



**DOUGLAS COUNTY COMMISSIONERS  
WORK SESSION**

**Monday, March 4, 2024  
(In Office and Remote)**

**A G E N D A**

---

(Times listed are estimates and may fluctuate depending  
on length of discussion.)

**Time\***

**2:00 p.m.**

**Public Works – Engineering Updates:**  
- Limited Improvement Districts  
- Quebec/Lincoln/University Project

## Agenda Item

**DATE:** MARCH 5, 2024  
**TO:** DOUGLAS COUNTY BOARD OF COUNTY COMMISSIONERS  
**THROUGH:** DOUGLAS J. DEBORD, COUNTY MANAGER  
**FROM:** JANET HERMAN, P.E. PUBLIC WORKS ENGINEERING DIRECTOR  
**CC:** DAN ROBERTS, P.E. ASSISTANT PW OPERATIONS DIRECTOR  
MATT WILLIAMS, P.E. ASSISTANT PW ENGINEERING DIRECTOR  
**SUBJECT: LOCAL IMPROVEMENT DISTRICT (LID) UPDATE**

---

### **SUMMARY**

County staff met with the Board of County Commissioners (“BOCC”) at a work session on October 30, 2023, to discuss three Local Improvement District (LID) applications located in Perry Park and Sage Port. Because there are multiple LID applications requesting County participation and support at the same time, and there are significant costs associated with the proposed improvements, staff felt it was important to present a summary of all three LIDs in advance of individual LID work sessions, see attached LID Summary.

Based on the information provided at the work session on Oct 30, 2023, staff was directed to investigate the financial viability of the LIDs with financial institutions, and other financial experts prior scheduling a work session with the BOCC to discuss whether the County would financially contribute to the LIDs. Staff is prepared to discuss the findings with the BOCC.

### **BACKGROUND**

Currently the three proposed LIDs are in the pre-petition phase of the process. Per the LID process, County staff will schedule a work session with BOCC to discuss the proposed LID and determine if the County is willing to provide staff resources and/or financial participation for any portion of the final design, surveying, construction management and/or testing. The following information is required for the work session:

- a. LID Boundary Map: Status: Completed for all three LIDs, see attached LID Summary.
- b. Utility Study – Status: Completed and accepted by the Perry Park Water and Sanitation District for all three LIDs.
- c. Preliminary Construction Plans (if required by County or District): Status: N/A
- d. Preliminary Cost Estimates: Status: Completed by TST Infrastructure, LLC (TST) for all three LIDs, see attached LID Summary.
- e. A determination from the Water and Sanitation District disclosing if they will provide financial participation: Status: See attached LID Summary.

- f. A determination by County staff stating whether the proposed LID project will require a multi-year timeline: Status: All three LIDs will be multi-year projects to complete construction due to project complexities.
- g. Financing options and viability (if available): Status: **Staff will discuss.**

Once the County determines if they will provide staff resources and/or financial participation for an LID, the next step in the process is a neighborhood information meeting. During the neighborhood information meeting a majority of the eligible LID lot owners must agree to move forward with the LID Petition process. If they agree to move forward the next step would be to send Petitions to all LID lot owners, and a minimum of 70% of petitions must be returned, signed, and notarized as a YES vote for the LID to move forward to the election process.

### **DISCUSSION**

County staff met with financial experts from three banking institutions to discuss financing for the LIDs. The Preliminary Cost Estimates prepared by TST were used as information during the discussions. All three experts indicated that they preferred the County oversee the LIDs vs. working with a group of individual lot owners. Financing for vacant land is typically higher risk and therefore the “before and after” land value of the lot may not be a significant factor when determining risk and whether a bank would approve a loan. The loan amount would likely be limited by 30-40% of the “after-construction” land value based on assessed risk, capitalized interest, etc. Based on those conversations, obtaining full financing appears to be very challenging for each of the three LIDs without coming to the table with additional funding at this time.

The County also contracted with Value Consultants, Inc. who prepared a “Preliminary Cost-Benefit Analysis” for each of the three LIDs to get a better understanding of the land values vs. LIDs costs, see attached. The general findings of the analysis indicate the As-Is value (Before Construction) plus the total cost to improve the lots is higher than the Prospective Value (After-Construction) therefore without additional funding the LIDs at this time would not be financially feasible, see attached Summary of Cost Benefit Analysis Exhibit.

### **NEXT STEPS**

County staff will work with the LID representatives to initiate a neighborhood information meeting. Staff will assist the LID representatives in preparing the meeting notification that will be sent to property owners within the proposed LID. The purpose of the meeting is to notify eligible LID lot owners of the process and costs associated with moving forward with the LID.

