State Visitors	Net New Out of State Pct.	Net New Out of State Visitors	Net New Out of State Pct. Of Total
		1.80					
Commercial	4,000	7,203	67.9%	4,890	46.5%	2,276	31.6%
Meeting & Group	49,000	88,233	67.9%	59,908	46.5%	27,876	31.6%
Golf Travelers	16,000	28,811	67.9%	19,562	46.5%	9,102	31.6%
Leisure	12,000	21,608	67.9%	14,671	46.5%	6,827	31.6%
Total	**81,000**	**145,854**	**67.9%**	**99,032**	**46.5%**	**46,080**	**31.6%**

Source: GoNoCO Application; Economic & Planning Systems

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The developer of the proposed PeliGrande Resort has secured a commitment from the Professional Golf Association (PGA) to host a Champions Tour event at a new Fred Funk designed Raindance National Golf Course. Although Raindance is not a part of the RTA request and will be funded separately, the development of the hotel property is integral to the PGA commitment. This tournament would be Colorado's only long-term PGA sponsored event and is projected to attract 32,500 attendees generating approximately 16,000 annual room nights. Additionally, strategic relationships will be set up with local and regional outdoor amenities including activities such as boating, hiking, horseback riding, shooting, climbing, and mountain biking.

According to the Applicant, the primary existing hotel/conference competitors for the PeliGrande Resort Conference Center in the Northern Colorado market are the Hilton and Marriott in Fort Collins and the Embassy Suites in Loveland. Secondary competitors are identified as higher end properties outside of the immediate market and include the Broadmoor in Colorado Springs and the Grand Hyatt, Westin, Four Seasons, and Brown Palace in Denver.

Taxable Sales Estimates

The PeliGrande Resort and Windsor Conference Center is forecast by the Applicant to generate approximately $1.4 billion in visitor spending over the 30 year tax increment period from 2016 through 2045, as shown in **Table 7**. Out-of-state visitors are estimated to account for just over two-thirds of the total spending at $962.7 million. Net new spending is estimated at $447.9 million which is 46.5 percent of out-of-state spending. These spending projections equate to a Project tax increment of $41.1 million with $12.9 million in net new sales tax generated by out-of-state visitors. The net new sales tax equates to 4.41 percent of the total tax increment forecasted in the RTZ (natural growth of the base plus project increment). Note that the Applicant does not include any spending impacts from the prospective PGA event in its funding request.

Table 7
PeliGrande Resort Taxable Sales & Eligible Increment Estimates

Description	Factor	2016	2017	2018	2019	2020	2021	2025	2030	2035	2040	2045	Total
Visitor Days													
Annual Visitor Days		0	0	126,144	137,970	143,883	145,854	145,854	145,854	145,854	145,854	145,854	4,054,347
Out of Town Colorado Visitor Days	32%	0	0	40,494	44,291	46,189	46,822	46,822	46,822	46,822	46,822	46,822	1,301,514
NNCV Overnight Visitor Days	25%	0	0	9,963	10,897	11,364	11,520	11,520	11,520	11,520	11,520	11,520	320,225
Out of State Visitor Days	68%	0	0	85,650	93,679	97,694	99,032	99,032	99,032	99,032	99,032	99,032	2,752,833
NNOSV Overnight Visitor Days	47%	0	0	39,853	43,589	45,457	46,080	46,080	46,080	46,080	46,080	46,080	1,280,899
Visitor Spending Potential													
Annual Overnight Visitors		$0	$0	$33,552,983	$36,917,682	$39,801,308	$38,282,488	$42,256,704	$47,809,582	$54,092,154	$61,200,307	$69,242,530	$1,417,916,175
Out of State Visitor Spending		$0	$0	$22,781,908	$25,066,482	$27,024,415	$25,993,162	$28,691,588	$32,461,898	$36,727,658	$41,553,974	$47,014,507	$962,741,110
NNOSV Visitor Spending	47%	$0	$0	$10,600,474	$11,663,491	$12,574,522	$12,094,677	$13,350,261	$15,104,595	$17,089,462	$19,335,158	$21,875,957	$447,965,619
NNOSV Spending in RTZ	100%	**$0**	**$0**	**$10,600,474**	**$11,663,491**	**$12,574,522**	**$12,094,677**	**$13,350,261**	**$15,104,595**	**$17,089,462**	**$19,335,158**	**$21,875,957**	**$447,965,619**
Sales Tax from NNOSV	**2.9%**	**$0**	**$0**	**$307,414**	**$338,241**	**$364,661**	**$350,746**	**$387,158**	**$438,033**	**$495,594**	**$560,720**	**$634,403**	**$12,991,003**
Eligible Tax Increment:													
NNOSV Spending in RTZ		**$0**	**$0**	**$307,414**	**$338,241**	**$364,661**	**$350,746**	**$387,158**	**$438,033**	**$495,594**	**$560,720**	**$634,403**	**$12,991,003**
RTZ Sales Tax Increment with Resort Hotel		$338,040	$691,292	$2,033,477	$2,516,814	$3,003,558	$3,380,772	$5,379,354	$8,412,325	$12,173,476	$16,839,644	$22,630,879	$294,667,703
Eligible Tax Increment		**$0**	**$0**	**$307,414**	**$338,241**	**$364,661**	**$350,746**	**$387,158**	**$438,033**	**$495,594**	**$560,720**	**$634,403**	**$12,991,003**
% of RTZ Revenue		**0.00%**	**0.00%**	**15.12%**	**13.44%**	**12.14%**	**10.37%**	**7.20%**	**5.21%**	**4.07%**	**3.33%**	**2.80%**	**4.41%**
30-year average % of RTZ Revenue		**4.41%**	**4.41%**	**4.41%**	**4.41%**	**4.41%**	**4.41%**	**4.41%**	**4.41%**	**4.41%**	**4.41%**	**4.41%**	
Tax Increment Award		**$14,903**	**$30,477**	**$89,650**	**$110,959**	**$132,418**	**$149,048**	**$237,159**	**$370,874**	**$536,692**	**$742,409**	**$997,727**	**$12,991,003**

Source: Anderson Analytics

Funding Request

Table 8 shows the Applicant's projected development costs for the PeliGrande Hotel and Conference Center. Land costs for the 10-acre site are $6.53 million or approximately $15.00 per square foot of land. Total hard costs total 76 percent (including land), with 15 percent for soft costs and a 9 percent contingency. In total, the Project is expected to cost approximately $110 million to construct which equates to nearly $367,000 per room or $355 per square foot.

Table 8
PeliGrande Resort Development Costs

Description	Total Cost	% Total	Per Room	Per Sq. Ft. of Bldg.
Soft Costs				
Permits and Fees	$700,000	0.6%	$2,333	$2.26
Finance	$0	0.0%	$0	$0.00
Pre-Opening Expenses (Marketing, Staffing, etc.)	$1,750,000	1.6%	$5,833	$5.65
Capital Maintenance and Reserves	$1,000,000	0.9%	$3,333	$3.23
Other Soft Costs	$13,264,389	12.1%	$44,215	$42.86
Subtotal Soft Costs	**$16,714,389**	**15.2%**	**$55,715**	**$54.00**
Hard Costs				
Parking	$7,541,150	6.9%	$25,137	$24.36
Land ($15.00/sq. ft. of land)	$6,534,000	5.9%	$21,780	$21.11
Construction	$56,601,265	51.5%	$188,671	$182.87
FF&E	$11,750,000	10.7%	$39,167	$37.96
Field and Sport Equipment	$0	0.0%	$0	$0.00
IT Systems	$850,000	0.8%	$2,833	$2.75
Subtotal Hard Costs	**$83,276,415**	**75.7%**	**$277,588**	**$269.06**
Contingency	$9,999,080	9.1%	$33,330	$32.31
Contingency % (of Hard Costs)	12.0%	---	12.0%	12.0%
Total Facility Cost	**$109,989,884**	**100.0%**	**$366,633**	**$355.36**

Source: GoNoCo Application; Economic & Planning Systems

H:\143071-Colorado RTA Evaluation\Models\[143071-PeliGrande Program 09-26-2015.xlsx]11-All Costs PG

Table 9 shows the expected funding sources for the PeliGrande Resort and Conference Center. Private debt and equity are currently assumed at $83 million or 76 percent. Public sector funding, including local sales tax sharing and public improvement fees, will cover slightly more than 21 percent of the Project costs. The remainder, 3 percent, will be funded by the bond proceeds from RTA funding.

Table 9
PeliGrande Resort Funding Sources

Description	Amount
Private Debt	$58,000,000
Private Equity	$25,000,000
Net Bond Proceeds	
Local TIF	$3,907,471
Public Improvement Fees	$19,444,583
Participant Facility Fees	$0
Developer Contribution/Guarantee	$359,321
RTA Funding (Bond Amount)	$3,277,625
Total	**$109,989,000**
Funding Source Allocation	
Private Funding	75.8%
Public Sector Funding	21.2%
RTA Funding (Bond Amount)	3.0%
Total	**100.0%**

Source: GoNoCo Application; Economic & Planning Systems

H:\143071-Colorado RTA Evaluation\Models\[143071-GoNoCo Program 071515.xlsx]12-Funding Sources

Indoor Waterpark Resort of the Rockies

The Indoor Waterpark Resort of the Rockies is a proposed 330-room hotel property to be built in the City of Loveland on Fairgrounds Avenue north of the existing Budweiser Events Center. Included in the complex is a 75,000 square foot indoor waterpark, 55,000 square foot outdoor waterpark, 20,000 square foot family entertainment center featuring mini-golf and laser tag, 40,000 square foot of meeting and conference space, 3,000 square foot of retail, a 3,000 square foot spa, and 7,400 square foot restaurant and lounge as shown in **Table 10**.

Table 10
Indoor Waterpark Resort Development Program

Component	Size
Hotel	330 rooms
Indoor Waterpark	75,000 sq. ft.
Outdoor Waterpark	55,000 sq. ft.
Family Entertainment Center	20,000 sq. ft.
Meeting Conference Space	40,000 sq. ft.
Retail	3,000 sq. ft.
Spa	3,000 sq. ft.
Restaurant/Lounge	7,400 sq. ft.

Source: GoNoCo Application; Economic & Planning Systems

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The property is expected to be comparable in scale, quality, and market position to a Great Wolf Lodge Resort. The Indoor Waterpark Resort of the Rockies management team previously worked for Great Wolf Resorts, the owner-operators of 13 properties across the country in locations such as the Poconos, PA; Williamsburg, VA; and Wisconsin Dells, WI. The business model ties together waterpark and hotel admission and creates a comprehensive resort experience by complementing this with specialty restaurants, arcades, spas, fitness rooms, and children's play areas.

Visitation Estimates

The Project is projected to attract nearly 300,000 visitors annually at stabilization in 2021. Families will make up a majority of the guests and as a result the facility has a high average occupancy figure of 3.5 persons per room. Out-of-state visitors are estimated to be 170,128 or 56.8 percent of the total. Of these, 151,200 or 50.5 percent are projected to be net new (60 percent of induced room nights).

Table 11
Indoor Waterpark Resort Visitor Estimates (Applicant)

Project	Room Nights	Visitor Days 3.50/room	Out of State Pct.	Out of State Visitor Days	Net New Out of State Pct.	Net New Out of State Visitor Days	Net New Out of State Pct. Of Total
Indoor Waterpark Resort of the Rockies	85,520	299,320	56.8%	170,128	88.9%	151,200	50.5%

Source: GoNoCO Application; Economic & Planning Systems

Taxable Sales Estimates

Table 12 shows that over the 30-year increment period, the Indoor Waterpark Resort of the Rockies is projected to generate over $1.5 billion in new spending. Of this total, $854.5 million or 57 percent is projected to be generated by out-of-state visitors. The Applicant estimates that $759.4 million or 89 percent of the out-of-state spending will be net new to the state. This equates to $22.0 million in net new sales tax which is the RTA funding request. It is equivalent to 7.41 percent of the tax increment forecasted in the RTZ.

Table 12
Indoor Waterpark Resort Taxable Sales & Eligible Increment Estimates

Description	Factor	2016	2017	2018	2019	2020	2021	2022	2023	2025	2030	2040	2045	Total
Visitor Days														
Annual Visitor Days		0	0	257,163	286,671	303,534	299,320	299,320	299,320	299,320	299,320	299,320	299,320	8,330,368
Out of Town Colorado Visitor Days	43%	0	0	110,996	123,732	131,011	129,192	129,192	129,192	129,192	129,192	129,192	129,192	3,595,539
NNCV Overnight Visitor Days	78%	0	0	86,603	96,540	102,219	100,800	100,800	100,800	100,800	100,800	100,800	100,800	2,805,362
Out of State Visitor Days	57%	0	0	146,166	162,939	172,523	170,128	170,128	170,128	170,128	170,128	170,128	170,128	4,734,828
NNOSV Overnight Visitor Days	89%	0	0	129,904	144,810	153,329	151,200	151,200	151,200	151,200	151,200	151,200	151,200	4,208,043
Visitor Spending Potential														
Annual Overnight Visitors		$0	$0	$33,371,815	$37,030,171	$39,391,709	$40,797,180	$41,817,109	$42,862,537	$45,032,453	$50,950,087	$65,220,419	$73,790,918	$1,503,334,135
Out of State Visitor Spending		$0	$0	$18,967,928	$21,047,271	$22,389,525	$23,188,369	$23,768,078	$24,362,280	$25,595,621	$28,959,095	$37,070,090	$41,941,405	$854,467,559
NNOSV Visitor Spending	89%	$0	$0	$16,857,605	$18,705,606	$19,898,525	$20,608,491	$21,123,704	$21,651,796	$22,747,918	$25,737,182	$32,945,768	$37,275,113	$759,401,714
NNOSV Spending in RTZ	100%	**$0**	**$0**	**$16,857,605**	**$18,705,606**	**$19,898,525**	**$20,608,491**	**$21,123,704**	**$21,651,796**	**$22,747,918**	**$25,737,182**	**$32,945,768**	**$37,275,113**	**$759,401,714**
Sales Tax from NNOSV	**2.9%**	**$0**	**$0**	**$488,871**	**$542,463**	**$577,057**	**$597,646**	**$612,587**	**$627,902**	**$659,690**	**$746,378**	**$955,427**	**$1,080,978**	**$22,022,650**
Eligible Tax Increment:														
NNOSV Spending in RTZ		**$0**	**$0**	**$488,871**	**$542,463**	**$577,057**	**$597,646**	**$612,587**	**$627,902**	**$659,690**	**$746,378**	**$955,427**	**$1,080,978**	**$22,022,650**
RTZ Sales Tax Increment with Waterpark Hotel		$338,040	$691,292	$2,028,223	$2,520,076	$2,991,680	$3,453,698	$3,923,492	$4,413,836	$5,459,851	$8,503,400	$16,956,227	$22,762,782	$297,144,824
Eligible Tax Increment		**$0**	**$0**	**$488,871**	**$542,463**	**$577,057**	**$597,646**	**$612,587**	**$627,902**	**$659,690**	**$746,378**	**$955,427**	**$1,080,978**	**$22,022,650**
% of RTZ Revenue		**0.00%**	**0.00%**	**24.10%**	**21.53%**	**19.29%**	**17.30%**	**15.61%**	**14.23%**	**12.08%**	**8.78%**	**5.63%**	**4.75%**	**7.41%**
30-year average % of RTZ Revenue		**7.41%**	**7.41%**	**7.41%**	**7.41%**	**7.41%**	**7.41%**	**7.41%**	**7.41%**	**7.41%**	**7.41%**	**7.41%**	**7.41%**	
Tax Increment Award		**$25,054**	**$51,235**	**$150,320**	**$186,773**	**$221,726**	**$255,968**	**$290,786**	**$327,128**	**$404,652**	**$630,223**	**$1,256,697**	**$1,687,045**	**$22,022,650**

Funding Request

Projected development costs for the Indoor Waterpark Resort of the Rockies total $138.3 million as shown in **Table 13**. Construction, land, parking and furniture, fixtures and equipment comprise $112.6 million (81.4 percent) of the cost and the Project has a built in 7 percent contingency of $9.7 million. Approximately $16 million or 11.6 percent of the total will be devoted to finance and pre-opening expenses such as marketing and staffing in addition to other soft costs. The costs per room and per square foot, $419,000 and $308 respectively, are about 15 percent higher than that of PeliGrande. This is due to the added construction costs associated with the waterpark.

Table 13
Indoor Waterpark Resort Development Costs

Description	Total Cost	% Total	Cost Per Room	Cost Per Sq. Ft.
Soft Costs				
Permits and Fees	$0	0.0%	$0	$0.00
Finance	$5,500,000	4.0%	$16,667	$12.24
Pre-Opening Expenses (Marketing, Staffing, etc.)	$1,900,000	1.4%	$5,758	$4.23
Capital Maintenance and Reserves	$0	0.0%	$0	$0.00
Other Soft Costs	$8,595,000	6.2%	$26,045	$19.12
Subtotal Soft Costs	**$15,995,000**	**11.6%**	**$48,470**	**$35.58**
Hard Costs				
Parking	$4,000,000	2.9%	$12,121	$8.90
Land	$6,500,000	4.7%	$19,697	$14.46
Construction	$92,500,000	66.9%	$280,303	$205.79
FF&E	$9,630,000	7.0%	$29,182	$21.42
Field and Sport Equipment	$0	0.0%	$0	$0.00
IT Systems	$0	0.0%	$0	$0.00
Subtotal Hard Costs	**$112,630,000**	**81.4%**	**$341,303**	**$250.57**
Contingency	$9,705,000	7.0%	$29,409	$21.59
Contingency % (of Hard Costs)	8.6%	---	8.6%	8.6%
Total Facility Cost	**$138,330,000**	**100.0%**	**$419,182**	**$307.75**

Source: GoNoCo Application; Economic & Planning Systems

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The expected funding sources for the Indoor Waterpark Resort are shown in **Table 14**. Nearly 80 percent of the $138.3 million needed to develop this Project is expected to come from private debt and equity. In addition to the $107.9 million in private funding, local public funding in the form of TIF and public improvement fees make up 17 percent of the total, or $23.6 million. The final 4.4 percent is the financing amount estimated to be supported by the proposed $22 million in RTA funds over the 30 year financing period.

Table 14
Indoor Waterpark Resort Funding Sources

Description	Amount	Percent
Private Funding		
Private Debt	$75,565,000	54.6%
Private Equity	$32,335,000	23.4%
Subtotal	**$107,900,000**	**78.0%**
Net Bond Proceeds		
Local TIF	$8,835,218	6.4%
Public Improvement Fees	$14,815,864	10.7%
Developer Contribution/Guarantee	$648,275	0.5%
RTA Funding (Bond Amount)	$6,130,642	4.4%
Subtotal	**$30,430,000**	**22.0%**
Total Sources	**$138,330,000**	**100.0%**

Source: GoNoCo Application; Economic & Planning Systems

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U.S. Whitewater Adventure Park

The U.S. Whitewater Adventure Park is proposed for a site north of "The Ranch", the Larimer County Fairgrounds Complex in Loveland, adjacent to the Indoor Waterpark Resort of the Rockies. The main attraction is a 20-acre artificial whitewater river system designed to Olympic standards, allowing the facility to host U.S. Olympic Trials and other national and international events as well as accommodating beginner and intermediate paddlers. Numerous other outdoor activities are a part of the development such as a whitewater rescue training center, climbing wall, zip line, obstacle course, canopy tour, canyoneering attraction, and children's play area. Supporting features include a restaurant, retail shops, amphitheater, and event space. Currently there are only a handful of comparable facilities in the country, namely the U.S. National Whitewater Center in Asheville, NC and the planned Riversport project in Oklahoma City's Boathouse District.