### **ATTACHMENTS**

LID Summary Exhibit

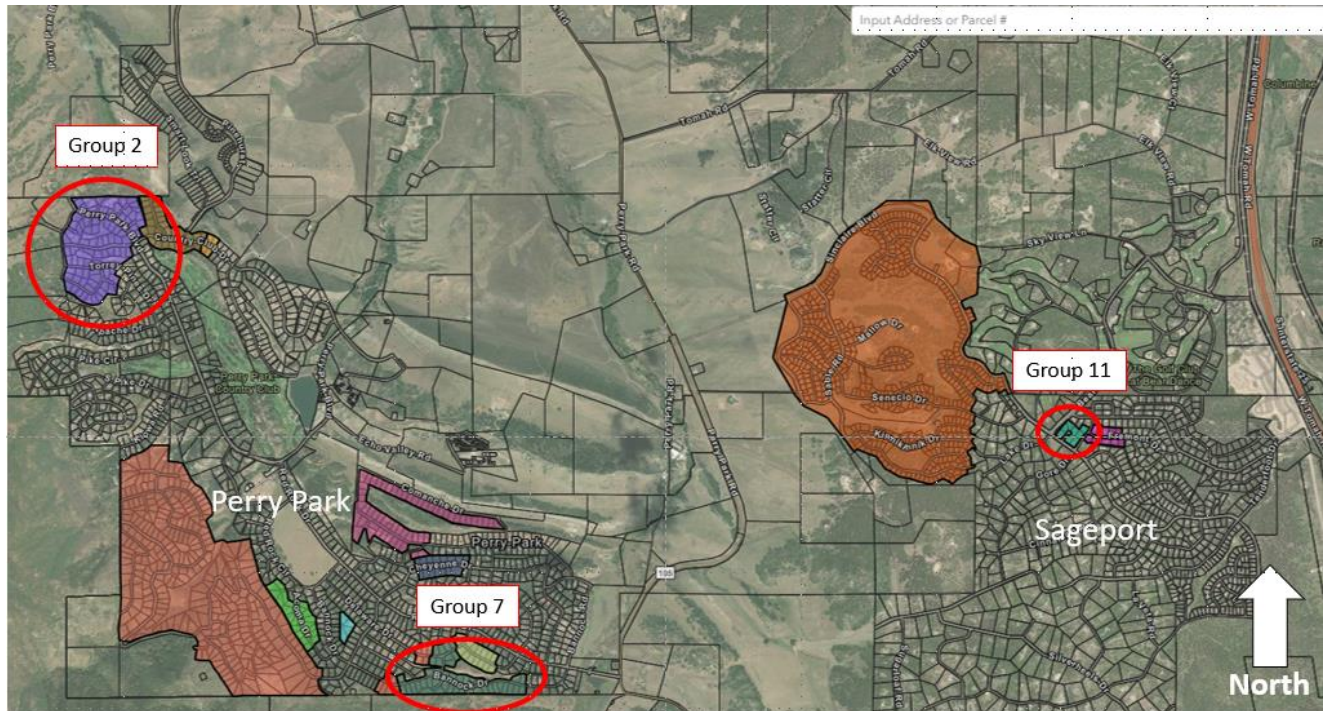
Preliminary Cost-Benefit Analysis for Group 2, by Value Consultants, Inc.

Preliminary Cost-Benefit Analysis for Group 7, by Value Consultants, Inc.

Preliminary Cost-Benefit Analysis for Group 11, by Value Consultants, Inc.

Summary – Cost Benefit Analysis

## **LID SUMMARY – Groups 2, 7, and 11**



**Vicinity Map**

Cumulatively, the three new LIDs contain a total of 122 lots and combined total costs between \$27,900,000 and \$32,400,000. Summaries for each of the LIDs are included below:

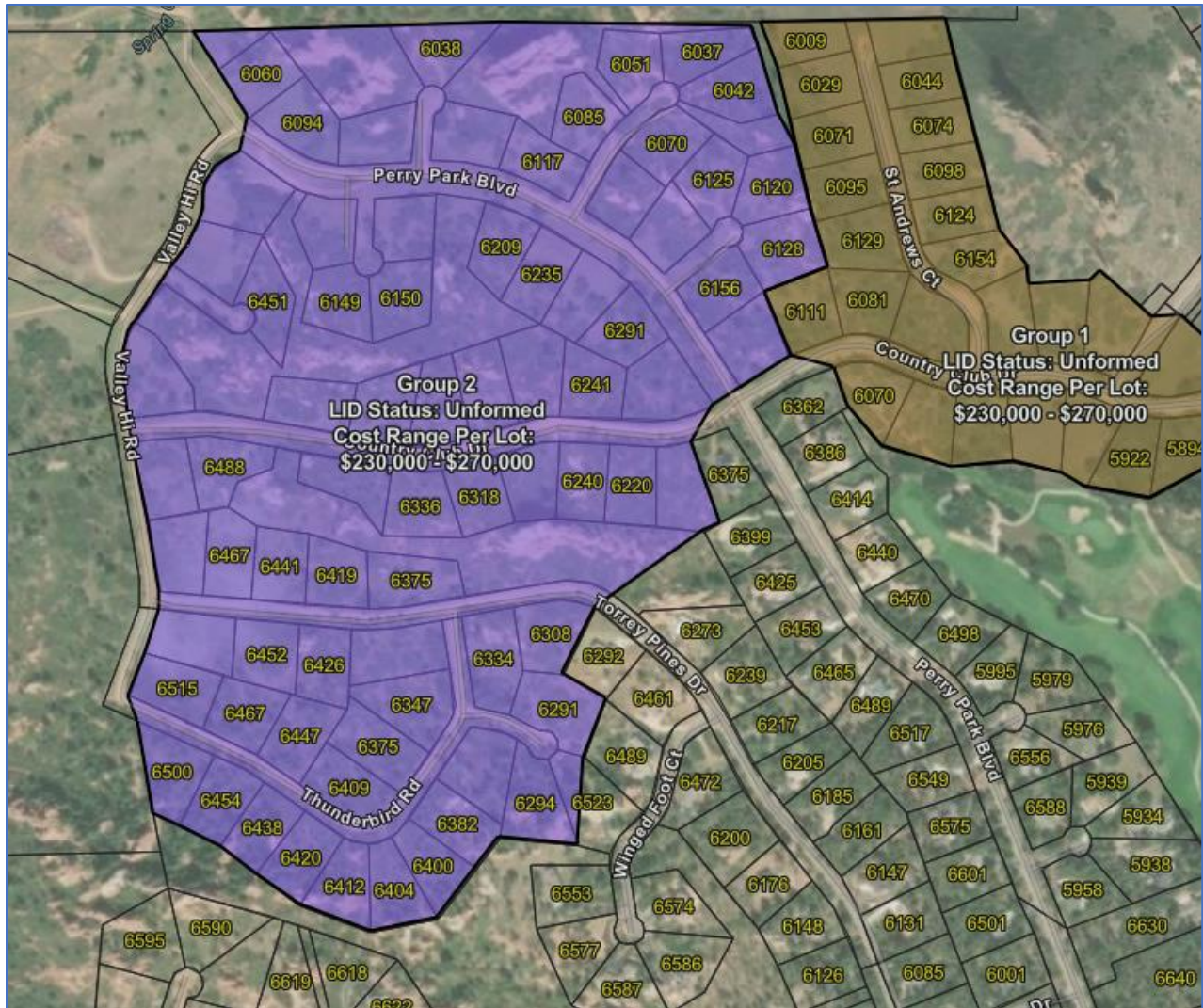
### **Group 2 LID (Spring Canyon)**

Initial Application Date:	April 13, 2023
Number of Lots:	74
Estimated Total Cost:	\$16,860,000 to \$19,580,000 (construction plus soft costs)
Estimated Soft Cost:	\$3,270,000
PPWSD Financial Commitment:	\$TBD
Estimated Cost per Lot:	\$230,000 to \$270,000

Group 2 LID (Spring Canyon) has received approval of its feasibility study by the Perry Park Water and Sanitation District. The District will consider funding a portion of the design, however the amount is yet to be determined. This proposed LID requires construction of a lift station as well as water storage tank and both require CDPHE review and approval.