Visitation Estimates

The $61 million Project element, which would be highly visible along I-25 near the existing Budweiser Events Center, is projected to attract nearly 400,000 annual visitors. Only about 8 percent are projected to be net new to the state as it is assumed that many of the visitors would have been coming to Colorado to paddle on the state's rivers or participate in other outdoor activities (**Table 15**). Attendees will have whitewater and dry-sport passes to choose from and visitation will also be driven by races and events, private functions, concerts and festivals, private and group instruction, and youth team activities and camps.

Table 15
U.S. Whitewater Adventure Park Visitor Estimates (Applicant)

Component	Room Nights	Visitor Days	Out of State		Net New Out of State		
			Pct.	Visitors	Pct.	Visitors	Pct. Of Total
U.S. Whitewater Adventure Park	43,930	397,920	10.5%	41,640	75.0%	31,230	7.8%

Source: GoNoCO Application; Economic & Planning Systems

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Taxable Sales Estimates

Spending from overnight visitors totals $342.2 million from 2016 through 2045 (**Table 16**). Spending from out-of-state overnight visitors comprises just over 63 percent of the spending. An estimated 75 percent of the out-of-state overnight visitors are estimated to be net new to Colorado, spending $162.3 million and generating $4.7 million in net new sales tax to the state which is the funding request for this Project element, or 1.66 percent of the tax increment.

Table 16
U.S. Whitewater Adventure Park Taxable Sales and Eligible Increment Estimates

Description	Factor	2016	2017	2018	2019	2020	2021	2025	2030	2035	2040	2045	Total
Visitor Days													
Annual Visitor Days		-	-	303,920	350,050	397,920	397,920	397,920	397,920	397,920	397,920	397,920	10,999,890
Out of Town Colorado Overnight Visitor Days	6.1%	-	-	18,491	21,298	24,210	24,210	24,210	24,210	24,210	24,210	24,210	669,248
NNCV Overnight Visitor Days 1/	4.6%	-	-	13,868	15,973	18,158	18,158	18,158	18,158	18,158	18,158	18,158	501,936
NNCV Trip Extending Visitor Days	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
Out of State Overnight Visitor Days	10.5%	-	-	31,803	36,631	41,640	41,640	41,640	41,640	41,640	41,640	41,640	1,151,074
NNOSV Overnight Visitor Days 1/	7.8%	-	-	23,853	27,473	31,230	31,230	31,230	31,230	31,230	31,230	31,230	863,306
NNOSV Trip Extending Visitor Days	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
Visitor Spending Potential													
Annual Overnight Visitors		$0	$0	$6,616,285	$7,811,040	$9,101,195	$9,328,725	$10,297,166	$11,650,299	$13,181,244	$14,913,367	$16,873,106	$342,176,892
Out of State Visitor Spending		$0	$0	$4,183,783	$4,939,282	$5,755,106	$5,898,984	$6,511,375	$7,367,023	$8,335,110	$9,430,412	$10,669,645	$216,374,272
NNOSV Visitor Spending	75%	$0	$0	$3,137,837	$3,704,461	$4,316,330	$4,424,238	$4,883,531	$5,525,267	$6,251,332	$7,072,809	$8,002,234	$162,280,704
NNOSV Spending in RTZ	100%	**$0**	**$0**	**$3,137,837**	**$3,704,461**	**$4,316,330**	**$4,424,238**	**$4,883,531**	**$5,525,267**	**$6,251,332**	**$7,072,809**	**$8,002,234**	**$162,280,704**
Sales Tax from NNOSV	**2.9%**	**$0**	**$0**	**$90,997**	**$107,429**	**$125,174**	**$128,303**	**$141,622**	**$160,233**	**$181,289**	**$205,111**	**$232,065**	**$4,706,140**
Eligible Tax Increment:													
NNOSV Spending in RTZ		**$0**	**$0**	**$90,997**	**$107,429**	**$125,174**	**$128,303**	**$141,622**	**$160,233**	**$181,289**	**$205,111**	**$232,065**	**$4,706,140**
RTZ Sales Tax Increment with Whitewater and Adventure Park		$338,040	$691,292	$1,649,572	$2,141,716	$2,659,714	$3,101,234	$5,070,796	$8,063,220	$11,778,497	$16,392,761	$22,125,272	$284,016,463
Eligible Tax Increment		**$0**	**$0**	**$90,997**	**$107,429**	**$125,174**	**$128,303**	**$141,622**	**$160,233**	**$181,289**	**$205,111**	**$232,065**	**$4,706,140**
% of RTZ Revenue		**0.00%**	**0.00%**	**5.52%**	**5.02%**	**4.71%**	**4.14%**	**2.79%**	**1.99%**	**1.54%**	**1.25%**	**1.05%**	**1.66%**
30-year average % of RTZ Revenue		**1.66%**	**1.66%**	**1.66%**	**1.66%**	**1.66%**	**1.66%**	**1.66%**	**1.66%**	**1.66%**	**1.66%**	**1.66%**	
Tax Increment Award		**$5,601**	**$11,455**	**$27,333**	**$35,488**	**$44,071**	**$51,387**	**$84,023**	**$133,607**	**$195,169**	**$271,627**	**$366,615**	**$4,706,140**

1/ Adjusted for double-counting of visitors that stay at Waterpark hotel or Resort hotel.

Funding Request

Total development costs totaling $61 million for the U.S. Whitewater Adventure Park are shown by category in **Table 17**. As with the hotel projects, the land, fixtures and construction of the facility make up a large majority of the total; $50.3 million, or 82.5 percent of the cost, is dedicated to these parts of the Project. Marketing, staffing, and other soft costs comprise 6.7 percent of the total budget or $4.1 million. Land acquisition is a significant cost item at $10.5 million for the 30-acre site or $8 per square foot. There is also $6.6 million or 13.1 percent of hard costs allocated to contingencies.

Table 17
U.S. Whitewater Adventure Park Development Costs

Description	Total Cost	% Total	Cost Per Ac.
Soft Costs			
Permits and Fees	$0	0.0%	$0
Finance	$0	0.0%	$0
Pre-Opening Expenses (Marketing, Staffing, etc.)	$482,669	0.8%	$24,133
Capital Maintenance and Reserves	$0	0.0%	$0
Other Soft Costs	$3,581,306	5.9%	$179,065
Subtotal Soft Costs	**$4,063,975**	6.7%	**$203,199**
Hard Costs			
Parking	$0	0.0%	$0
Land	$10,454,000	17.1%	$522,700
Construction	$38,613,486	63.3%	$1,930,674
FF&E	$1,254,539	2.1%	$62,727
Field and Sport Equipment	$0	0.0%	$0
IT Systems	$0	0.0%	$0
Subtotal Hard Costs	**$50,322,025**	**82.5%**	**$2,516,101**
Contingency	$6,590,000	10.8%	$329,500
Contingency % (of Soft Costs)	13.1%	---	13.1%
Total Facility Cost	**$60,976,000**	**100.0%**	**$3,048,800**

Source: GoNoCo Application; Economic & Planning Systems

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Table 18 shows the Applicant's planned funding sources for the U.S. Whitewater Adventure Park. Of the $61 million in development costs, approximately $49 million will come from private debt and equity accounting for 80.6 percent of the total. Local TIF and public improvement fees of $10.8 million will fund 17.8 percent of the Project and RTA bond proceeds estimated at $1.0 million will cover the remaining 1.7 percent of Project costs.

Table 18
U.S. Whitewater Adventure Park Funding Sources

Description	Amount
Private Debt	$39,231,200
Private Equity	$9,807,800
Net Bond Proceeds	
Local TIF	$816,729
Public Improvement Fees	$10,022,275
Participant Facility Fees	$0
Developer Contribution/Guarantee	$85,667
RTA Funding (Bond Amount)	$1,012,329
Total	**$60,976,000**
Funding Source Allocation	
Private Funding	80.6%
Public Sector Funding	17.8%
RTA Funding (Bond Amount)	1.7%
Total	**100.0%**

Source: GoNoCo Application; Economic & Planning Systems

H:\143071-Colorado RTA Evaluation\Models\[143071-GoNoCo Program 071515.xlsx]12-Funding Sources

Total Visitors and Taxable Sales

The Applicant's estimates of total visitors are shown by Project element in **Table 19**. A total of 843,000 annual visitors are forecast by the Applicant with 310,800 out-of-state visitors. Of the out-of-state visitors, 228,510 or just under three-fourths estimated as net new (NNOSV).

Table 19
Go NoCO Total Visitation (Applicant)

Facility	Year of Stabilization	Total Visitors	% Out Of State	# Out of State	% NNOSV	NNOSV
Peligrande Resort & Windsor Conference Center	2021	145,854	67.9%	99,032	46.5%	46,080
Indoor Waterpark Resort of the Rockies	2021	299,320	56.8%	170,128	88.9%	151,200
U.S. Whitewater Adventure Park	2020	397,920	10.5%	41,640	75.0%	31,230
Total		**843,094**	**36.9%**	**310,800**	**73.5%**	**228,510**

Source: GoNoCo Application; Economic & Planning Systems

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Project Phasing

All four components of the Go NoCO application have an expected Project approval date of January 2016 and a construction period of 24 to 30 months (**Table 20**). The Indoor Waterpark Resort of the Rockies and the U.S. Whitewater Adventure Park are each projected to open in January of 2018. The PeliGrande Resort and Windsor Conference Center has a projected opening date of July 2018.

Table 20
Go NoCO Project Phasing

Project Component	2016	2017	2018
Peligrande Resort & Windsor Conference Center	30 Months; Opening July 2018		
Indoor Waterpark Resort of the Rockies	24 Months; Opening Jan. 2018		
U.S. Whitewater Adventure Park	24 Months; Opening Jan. 2018		

Source: GoNoCo Application; Economic & Planning Systems

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Total Cost and RTA Funding Requests

The total Project development costs of the four components evaluated is $309.3 million as shown in **Table 21**. The total requested tax increment derived from net new out-of-state visitor spending totals $39.7 million over the 30-year time period which is 10.77 percent of the total as shown in **Table 22**.