*See Group 2 Map Below:*





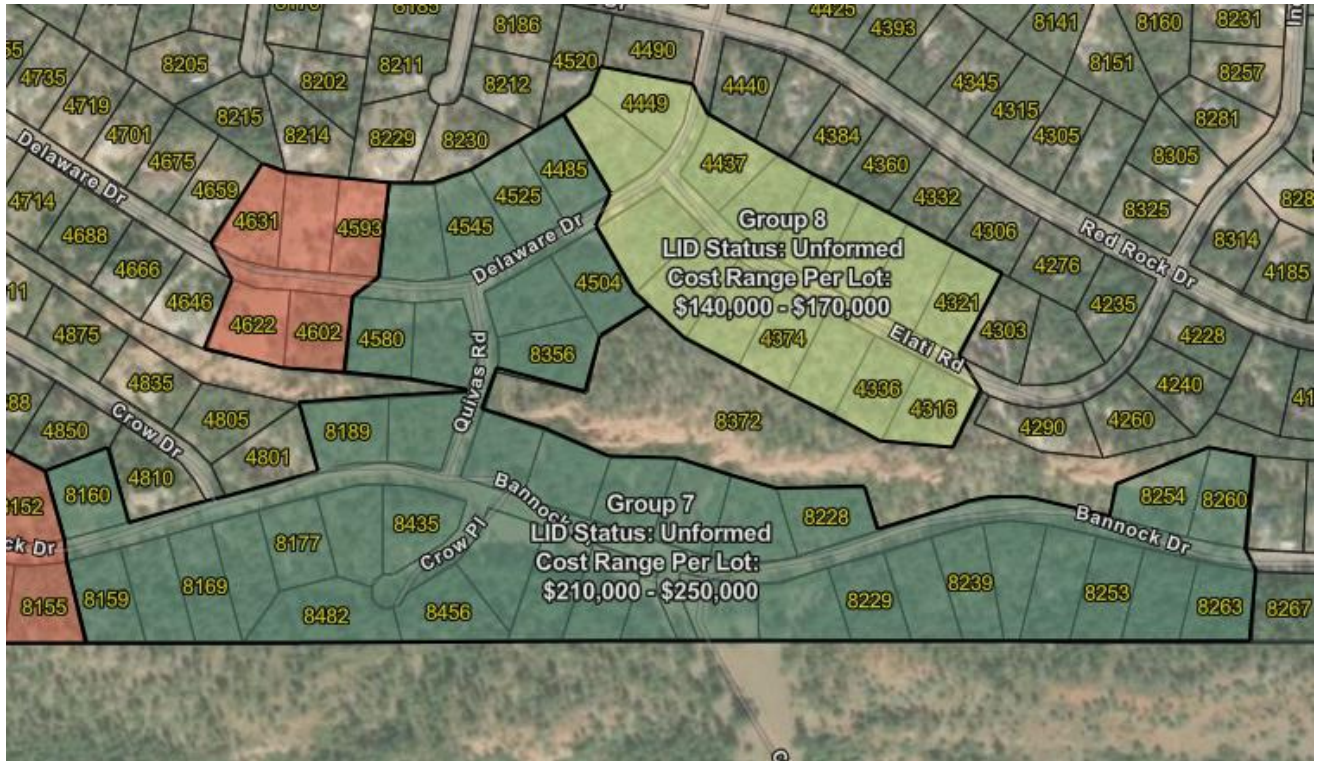
**Group 2 (74 Lots)**

**Group 7 LID (Bannock)**

Initial Application Date:	July 22, 2023
Number of Lots:	40
Estimated Total Cost:	\$8,980,000 to \$10,430,000 (construction plus soft costs)
Estimated Soft Cost:	\$3,270,000
PPWSD Financial Commitment:	\$450,000
Estimated Cost per Lot:	\$210,000 to \$250,000

Group 7 LID (Bannock) has received approval of its feasibility study by the Perry Park Water and Sanitation District, as well as a financial commitment to fund a portion of the design. It will be the first of three proposed LIDs to be presented to the Board.

*See Group 7 Area Map below*



**Group 7 (40 Lots)**

**Group 11 LID (Independence Court)**

Initial Application Date:	September 25, 2023
Number of Lots:	8
Estimated Total Cost:	\$2,060,000 to \$2,390,000 (construction plus soft costs)
Estimated Soft Cost:	\$410,000
PPWSD Financial Commitment:	\$TBD
Estimated Soft Cost:	\$570,000
Estimated Cost per Lot:	\$450,000 to \$520,000

Group 11 LID (Independence Court) has received approval of its feasibility study by the Perry Park Water and Sanitation District. The District will consider funding a portion of the design, however the amount is yet to be determined.

*See Group 11 Map Below*

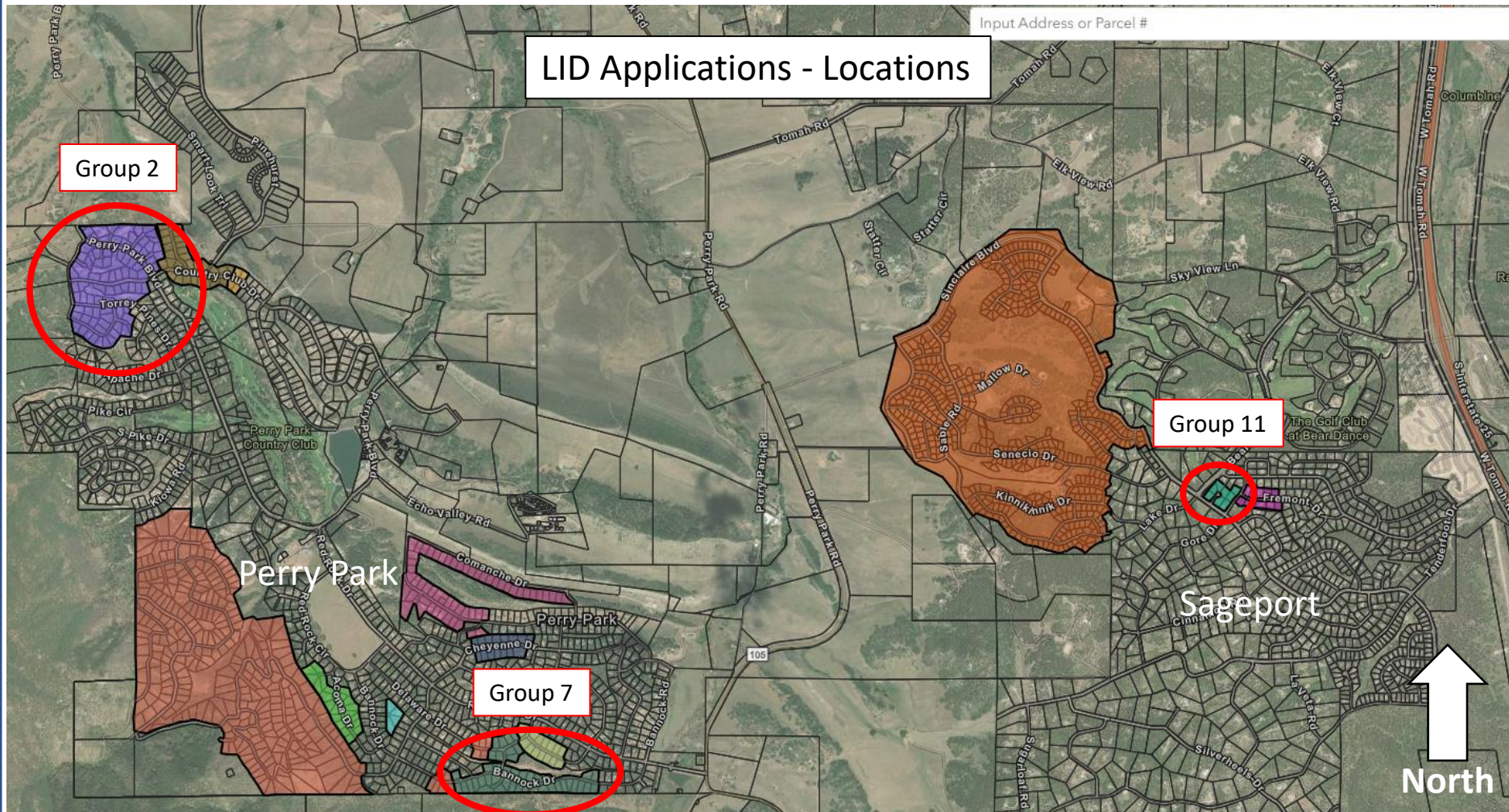




Group 11 (8 Lots)