Table 21
Go NoCO Project Costs, All Projects

Description	PeliGrande Resort & Windsor Conference Center	Indoor Waterpark Resort of the Rockies	U.S Whitewater Adventure Park	Total RTA Projects
Soft Costs	**$16,714,389**	**$15,995,000**	**$4,063,975**	**$36,773,364**
Hard Costs				
Parking	$7,541,150	$4,000,000	$0	$11,541,150
Land	$6,534,000	$6,500,000	$10,454,000	$23,488,000
Construction	$56,601,265	$92,500,000	$38,613,486	$187,714,751
FF&E	$11,750,000	$9,630,000	$1,254,539	$22,634,539
Field and Sport Equipment	$0	$0	$0	$0
IT Systems	$850,000	$0	$0	$850,000
Subtotal Hard Costs	**$83,276,415**	**$112,630,000**	**$50,322,025**	**$246,228,440**
Contingency	$9,999,080	$9,705,000	$6,590,000	$26,294,080
Total Facility Cost	**$109,989,884**	**$138,330,000**	**$60,976,000**	**$309,295,884**

Source: GoNoCo Application; Economic & Planning Systems

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Table 22
Go NoCO Total RTA Funding Request

Description	2015 Base Year	2016	2017	2018	2019	2020	2021	2022 (Stabilization)	2045	2016-2045 Total
RTZ Tax Increment for All Projects										
Natural Sales Tax Increment	$0	$338,040	$691,292	$1,060,441	$1,446,201	$1,849,320	$2,270,580	$2,710,796	$20,622,846	$253,548,134
Peligrande Resort	0	0	0	973,037	1,070,613	1,154,238	1,110,192	1,137,947	2,008,033	41,119,569
Waterpark Resort of the Rockies	0	0	0	967,783	1,073,875	1,142,360	1,183,118	1,212,696	2,139,937	43,596,690
U.S. Whitewater Adventure Park	0	0	0	589,131	695,516	810,394	830,654	851,421	1,502,426	30,468,329
Total	**$0**	**$338,040**	**$691,292**	**$3,590,391**	**$4,286,204**	**$4,956,312**	**$5,394,544**	**$5,912,860**	**$26,273,242**	**$368,732,722**
Eligible (Net New) Tax Increment										
Peligrande Resort	$0	$0	$0	$307,414	$338,241	$364,661	$350,746	$359,514	$634,403	$12,991,003
Waterpark Resort of the Rockies	0	0	0	488,871	542,463	577,057	597,646	612,587	1,080,978	22,022,650
U.S. Whitewater Adventure Park	0	0	0	90,997	107,429	125,174	128,303	131,510	232,065	4,706,140
Total	**$0**	**$0**	**$0**	**$887,282**	**$988,133**	**$1,066,892**	**$1,076,695**	**$1,103,612**	**$1,947,446**	**$39,719,793**
Percentage Eligible For Combined Projects	**0.00%**	**0.00%**	**0.00%**	**24.71%**	**23.05%**	**21.53%**	**19.96%**	**18.66%**	**7.41%**	**10.77%**

Source: GoNoCo Application; Economic & Planning Systems

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3. PELIGRANDE RESORT ANALYSIS

This chapter presents the TPA's independent evaluation of the Applicant's total estimates of total and net new out-of-state visitors and the associated spending and state sales tax projections for the PeliGrande Hotel and Windsor Conference Center. It also provides the TPA estimate of the net new sales tax eligible to be dedicated to the Project from 2016 through 2045.

Net New Visitors

The Applicant has estimated that 67.9 percent of PeliGrande's 145,854 annual visitor days will come from outside Colorado (**Table 23**). Visitors drawn by the Raindance golf course are estimated to support 16,000 room nights, equating to 28,800 annual visitor days. The remaining 117,000 visitor days are attributed to other business and leisure travel generated by the resort. Visitors who are net new to the state are estimated by the Applicant at with 46.5 percent of the out-of-state visitors, or 46,080 per year which equates to 31.6 percent of total annual visitors.

Table 23
PeliGrande Resort Visitor Estimates (Applicant)

Component	Room Nights	Visitor Days 1.80	Out of State Pct.	Out of State Visitors	Net New Out of State Pct.	Net New Out of State Visitors	Net New Out of State Pct. Of Total
Commercial	4,000	7,203	67.9%	4,890	46.5%	2,276	31.6%
Meeting & Group	49,000	88,233	67.9%	59,908	46.5%	27,876	31.6%
Golf Travelers	16,000	28,811	67.9%	19,562	46.5%	9,102	31.6%
Leisure	12,000	21,608	67.9%	14,671	46.5%	6,827	31.6%
Total	**81,000**	**145,854**	**67.9%**	**99,032**	**46.5%**	**46,080**	**31.6%**

Source: GoNoCO Application; Economic & Planning Systems

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The PeliGrande developer has received a commitment from the PGA to host a Champions Tour event once the Fred Funk designed Raindance National Golf Club has been completed. The Applicant is not requesting any credit for spending and sales tax attributed specifically to the PGA Tour event. The only visitor spending attributed to the golf course is shown above as part of the hotel. The golf course is therefore an amenity which helps to drive room nights in the PeliGrande hotel.

This PGA tour would be the state's only annual PGA event (based on a letter of commitment). Attendance figures from other golf tournaments provided by the Applicant are shown below in **Table 24**. The Mississippi Gulf Resort Classic is the only Champion's Tour event listed, and had attendance of 35,000 with 22 percent from outside Mississippi. The other events are either not comparable or are located in larger market areas. The Applicant's attendance estimate of 32,500 is lower than the one PGA Champions Tour event shown and is therefore judged to be a reasonable estimate.

Table 24
Comparable Golf Tournament Attendance

Tournament	Location	Year	Total Attendance	% Out of State Attendance
WMPO	Phoenix, AZ	2012	518,062	29.8%
US Open	San Diego, CA	2008	295,429	21.2%
PGA Championship	Sheboygan, WI	2005	94,470	32.8%
Toshiba Classic	Newport Beach, CA	2007	85,000	20.0%
Players Championship	Ponte Vedra, FL	2005	72,000	44.0%
American Express Championship	San Francisco, CA	2005	47,000	17.0%
Mississippi Gulf Resort Classic [1]	Biloxi, MS	2011	35,000	22.0%
Champions Tour Average			**60,000**	**20.6%**

[1] A Champions Tour event

Source: GoNoCo Application; Economic & Planning Systems

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While the PeliGrande will be Northern Colorado's only four star resort and conference center, meeting and group business travel is highly competitive. Some of PeliGrande's business will most likely come as a result of cannibalization from other properties in the state. Colorado has numerous high end hotel, conference centers, and golf courses including The Broadmoor in Colorado Springs, and others in mountain areas such as Vail, Beaver Creek, and Aspen. The Applicant's analysis already includes a 46.5 percent net new factor, assuming that the remainder of the hotel business would come from competition with other existing properties in the state (**Table 25**). This net new estimate, while aggressive, is judged to be within the parameters of reasonableness; therefore no further adjustments have been made.

Table 25
PeliGrande Resort Net New Adjustment

Criteria	Comments	Adjustment
Initial Total		**100%**
Uniqueness and Competition	- Applicant's adjustment recognizes potential competition with other high-end resorts and conference centers in the state.	-53.5%
Relocation of Existing Use within Colorado	-N/A	0%
Primary Destination / Reason for Trip	-No adjustment	0%
Ability to Capture Spending/Tourism Leakage from Colorado Residents	-No adjustment	0%
Net New Factor		**46.5%**

Source: GoNoCo Application; Economic & Planning Systems
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The Applicant's spending assumptions for the PeliGrande are shown in **Table 26**. Daily spending of $273 per overnight visitor was deemed reasonable due to the high-end nature of the PeliGrande Resort. The Applicant's figures were presented in 2021 dollars to project hotel operating revenues at Project stabilization in 2021 and are adjusted back to 2015 dollars for the purposes of spending and sales tax projections. We also adjusted the proportion of spending estimated to be captured within the RTZ. Since the resort hotel is the destination, 100 percent of lodging spending attributed to the PeliGrande would be captured in the RTZ. However, we believe that less than 100 percent of retail and food and beverage spending would occur in the zone, such as Fort Collins and other nearby communities or attractions outside the Go NoCO RTZ. We have adjusted retail and food and beverage spending to 85 percent capture, resulting in an overall average spending capture rate of 94 percent as shown below.

Table 26
PeliGrande Resort Spending Assumptions

Description	Applicant Spending Estimate 2021 $	Applicant Spending Estimate 2015 $	TPA Estimated Spending Captured in RTZ	Captured Spending 2015 $
Lodging Spending				
Lodging Room Rate	$286.92	$247.41		
Persons Per Room	1.8	1.8		
Total Lodging Spending Per Overnight Visitor	**$159.40**	**$137.45**	**100.0%**	**$137.45**
Other Overnight Visitor Spending				
On-Site Food & Beverage	$76.51	$65.97		
On-Site Retail/Other	$23.29	$20.08		
Off-Site Food & Beverage	$0.00	$0.00		
Off-Site Retail	$13.87	$11.96		
Off-Site Recreational	$0.00	$0.00		
Total Other Spending Per Overnight Visitor	**$113.67**	**$98.02**	**85.0%**	**$83.31**
Total Spending Per Overnight Visitor	**$273.07**	**$235.47**	**93.8%**	**$220.76**

Note: Assumes 2.5% inflation

Source: GoNoCo Application; Economic & Planning Systems

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Tax Increment Analysis

In order to calculate the incremental sales tax that a project is eligible to receive, the base sales tax must be established. A project is only eligible to receive the net new incremental sales tax above the base it generates within the RTZ. Other incremental sales tax revenue growth not attributable to a project cannot be directed to a project. The RTA allows an applicant to define RTZ boundaries beyond project boundaries, and can encompass an entire jurisdiction, or multiple jurisdictions if there are multiple jurisdiction sponsors to an application. Broadly defined RTZs, such as the zone proposed in the Go NoCO Application, contain a large share of the total retail and lodging development in the region. These zones will therefore experience sales tax growth from general economic activity and the ‘natural growth’ of the community. The eligible tax increment is only what is generated by the increase in tourism activity from the project itself over the natural growth of the base.