# Summary of Preliminary Cost Benefit Analysis

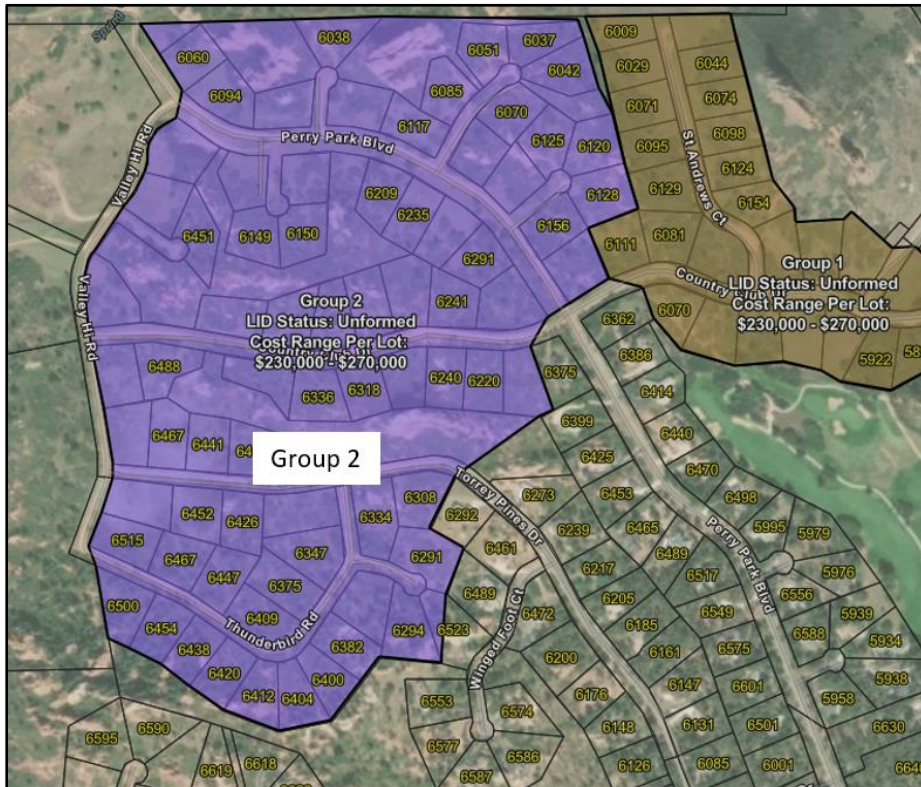


Vicinity Map



# Summary of Preliminary Cost Benefit Analysis

Potential Local Improvement Districts					Total Estimated Cost		Cost Benefit Analysis (Value Consultants Inc.)			
Group	Subdivision	Project Description	# of Lots	Ave. Lot Size Ac.	Total Cost Based on High Contingency (Construction plus soft costs)	Cost per Lot	As Is Value (Before Const.)	Prospective Value (After Const.)	Additional Funding Needed for Financing (Based on Cost Benefit Analysis)	Additional Funding needed per Lot
2	Perry Park	Spring Canyon LID	74	0.96	\$19,580,000	\$270,000	\$113,000	\$225,000	\$11,692,000	\$158,000
7	Perry Park	2023 Bannock	40	0.94	\$10,430,000	\$260,750	\$90,000	\$225,000	\$5,030,000	\$125,750
11	Sageport	Gore & Independence	8	0.90	\$2,390,000	\$300,000	\$87,100	\$250,000	\$1,096,800	\$137,100



Note: Value Consultants, Inc. prepared a Preliminary Cost-Benefit Analysis to provide information as to the financial feasibility for Groups 2, 7, and 11. The analysis provides the As-Is Value (before construction) and the Prospective Value (after construction) of the lots. The analysis used the Cost Estimates prepared by TST Infrastructure. The Prospective Value was based on current sales with an upward adjustment factor. The conclusion indicates the As-Is value plus the total cost to improve the lots is higher than the Prospective Value, therefore without additional funding or contribution, the LID's at this time would not be financially feasible.

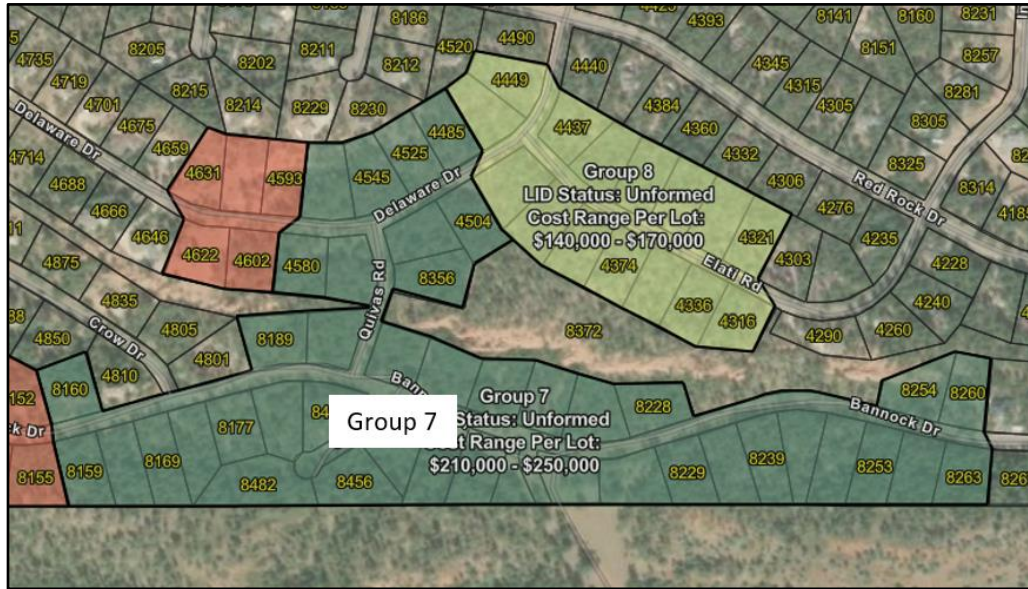
## Example using Group 2:

$$\begin{array}{rcl} \$113,000 & + & \$270,000 \\ \text{(As-Is Value)} & + & \text{LID Cost/lot} \end{array} = \$383,000/\text{lot} = \text{Total Cost/lot}$$

$$\begin{array}{rcl} \$383,000 & - & \$225,000 \\ \text{(Total Cost/lot)} & - & \text{Prospective Value/lot} \end{array} = \$158,000/\text{lot} = \text{shortfall/lot}$$

**\$11,692,000 - Additional Funding Needed for Group 2**

# Summary of Preliminary Cost Benefit Analysis



## Example using Group 7:

$$\begin{aligned} \$90,000 + \$267,750 &= \$350,750/\text{lot} \\ (\text{As-Is Value} + \text{LID Cost/lot} &= \text{Total Cost/lot}) \end{aligned}$$

$$\begin{aligned} \$350,750 - \$225,000 &= \$125,750/\text{lot} \\ (\text{Total Cost/lot} - \text{Prospective Value/lot} &= \text{shortfall/lot}) \end{aligned}$$

**\$5,030,000 - Additional Funding Needed for Group 7**



## Example using Group 11:

$$\begin{aligned} \$87,100 + \$300,000 &= \$387,100/\text{lot} \\ (\text{As-Is Value} + \text{LID Cost/lot} &= \text{Total Cost/lot}) \end{aligned}$$

$$\begin{aligned} \$387,100 - \$250,000 &= \$137,100/\text{lot} \\ (\text{Total Cost/lot} - \text{Prospective Value/lot} &= \text{shortfall/lot}) \end{aligned}$$

**\$1,096,800 - Additional Funding Needed for Group 11**



**CONSULTING LETTER – PRELLIMINARY  
COST-BENEFIT ANALYSIS TO 74 RESIDENTIAL LOTS (GROUP 2)  
OF PROPOSED PUBLIC IMPROVEMENTS  
LOCATED IN THE NORTHWEST PORTION OF PERRY PARK  
NORTHWEST OF THE PERRY PARK GOLF COURSE ALONG  
PERRY PARK BOULEVARD EXTENDED, TORREY PINES DRIVE  
AND THUNDERBIRD ROAD  
IN FILINGS 4 & 7 OF THE PERRY PARK SUBDIVISION  
DOUGLAS COUNTY, COLORADO**

**PREPARED FOR  
THE DOUGLAS COUNTY  
DEPARTMENT OF PUBLIC WORKS  
DOUGLAS COUNTY, COLORADO**

**DATE OF PRELIMINARY COST-BENEFIT ANALYSIS  
FEBRUARY 5, 2024**

**PREPARED BY  
VALUE CONSULTANTS, INC.**

**BEVERLY S. PHILLIPS  
8439 NORTH DELBERT ROAD  
PARKER, COLORADO 80138**

# VALUE CONSULTANTS, INC.

---

*Real Estate Appraisal and Consulting*

8439 North Delbert Road  
Parker, Colorado 80138  
(303) 841-2080 office  
(303) 809-2523 cell  
canasilk@aol.com

[jherman@douglas.co.us](mailto:jherman@douglas.co.us)

February 7, 2024

Janet Herman, P.E.  
Director of Public Works  
Douglas County Government  
Department of Public Works, Engineering Division  
100 Third Street  
Castle Rock, CO 80104

Dear Ms. Herman:

At your request, I have inspected the 74 designated lots of Group 2 generally located in the northwest portion of Perry Park northwest of the Perry Park Golf Course along Perry Park Boulevard Extended, Torey Pines Drive and Thunderbird Road in Filings 4 & 7 of the Perry Park Subdivision and reviewed the costs associated with a proposed local improvement district (LID). When approved these 748 residential lots will be impacted by one LID in unincorporated Douglas County, Colorado.

The purpose of this consulting letter is to:

- estimate the aggregate market value of the fee simple interest of these 74 lots in their before (as-is) and after condition (prospective value);
- to determine the cost-benefit relationship of the proposed improvements, as of February 5, 2024, the most recent date of inspection;
- if the Before Value (as is) plus the assessment cost of the proposed improvements exceeds the After Retail Value (prospective value), then the project is **NOT** feasible.

This is a preliminary analysis for your use in discussions with the Douglas County Commissioners and prospective lenders. This preliminary consulting letter contains a



## **PAGE 2**

preliminary analysis is **not** a formal appraisal report. The depth of discussion contained in this consulting letter is specific to the needs of the client and for the intended use stated herein. **I am not responsible for the unauthorized use of this consulting letter.**

### **Before Value – As Is – Group 2**

The 74 lots in Group 2 include Lots 1-7 & 26-32 in Block 1, Lots 1-19 in Block 2 and Lots 1-18 in Block 3 of Filing #4 and Lots 1-13 in Block 1 and Lots 1-10 in Block 2 of Filing #7 in the Perry Park Subdivision (all details are in my files). The total acres are 70.939 for an average of 0.958635 acres. The lots are paper platted (entitled) but not improved. The retail lot values are presented as an aggregate average to account for different lot characteristics. Each lot will not be valued separately. In 2023, six of the lots sold and in 2024, there has been one lot sold so far.