Base Sales Tax

The 2015 Base Sales Tax within the Go NoCO RTZ is $7.51 million. OSPB prepared a forecast of the sales tax growth in the RTZ to establish the natural growth of the sales tax base above the 2015 base year from 2016 through 2045 (**Table 27**) and defined the growth rate for the Application at 4.5 percent. The natural tax increment above the 2015 base resulting from the growth of the base at 4.5 percent per year over the 2015 through 2045 time period is estimated at $253.5 million.

Table 27
Base Sales Tax Forecast, 2015-2045

Year	Base Sales Tax 4.5% Growth Rate	Natural Tax Increment
2015	$7,512,006	$0
2016	7,850,046	338,040
2017	8,203,298	691,292
2018	8,572,447	1,060,441
2019	8,958,207	1,446,201
2020	9,361,326	1,849,320
2021	9,782,586	2,270,580
2022	10,222,802	2,710,796
2023	10,682,828	3,170,822
2024	11,163,555	3,651,550
2025	11,665,915	4,153,910
2026	12,190,882	4,678,876
2027	12,739,471	5,227,465
2028	13,312,747	5,800,742
2029	13,911,821	6,399,815
2030	14,537,853	7,025,847
2031	15,192,056	7,680,051
2032	15,875,699	8,363,693
2033	16,590,105	9,078,100
2034	17,336,660	9,824,654
2035	18,116,810	10,604,804
2036	18,932,066	11,420,060
2037	19,784,009	12,272,003
2038	20,674,290	13,162,284
2039	21,604,633	14,092,627
2040	22,576,841	15,064,835
2041	23,592,799	16,080,793
2042	24,654,475	17,142,469
2043	25,763,926	18,251,921
2044	26,923,303	19,411,297
2045	28,134,852	20,622,846
Total Natural Tax Increment		**$253,548,134**

Source: GoNoCO Application, Colorado OSPB, Economic & Planning Systems

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The eligible tax increment for the Project is calculated using the methodology described below and presented in the sections which follow.

- **Total RTZ Tax Increment –** The total tax increment in the RTZ with the PeliGrande Project is calculated as the natural growth of the base (without the Project) plus the new sales tax in the RTZ from the Project, comprised of all new spending in the zone from in-state and out-of-state visitors. The cumulative 30 year tax impact of the Project is added to the natural growth tax increment to get the total RTZ tax increment.
- **Net New Sales Tax –** The cumulative 30 year sales tax estimated to be net new to the state is divided by the total RTZ tax increment to calculate the percentage of the total tax increment that the Project is eligible to receive.

Project Contribution to RTZ Increment

The total tax increment generated by the PeliGrande is estimated from the total room nights, visitor days, and resulting spending captured in the RTZ. In a stabilized operating year, the hotel is forecast to generate 145,854 annual visitor days. With spending of $235.47 per person per day (2015 dollars), and 93.8 percent spending capture, the hotel supports $32.2 million in annual spending in the stabilized year (2021) and $934,000 in annual sales tax in the RTZ. In 2015 dollars, the total tax increment for the hotel is $25.96 million and $39.9 million with 2.5 percent annual inflation (**Table 28**).

Net New Sales Tax

The natural growth of the base is estimated at $253.5 million. Adding the Project tax increment gives a total RTZ tax increment forecast of $293.4 million (**Table 29**). The net new sales tax is divided by this amount to calculate the percentage of the tax increment the Project is eligible to receive.

In calculating the net new sales tax, we use the Applicant's estimates of 67.9 out-of-state overnight visitors, and 46.5 percent net new estimate. The only adjustment is to account for a modest amount of retail and food and beverage spending that may occur outside the RTZ, as hotel visitors from outside Colorado will likely want to visit other areas outside the Loveland RTZ such as Fort Collins and other areas of Larimer County.

Of the 145,854 hotel visitors, 67.9 percent are estimated to be from out of state and 46.5 percent are estimated to be net new equating to 46,080 annual net new visitor days. With average daily spending of $235 per person, the net new sales tax totals to $8.2 million over 30 years in 2015 dollars. **With inflation, total net new sales tax is $12.6 million or 4.29 percent of the RTA tax increment over 30 years.**

Table 28
PeliGrande Sales Tax Increment Contribution to RTZ

Description	Factor	2015 Base Year	2016	2017	2018	2019	2020	2021 (Stabilization)	2022	2045	2016-2045 Total
Hotel Overnight Visitor Days		0	0	0	126,144	137,970	143,883	145,854	145,854	145,854	4,054,347
Taxable Spending	$235.47/day	$0	$0	$0	$29,702,800	$32,487,438	$33,879,757	$34,343,863	$34,343,863	$34,343,863	$954,666,568
Spending Captured in RTZ	93.8%	$0	$0	$0	$27,848,157	$30,458,921	$31,764,304	$32,199,431	$32,199,431	$32,199,431	$895,057,155
State Sales Tax (2015$)	**2.9%**	**$0**	**$0**	**$0**	**$807,597**	**$883,309**	**$921,165**	**$933,783**	**$933,783**	**$933,783**	**$25,956,657**
Inflation Escalator	2.5%	1.000	1.025	1.051	1.077	1.104	1.131	1.160	1.189	2.098	
Hotel Sales Tax Increment		**$0**	**$0**	**$0**	**$869,693**	**$975,008**	**$1,042,213**	**$1,082,903**	**$1,109,975**	**$1,958,674**	**$39,876,445**

Source: GoNoCo Application; Economic & Planning Systems

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Table 29
PeliGrande Resort Estimated Net New Sales Tax

Description	Factors	2015 Base Year	2016	2017	2018	2019	2020	2021 (Stabilization)	2022	2045	2016-2045 Total
RTZ Base Forecast	4.5%	$7,512,006	$7,850,046	$8,203,298	$8,572,447	$8,958,207	$9,361,326	$9,782,586	$10,222,802	$28,134,852	
RTZ Base Increment		$0	$338,040	$691,292	$1,060,441	$1,446,201	$1,849,320	$2,270,580	$2,710,796	$20,622,846	$253,548,134
Project Increment		0	0	0	869,693	975,008	1,042,213	1,082,903	1,109,975	1,958,674	39,876,445
Total Zone Increment		**$0**	**$338,040**	**$691,292**	**$1,930,134**	**$2,421,208**	**$2,891,534**	**$3,353,482**	**$3,820,771**	**$22,581,520**	**$293,424,579**
PeliGrande Resort											
Hotel Visitors		0	0	0	126,144	137,970	143,883	145,854	145,854	145,854	4,054,347
Out of State Visitors	67.9%	0	0	0	85,650	93,679	97,694	99,032	99,032	99,032	2,752,833
Net New Out of State Visitors	46.5%	0	0	0	39,853	43,589	45,457	46,080	46,080	46,080	1,280,899
Net New Out of State Visitor Spending	$235.47/day	$0	$0	$0	$9,384,076	$10,263,833	$10,703,712	$10,850,338	$10,850,338	$10,850,338	$301,610,072
Captured in RTZ	93.8%	$0	$0	$0	$8,798,134	$9,622,959	$10,035,372	$10,172,843	$10,172,843	$10,172,843	$282,777,529
Net New Sales Tax in RTZ	2.9%	$0	$0	$0	$255,146	$279,066	$291,026	$295,012	$295,012	$295,012	$8,200,548
Total Net New Sales Tax		**$0**	**$0**	**$0**	**$255,146**	**$279,066**	**$291,026**	**$295,012**	**$295,012**	**$295,012**	**$8,200,548**
Inflation Escalator	2.5%	1.000	1.025	1.051	1.077	1.104	1.131	1.160	1.189	2.098	
Net New Sales Tax w/Inflation		**$0**	**$0**	**$0**	**$274,764**	**$308,036**	**$329,269**	**$342,124**	**$350,677**	**$618,809**	**$12,598,260**
Percent of RTZ Tax Increment		**0.00%**	**0.00%**	**0.00%**	**14.24%**	**12.72%**	**11.39%**	**10.20%**	**9.18%**	**2.74%**	**4.29%**

Source: GoNoCo Application; Economic & Planning Systems

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4. *Indoor Waterpark Resort of the Rockies Analysis*

This chapter presents the TPA's independent evaluation of the Applicant's total estimates of total and net new out-of-state visitors and the associated spending and state sales tax projections for the Indoor Waterpark Resort of the Rockies. It also provides the TPA estimate of the net new sales tax eligible to be dedicated to the Project over the 30 year 2016 through 2045 time period.

Net New Visitors

As shown in **Table 30**, the Indoor Waterpark Resort of the Rockies is projected by the Applicant to draw 299,320 annual visitors, 56.8 percent (170,128) of which will be from outside Colorado. Of the out-of-state visitors, 88.9 percent or 151,200 are estimated to be net new to the state. The estimate of 299,320 visitor days is based on an annual occupancy forecast for the hotel of 71 percent at stabilization in 2021. The 330 room hotel would generate 85,520 room nights at 71 percent occupancy, and 299,320 annual visitor days at an average of 3.5 people per room. Since these hotels are family oriented, they tend to have a larger number of occupants per room than traditional hotels.

Table 30
Indoor Waterpark Resort Visitor Estimates (Applicant)

			Out of State		Net New Out of State		
Project	Room Nights	Visitor Days 3.50/room	Pct.	Visitor Days	Pct.	Visitor Days	Pct. Of Total
Indoor Waterpark Resort of the Rockies	85,520	299,320	56.8%	170,128	88.9%	151,200	50.5%

Source: GoNoCO Application; Economic & Planning Systems

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The Applicant had access to proprietary zip code data from similar water park hotels which was used as a base for its out- of-state visitor numbers. While some of the comparables were located close to nearby state borders, we do not have a strong reason to dispute the estimate of 56.8 percent out-of-state visitors. In Colorado, these could be comprised of Colorado tourists who were extending their trip by a day or two to visit the Waterpark Hotel, or visitors from nearby Wyoming and Nebraska.

The Applicant also reviewed confidential data from other water park hotels, and considered the supply and demand trends in Northern Colorado in developing its occupancy forecast. The Applicant has forecasted the annual occupancy at 71 percent. Upon reviewing the data provided, we judged this to be a reasonable estimate for the Loveland and Northern Colorado market.

The Applicant estimates that 88.9 percent of out-of-state visitor days will be net new to the state (60 percent of induced room nights). We feel that this estimate is aggressive considering other attractions in Northern Colorado such as Rocky Mountain National Park, Estes Park, Fort Collins, and many other surrounding recreation and natural areas. However, we recognize that the Project may be unique enough to entice some visitors to stay an extra day to visit the waterpark, and may draw some new visitors from adjacent states. We have made a -25 percent adjustment to net new out-of-state visitors to account for the likelihood that in our opinion the Waterpark Hotel will not be the primary reason for a trip to Colorado for a portion of visitors (**Table 31**).

Table 31
Indoor Waterpark Resort Net New Adjustment

Criteria	Comments	Adjustment
Initial Total		**100%**
Uniqueness and Competition	- Unique water park facility in the Intermountain West.	0%
Relocation of Existing Use within Colorado	- N/A	0%
Primary Destination / Reason for Trip	- May not be primary reason for visit for all visitors.	-25%
Ability to Capture Spending/Tourism Leakage from Colorado Residents	- No adjustment	0%
Net New Factor		**75.0%**

Source: GoNoCo Application; Economic & Planning Systems
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The Applicant's daily spending assumptions are shown in **Table 32** and total $128.62 per person per day in 2021 dollars (year of stabilization) and $110.90 in 2015 dollars. The room rate of $288 includes admission to the waterpark which is valued at approximately $20-$25 admission fee per person. A majority of other overnight visitor spending is assumed to be captured at the resort with approximately 25 percent spent on off-site—but not necessarily outside the RTZ—retail purchases. To account for some expected spending leakage outside the RTZ and for consistency with other TPA analyses, we have applied an 85 percent spending capture rate to retail and food and beverage spending; total captured spending in the RTZ equates to 94.6 percent in this analysis. Since the waterpark is only accessible to hotel guests, day visitor spending is not a consideration and is not estimated.

Table 32
Indoor Waterpark Resort Spending Assumptions

Description	Applicant Spending Estimate 2021 $	Applicant Spending Estimate 2015 $	TPA Estimated Spending Captured in RTZ	Captured Spending 2015 $
Lodging Spending				
Lodging Room Rate	$288.35	$248.64		
Persons Per Room	3.5	3.5		
Total Lodging Spending Per Overnight Visitor	**$82.39**	**$71.04**	**100.0%**	**$71.04**
Other Overnight Visitor Spending				
On-Site Food & Beverage	$21.29	$18.36		
On-Site Retail/Other	$11.07	$9.55		
Off-Site Food & Beverage	$0.00	$0.00		
Off-Site Retail	$13.87	$11.96		
Off-Site Recreational	$0.00	$0.00		
Total Other Spending Per Overnight Visitor	**$46.23**	**$39.86**	**85.0%**	**$33.88**
Total Spending Per Overnight Visitor	**$128.62**	**$110.90**	**94.6%**	**$104.93**
Day Visitor Spending Assumptions	**$0.00**	**$0.00**		

Note: Assumes 2.5% inflation

Source: GoNoCo Application; Economic & Planning Systems

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Tax Increment Analysis

The tax increment for the Waterpark Hotel is calculated in the same manner as the PeliGrande. The starting point is the natural tax increment from the growth of the base. Next, the incremental sales tax from all spending sources is added to the base. Lastly, the 30 year total net new sales tax is divided by the 30 year total tax increment to calculate the eligible percentage.

Project Contribution to RTZ Increment

For the Waterpark Hotel, the Project's contribution to the total tax increment is comprised of all spending and resulting sales tax attracted to the RTZ by the Project. At stabilization in 2021, the Project attracts 299,320 annual visitors (**Table 33**). With average spending of $110.90 per day and 94.6 percent spending capture, the Project attracts $31.4 million in spending to the RTZ. The resulting state sales tax is $910,800 from 2021 onward (2015 dollars). Over the 30 years from 2016 through 2045, the total tax increment from the Project, from all in- and out-of-state spending sources, is $25.3 million in 2015 dollars, and $38.9 million with inflation.

Net New Sales Tax

The natural tax increment resulting from the growth of the base at 4.5 percent per year over the 2015 through 2045 time period is estimated at $253.5 million (**Table 34**). The Project tax increment is $38.9 million, and the total tax increment forecast in the RTZ resulting from the Waterpark Hotel is $292.4 million. The net new state sales tax is divided by this amount to calculate the eligible percentage of the tax increment that can be directed to the Project.

The 299,320 total visitors from 2021 onward are multiplied by 56.8 percent to calculate out-of-state visitors, and then by 75 percent to calculate net new out-of-state visitors. From 2021 onward, we have estimated that the Project will draw 127,600 net new visitors to Colorado. With daily spending of $110.90 per day and 94.6 percent of spending made in the RTZ, there is $13.4 million of net new spending and $388,250 of net new sales tax per year (2015 dollars). **The 30 year total net new sales tax is estimated at $16.6 million with inflation of 2.5 percent per year. This equates to 5.67 percent of the RTZ tax increment above the base.**

Table 33
Indoor Waterpark Contribution to RTZ Tax Increment

Description	Factor	2015 Base Year	2016	2017	2018	2019	2020	2021 (Stabilization)	2022	2045	2016-2045 Total
Visitation											
Day Visitors	0%	0	0	0	0	0	0	0	0	0	0
Overnight Visitors	100%	0	0	0	257,163	286,671	295,103	299,320	299,320	299,320	8,321,936
Total		**0**	**0**	**0**	**257,163**	**286,671**	**295,103**	**299,320**	**299,320**	**299,320**	**8,321,936**
Total Taxable Spending											
Day Visitors	$0.00/day	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Overnight Visitors	$110.90/day	$0	$0	$0	$28,520,588	$31,793,226	$32,728,321	$33,196,063	$33,196,063	$33,196,063	$922,943,707
Total		**$0**	**$0**	**$0**	**$28,520,588**	**$31,793,226**	**$32,728,321**	**$33,196,063**	**$33,196,063**	**$33,196,063**	**$922,943,707**
Spending Captured in RTZ											
Day Visitors	0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Overnight Visitors	94.6%	$0	$0	$0	$26,982,860	$30,079,049	$30,963,727	$31,406,250	$31,406,250	$31,406,250	$873,181,879
Total		**$0**	**$0**	**$0**	**$26,982,860**	**$30,079,049**	**$30,963,727**	**$31,406,250**	**$31,406,250**	**$31,406,250**	**$873,181,879**
State Sales Tax	**2.9%**	**$0**	**$0**	**$0**	**$782,503**	**$872,292**	**$897,948**	**$910,781**	**$910,781**	**$910,781**	**$25,322,274**
Inflation Escalator	2.5%	1.000	1.025	1.051	1.077	1.104	1.131	1.160	1.189	2.098	
Total Project Increment with Inflation		**$0**	**$0**	**$0**	**$842,670**	**$962,848**	**$1,015,946**	**$1,056,227**	**$1,082,633**	**$1,910,425**	**$38,899,816**

Source: GoNoCo Application; Economic & Planning Systems

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Table 34
Indoor Waterpark Net New Sales Tax

Description	Factor	2015 Base Year	2016	2017	2018	2019	2020	2021 (Stabilization)	2022	2045	2016-2045 Total
RTZ Base Increment	4.5%	$0	$338,040	$691,292	$1,060,441	$1,446,201	$1,849,320	$2,270,580	$2,710,796	$20,622,846	$253,548,134
Project Increment		$0	$0	$0	$842,670	$962,848	$1,015,946	$1,056,227	$1,082,633	$1,910,425	$38,899,816
Total Zone Increment		**$0**	**$338,040**	**$691,292**	**$1,903,111**	**$2,409,048**	**$2,865,266**	**$3,326,807**	**$3,793,429**	**$22,533,271**	**$292,447,950**
Total Visitors		0	0	0	257,163	286,671	295,103	299,320	299,320	299,320	8,321,936
Out of State Visitors	56.8%	0	0	0	146,166	162,939	167,731	170,128	170,128	170,128	4,730,036
Net New Out of State Visitors	75.0%	0	0	0	109,625	122,204	125,798	127,596	127,596	127,596	3,547,527
Net New Out of State Visitor Spending	$110.90/day	$0	$0	$0	$12,157,935	$13,553,015	$13,951,633	$14,151,025	$14,151,025	$14,151,025	$393,438,211
Spending Captured in RTZ	94.6%	$0	$0	$0	$11,502,422	$12,822,285	$13,199,411	$13,388,052	$13,388,052	$13,388,052	$372,225,428
State Sales Tax (2015$)	2.9%	$0	$0	$0	$333,570	$371,846	$382,783	$388,254	$388,254	$388,254	$10,794,537
Inflation Escalator	2.5%	1.000	1.025	1.051	1.077	1.104	1.131	1.160	1.189	2.098	
Waterpark Hotel Sales Tax Increment		**$0**	**$0**	**$0**	**$359,219**	**$410,449**	**$433,084**	**$450,255**	**$461,511**	**$814,388**	**$16,582,457**
Percent of RTZ Increment		**0.00%**	**0.00%**	**0.00%**	**18.88%**	**17.04%**	**15.11%**	**13.53%**	**12.17%**	**3.61%**	**5.67%**

Source: GoNoCo Application; Economic & Planning Systems

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5. U.S. WHITEWATER ADVENTURE PARK ANALYSIS

This chapter presents the TPA's independent evaluation of the Applicant's total estimates of total and net new out-of-state visitors and the associated spending and state sales tax projections for the U.S. Whitewater Adventure Park. It also provides the TPA estimate of the net new sales tax eligible to be dedicated to the Project over the 30 year 2016 through 2045 time period.

Net New Visitors

The U.S. Whitewater Adventure Park is estimated to attract 397,920 annual visitors. This facility will have a large local user base with only 10.5 percent of visitors from out of state. Of the out-of-state visitors, 75 percent or just over 31,000 are projected to be net new as the Applicant implies that a portion of the clientele will also be coming to Colorado for other outdoor activities including paddling on the state's many rivers (**Table 35**). EPS considers these to be reasonable estimates and thus no adjustments have been made to out-of-state or net new visitors.

Table 35
U.S. Whitewater Adventure Park Visitor Estimates (Applicant)

Component	Visitor Days	Out of State Pct.	Out of State Visitors	Net New Out of State Pct.	Net New Out of State Visitors	Net New Out of State Pct. Of Total
U.S. Whitewater Adventure Park	397,920	10.5%	41,640	75.0%	31,230	7.8%

Source: GoNoCO Application; Economic & Planning Systems

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The spending assumptions for the U.S. Whitewater Adventure Park are shown in **Table 36**. Total spending of $137 per overnight visitor was deemed reasonable and no adjustments were made other than to deflate the 2020 spending figure (stabilized year) to 2015 dollars. The day visitor spending assumption of $70.69 is considered to be high, however. The Applicant cites Longwoods Travel and Tourism Research as a basis for this figure. After reviewing the 2014 Travel Year Longwoods Report, it was determined that this data pertains to out-of-state day visitors while the U.S. Whitewater Adventure Park will be drawing a mostly local clientele. As such, the day visitor spending was adjusted down to $15 per day per person. In addition, an 85 percent capture rate is applied to overnight visitor spending in the RTZ, as not all visitors to the Whitewater Park can be assumed to lodge in the RTZ, and for consistency with other TPA analyses.

Table 36
U.S. Whitewater Adventure Park Spending Assumptions (Applicant)

Description	Applicant Spending Estimate 2020 $	Applicant Spending Estimate 2015 $	Estimated Spending Captured	Captured Spending 2015 $
Lodging Spending				
Lodging Room Rate	$141.45	$121.97		
Persons Per Room	1.5	1.5		
Total Lodging Spending Per Overnight Visitor	**$94.30**	**$81.31**	**85.0%**	**$69.12**
Other Overnight Visitor Spending				
On-Site Food & Beverage	$5.28	$4.55		
On-Site Retail/Other	$3.54	$3.05		
Off-Site Food & Beverage	$19.82	$17.09		
Off-Site Retail	$13.87	$11.96		
Off-Site Recreational	$0.00	$0.00		
Total Other Spending Per Overnight Visitor	**$42.51**	**$36.66**	**85.0%**	**$31.16**
Total Spending Per Overnight Visitor	**$136.81**	**$117.97**	**85.0%**	**$100.28**
Day Visitor Spending Assumptions				
On-Site Food & Beverage	$5.28	$4.55		
On-Site Retail/Other	$3.54	$3.05		
Off-Site Food & Beverage	$24.44	$21.07		
Off-Site Retail	$22.92	$19.76		
Off-Site Recreational	$14.51	$12.51		
Total Spending Per Day Visitor	**$70.69**	**$60.96**	**---**	**$15.00**

Note: Assumes 2.5% inflation

Source: GoNoCo Application; Economic & Planning Systems

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Tax Increment Analysis

Project Contribution to RTZ Increment

The Whitewater Park's contribution to the total tax increment is comprised of all spending and resulting sales tax attracted to the RTZ by the Project. At stabilization in 2020, the Project attracts 397,920 annual visitors based on the Applicant's estimates (**Table 37**). With average spending of $117.97 per day and 85 percent spending capture in the RTZ for overnight visitors, the Project attracts $11.6 million in spending to the RTZ. The resulting state sales tax is $336,000 per year from 2019 onward (2015 dollars). Over the 30 years from 2016 through 2045, the total tax increment from the Project, from all in- and out-of-state spending sources, is $9.62 million in 2015 dollars, and $14.6 million with 2.5 percent annual inflation.

Net New Sales Tax

The natural tax increment resulting from the growth of the base at 4.5 percent per year over the 2015 through 2045 time period is estimated at $253.5 million (**Table 38**). The Project tax increment is $14.6 million over the 30 year funding period, and the total tax increment forecast in the RTZ resulting from the Whitewater Park is $268.2 million. The net new state sales tax over 30 years is divided by this amount to calculate the eligible percentage of the tax increment that can be directed to the Project.

To calculate net new out-of-state visitors, the 397,920 total visitors at stabilization in 2021 are multiplied by 10.5 percent to calculate out-of-state overnight visitors, and then by 75 percent to calculate net new out-of-state visitors. With daily spending of $117.97 per day and 85 percent of spending made in the RTZ, there is $3.1 million of net new spending and $90,800 of net new sales tax per year (2015 dollars). **The 30 year total net new sales tax is estimated at $3.96 million with inflation of 2.5 percent per year. This equates to 1.48 percent of the RTZ tax increment above the base.**

Table 37
Whitewater Adventure Park Resort Contribution to RTZ Increment

Description	Factor	2015 Base Year	2016	2017	2018	2019	2020 (Stabilization)	2021	2022	2045	2016-2045 Total
US Whitewater Adventure Park Visitors											
Overnight Visitor Days	16.5%	0	0	50,294	57,928	65,850	65,850	65,850	65,850	65,850	1,886,173
Destination Day Visitor Days	78.5%	0	0	238,427	274,616	312,170	312,170	312,170	312,170	312,170	8,941,632
Local Day Visitor Days	5.0%	0	0	15,199	17,506	19,900	19,900	19,900	19,900	19,900	570,005
Total Annual Visitors		**0**	**0**	**303,920**	**350,050**	**397,920**	**397,920**	**397,920**	**397,920**	**397,920**	**11,397,810**
Total Taxable Spending											
Overnight Visitors	$117.97	$0	$0	$5,933,268	$6,833,839	$7,768,379	$7,768,379	$7,768,379	$7,768,379	$7,768,379	$222,513,351
Day Visitors	$15.00	0	0	3,804,385	4,381,827	4,981,050	4,981,050	4,981,050	4,981,050	4,981,050	142,674,561
Total		**$0**	**$0**	**$9,737,652**	**$11,215,666**	**$12,749,429**	**$12,749,429**	**$12,749,429**	**$12,749,429**	**$12,749,429**	**$365,187,913**
Spending Captured in RTZ											
Overnight Visitors	85%	$0	$0	$5,043,278	$5,808,763	$6,603,123	$6,603,123	$6,603,123	$6,603,123	$6,603,123	$189,136,349
Day Visitors	100%	0	0	3,804,385	4,381,827	4,981,050	4,981,050	4,981,050	4,981,050	4,981,050	142,674,561
Total		**$0**	**$0**	**$8,847,662**	**$10,190,590**	**$11,584,173**	**$11,584,173**	**$11,584,173**	**$11,584,173**	**$11,584,173**	**$331,810,910**
State Sales Tax	2.9%	**$0**	**$0**	**$256,582**	**$295,527**	**$335,941**	**$335,941**	**$335,941**	**$335,941**	**$335,941**	**$9,622,516**
Inflation Escalator	2.5%	1.000	1.025	1.051	1.077	1.104	1.131	1.160	1.189	2.098	
Total Project Increment with Inflation		**$0**	**$0**	**$269,572**	**$318,250**	**$370,816**	**$380,086**	**$389,589**	**$399,328**	**$704,659**	**$14,646,199**

Source: GoNoCo Application; Economic & Planning Systems

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Table 38
U.S Whitewater Adventure Park Net New Sales Tax

Description	Factor	2015 Base Year	2016	2017	2018	2019	2020	2021 (Stabilization)	2022	2045	2016-2045 Total
RTZ Base Increment	4.5%	$0	$338,040	$691,292	$1,060,441	$1,446,201	$1,849,320	$2,270,580	$2,710,796	$20,622,846	$253,548,134
Project Increment		0	0	269,572	318,250	370,816	380,086	389,589	399,328	704,659	14,646,199
Total Zone Increment		**$0**	**$338,040**	**$960,864**	**$1,378,691**	**$1,817,017**	**$2,229,407**	**$2,660,168**	**$3,110,124**	**$21,327,505**	**$268,194,333**
Total Visitors		0	0	303,920	350,050	397,920	397,920	397,920	397,920	397,920	11,397,810
Out of State Visitors (Overnight)	10.5%	0	0	31,803	36,631	41,640	41,640	41,640	41,640	41,640	1,192,714
Net New Out of State Visitors	75.0%	0	0	23,853	27,473	31,230	31,230	31,230	31,230	31,230	894,536
Net New Out of State Visitor Spending	$117.97	$0	$0	$2,813,910	$3,241,014	$3,684,229	$3,684,229	$3,684,229	$3,684,229	$3,684,229	$105,529,111
Captured in RTZ	**85.0%**	**$0**	**$0**	**$2,391,823**	**$2,754,862**	**$3,131,595**	**$3,131,595**	**$3,131,595**	**$3,131,595**	**$3,131,595**	**$89,699,744**
Net New Sales Tax (2015$)	2.9%	**$0**	**$0**	**$69,363**	**$79,891**	**$90,816**	**$90,816**	**$90,816**	**$90,816**	**$90,816**	**$2,601,293**
Inflation Escalator	2.5%	1.000	1.025	1.051	1.077	1.104	1.131	1.160	1.189	2.098	
Net New Sales Tax		**$0**	**$0**	**$72,874**	**$86,034**	**$100,244**	**$102,750**	**$105,319**	**$107,952**	**$190,493**	**$3,959,364**
Percent of RTZ Increment		**0.00%**	**0.00%**	**7.58%**	**6.24%**	**5.52%**	**4.61%**	**3.96%**	**3.47%**	**0.89%**	**1.48%**

Source: GoNoCo Application; Economic & Planning Systems

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6. FINANCIAL NEED

This chapter addresses the RTA statute requirement to evaluate whether the requested RTA funding is needed to enable the Project to be built. The Applicant needs to *"provide reliable economic data demonstrating that in the absence of state sales tax increment revenue, the Project is not reasonably anticipated to be developed in the foreseeable future."*

Financial Need Criteria

RTA funding is intended to act as gap financing for projects in which there is a financial hurdle that is impeding development; it is not intended to function as a grant program nor is it intended to be the primary source of funding. In order to demonstrate financial need, it needs to be shown that the financing gap is the principle impediment to a project moving forward. These criteria therefore requires an applicant to demonstrate some degree of "project readiness" so that there is an assurance that any state funding that is committed will go to a project that is defined and approved based on the application, and does not substantially change after funding is granted. The 2014/15 Application Guidelines provide the following Criteria and Assessment Factors:

- Description of the financing entity and financing plan.
- Financial feasibility analysis and pro forma including the project's eligible costs and other costs and revenues (break out of TIF and other revenue sources). Analysis demonstrates that project can generate enough revenue to cover operating costs, debt service, and provide a return of and on equity. Ratios such as return on equity IRR, debt coverage, loan to value and others relevant to the project should be provided.
- Financial pro forma model shows the use of state sales tax increment revenue should provide an economic impetus which makes the project's development viable when it otherwise would not be, or an analysis showing a project might be viable without tax increment revenue but with much smaller scale and would be much less extraordinary and unique.
- Identification of specific viable sources of private and/or public capital for project. Commitment of public and/or private capital for the project demonstrated by letters of interest and commitment letters from lenders, identification of equity sources, and similar documents.
- TIF revenues are gap financing (i.e., not the first piece of the capital structure).
- Project is specifically identified and described with site selected.
- Project is near shovel ready: concept plans and drawings prepared, builder RFPs drafted, required federal, state and local permits and regulations identified, and land control (assemblage, options, leases) in place.

PeliGrande Resort and Windsor Conference Center

Project Readiness

The PeliGrande is proposed to be developed by Senate Hospitality Group, comprised of executives from the Gaylord Entertainment Company and John Q. Hammons hotel developer and owner groups. The hotel development team would partner with Water Valley Development, owner of the proposed hotel site. Water Valley Development is the developer of the Water Valley master planned community in Windsor, CO. The Applicant reports that all necessary utilities are available at the proposed site. Based on the information submitted, we have not identified any unusual or obvious impediments to the Project moving forward.

The Applicant's analysis assumes visitors from a proposed golf course and a commitment from a PGA Champions Tour event. The golf course is not part of the Application and we have not evaluated its status or likelihood that it will be built.

Financial Need

The proposed financing plan assumes a 23 percent equity contribution by the developer which is a reasonable amount of equity to risk in a development project (**Table 39**). A bond from a 2.0 percent public improvement fee (which is a privately imposed fee but functions similar to a sales tax), accounts for 18 percent of the funding. Local sales tax sharing from Windsor makes up 4 percent of the sources, and RTA funds are estimated at 3 percent. The developer would also secure a $58.0 million conventional loan, comprising 53 percent of the funding sources. Public financing sources account for 25 percent of the funding sources as described in Chapter 2.

EPS reviewed the Applicant's financial analysis of the Project contained in the HVS Report (Application Appendix) and in supplemental spreadsheets submitted. Using the band of investment technique, an accepted measure which values the income streams to equity and debt, the HVS analysis identifies a financing gap for the Project of approximately $27.0 million. The financing gap is attributed to two primary factors. First, the hotel would be built to standards and at a cost above what the Northern Colorado market currently supports, with a per-room cost of $366,600, compared to a cost of $150,000 to $200,000 for mid-range limited service hotels that are more common in the surrounding market area. Second, the analysis of room rates recommends an average room rate of $247 per night based on competitive rates in the surrounding market area, which is not high enough to generate a return on investment at the proposed construction cost and quality.

The Applicant also provided a development cash flow pro forma. The internal rate of return (IRR) estimated in the pro forma with $3.2 million in bond proceeds from $12.9 million in RTA funds is estimated at 12.9 percent, including $6.5 million in land costs. The net present value (NPV) at a 12 percent discount rate is $3.9 million. Without the $3.2 million RTA bond, the IRR is 12.1 percent and the NPV is $650,000. Without the total city and state public financing package, the IRR is 7.9 percent with an NPV of negative $23.1 million. In previous RTA applications, we have analyzed financial pro formas against a 12 percent hurdle rate (discount rate) on an unlevered basis. This is in our opinion a reasonable hurdle rate for projects requesting public subsidies or incentives. Depending on the financing assumptions, an unlevered 12 percent IRR can generate higher leveraged returns on equity ranging from the mid- to high-teens to low 20 percent range. The Applicant has noted, and we agree, that the IRR calculation is highly sensitive to the timing of cash flows and can easily change by 2 or more percentage points if bonds are delayed or if construction draws occur earlier or later than estimated, hence its reliance on the band of investment technique to estimate financial need.

The Town of Windsor has indicated in a letter provided in the Application that the local public financing incentives are subject to the successful award of RTA funds. This would appear to suggest the Applicant is relying on RTA funding as the first piece of the capital structure which is not in compliance with one of the assessment factors listed above. The Applicant provided supplemental information describing how local and state funds would be combined to support bond financing; local and state funds would enter the project capital stack at the same time. If bonds can be underwritten and sold, it would not be until the equity and conventional debt financing pieces are in place.

Table 39
Summary of Financial Performance by Project

Project	Net Present Value	Internal Rate of Return
PeliGrande Resort		
Before Public Financing	-$23,064,106	7.9%
With Local Public Financing	$647,269	12.1%
With Local Public Financing and RTA Funds	$3,924,894	12.9%
Indoor Waterpark Resort		
Before Public Financing	-$24,927,832	8.7%
With Local Public Financing	-$4,092,191	11.4%
With Local Public Financing and RTA Funds	$2,002,168	12.3%
U.S. Whitewater Adventure Park		
Before Public Financing	-$13,476,404	8.1%
With Local Public Financing	-$2,551,733	11.1%
With Local Public Financing and RTA Funds	-$1,539,404	11.5%

Source: GoNoCO Applicants; Economic & Planning Systems

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Indoor Waterpark Resort of the Rockies

Project Readiness

The development team for the Indoor Waterpark includes former management from Great Wolf Resorts, the owner and developer of 13 indoor waterpark hotels. The Application identifies a site for the Project and reports that all necessary utilities and access are readily available to the site. Based on the information submitted, we have not identified any major impediments to the Project.

Financial Need

The proposed financing plan for the $138.3 million Project includes an equity contribution from the developer of $32.3 million or 23.4 percent of the Project cost. Local public financing includes an $8.8 million local sales tax-based TIF from the City of Loveland (6.4 percent), and $14.8 million from a 2.0 percent PIF (10.7 percent) on all on-site food and beverage and retail sales, and a 5.0 percent PIF on all lodging sales. Conventional bank financing comprises $75.6 million (54.6 percent) of the funding and financing sources.

Using the band of investment technique, the HVS Analysis values the Indoor Water Park Hotel at $107.9 million based on the values of the income streams to debt and equity, compared to construction cost of $138.3 million, indicating a financing gap of $30.4 million. In the development pro forma analysis (10 year cash flow), prior to any state or local public financing, the Project is estimated to generate an IRR of 8.2 percent and a NPV of negative $28.4 million, including $6.5 million for land. With City of Loveland public financing and the proposed PIF, the IRR is estimated at 11.4 percent. With $6.1 million in RTA bond proceeds, the IRR is estimated at 12.3 percent. As noted above, the IRR is highly sensitive to the timing of cash flows, whereas the band of investment technique removes some of this uncertainty.

The City of Loveland has stated in the Application that the local public financing package is contingent on the award of RTA funds. As noted above, the Applicant provided a clarification that indicates that the state and local funds will be pooled to support bond financing. If bonds can be underwritten and sold, it would not be until the equity and conventional debt financing pieces are in place.

U.S. Whitewater Adventure Park

Project Readiness

The identified development team for the Whitewater Park includes several individuals with various business backgrounds and a common interest in whitewater sports. It is not specifically stated in the Application if the team has experience in the development or operation of major tourism facilities. One team member is reported to have been a key designer for the U.S. National Whitewater Center in Charlotte, N.C, the primary comparable project cited in the Application.

Financial Need

The financing plan includes $9.8 million in private equity (16 percent), and assumes a $39.2 million loan (64 percent). The City of Loveland local TIF contribution is minor, at $817,000 in bond proceeds. A $10.0 million bond is estimated from a 2.0 percent PIF on all on-site food and beverage and retail sales, and a 7.8 percent PIF on all admissions and rentals. RTA funds are estimated by the Applicant to contribute $1.0 million in financing proceeds, a minor amount of the total funding and financing needs.

Before the PIF and local TIF, the IRR for the Project is estimated at 8.1 percent over a 10 year holding period. This is not a typical real estate product that would be developed to be sold for its cash flow, and the Applicant has used an appropriately high 11.5 percent capitalization rate to calculate the reversion (sale) value of the asset at the end of the holding period. After local TIF and the PIF are applied, the IRR is estimated at 11 percent with NPV of negative $2.5 million. The $1.0 million in financing from the RTA funds has a small impact on the pro forma, raising the IRR to 11.5 percent.

The Whitewater Park is a highly specialized facility, and a 12 percent hurdle rate may not be appropriate. A private investor may require a higher return; a project like this developed in partnership with local governments may only look for break-even operating revenues. The $10.5 million in land costs comprise 17 percent of the Project cost, which is high in our judgement. Renegotiating with the land owner to reduce the land costs by $1.0 million or more would have the same and potentially greater impact than RTA funds. The financial need for this Project is in our judgement due in part to high land costs.