- Lot 14, Block 2, Filing #4 – 4/27/2023 – 0.899 acres - \$105,000
- Lots 2 & 3, Block 2, Filing #7 - 4/27/2023 – 0.913 & 0.915 acres - \$105,000 each
- Lot 12, Block 1, Filing #7 – 6/2/2023 – 1.154 acres - \$114,000
- Lot 15, Block 3, Filing#7 – 10/27/2023 – 0.937 acres - \$115,000
- Lot 8, Block 1, Filing #7 – 12/15/2023 – 0.937 acres - \$120,000
- Lot 2, Block 1, Filing #4 – 1/17/2024 – 0.99 acres - \$110,000
- The April 2023 sales require an upward 5% time adjustment = a current value of \$110,250. Therefore, the sales indicate a current value range of \$110,250 to \$120,000 with an average of \$112,821.

The 2023 Douglas County Assessor's Actual Value is **\$102,000** lower than all of the sales. The concluded retail value is the average of the sales rounded to **\$113,000** per lot.

**Conclusion – Before Value – As Is: \$113,000 per lot**

### **PAGE 3**

#### **After Value – Prospective Value – Group 2**

The most comparable sales are those recent sales that include the impact of a similar LID. I have found four sales in Perry Park Filing 5,

- 8121 Bannock Drive – Lot 21 Block 9 – 0.916 acres - \$209,900 – 11/29/2022.  
Adjusted upward 10% for time = current value of \$230,900.
- 8125 Bannock Drive – Lot 20, Block 9 – 0.916 acres - \$199,900 – 12/14/2022.  
Adjusted upward 10% for time = current value of \$219,900.
- 8124 Bannock Drive– Lot168 Block 10 – 0.90 acres - \$199,900 – 11/9/2022.  
Adjusted upward 10% for time = current value of \$219,900.

The three sales in 2022 indicate a current value range of \$219,900 to \$230,700 or an average of \$223,567, rounded to \$225,000.

#### **Conclusion – After Value - \$225,000 per lot**

#### **Conceptual Cost Estimate – Group 2**

You have provided me with a Conceptual Cost Estimate for Group 2 prepared by TST Infrastructure, LLC dated February 1, 2023. An estimated cost range based on a low and high contingency is \$230,000 to \$270,000 per lot (total of \$16,860,000 to \$19,580,000).

#### **Conceptual Cost Estimate – Group 2 - \$230,000 to \$270,000 per lot**

#### **Cost-Benefit Relationship – Group 2**

- **Before Value** **\$113,000 per lot**
- **Cost Estimate** **\$230,000 to \$270,000 per lot**
- **Total** **\$343,000 to \$383,000 per lot**
- **Ater Value** **\$225,000 per lot**
- **Difference** **-\$118,000 to -\$158,000 per lot**
- **\$118,000 x 74 lots = \$8,732,000**
- **\$158,000 x 74 lots = \$11,692,000**



## PAGE 4

**It is clear that without additional outside financial participation that the project is not feasible. The costs exceed the potential retail market value of the lots.**

### RISK ANALYSIS

Under this financial analysis (lacking additional outside financial participation in the costs), it is not feasible to proceed with the district. Due to this fact, the risk of default due to the establishment of this district is high. Over the years, there have been a number of LIDs in Perry Park/Sage Port – all with county financial participation. This county participation has made the cost benefit analysis feasible and there has been no default of the LIDs. The market continues to be strong and this area offers one of the few remaining areas in the County that can provide 1 acre lots, many of which are treed. With the scarcity of lot inventory in the 1 acre size product, buyers are being forced to move to central and southern Douglas County. Potential buyers are left with few options. With county financial participation, to a level of feasibility, the subject lots would fill a market niche and satisfy demand.

In order for this LID to be feasible, the County would pick up the projected difference of \$8,732,000 to \$11,692,000. \$8,732,000 is 52% of the low contingency cost (\$16,860,000) and \$11,692,000 is 60% of the high contingency cost (\$19,580,000).

This analysis does not take into consideration the direct competition of two other LIDS being considered (one in Perry Park (Group 7 of 40 lots and one in Sage Port (Group 11 of 8 lots)).

### COMPETENCY

The appraisal problem requires the determination of the market value of paper-plated and finished residential lots, residential market demand, inventory supply, lot absorption, and subdivision development costs.

Historically, Harold McCloud has completed this type of analysis for Douglas County. Harold has retired. Mr. McCloud and I have worked together on many Douglas County projects over the past 25+ years.

**PAGE 5**

Harold McCloud was consulted in the course of this assignment. Mr. McCloud has done extensive research in this property type beginning in the mid 1980's. Mr. McCloud has analyzed a number of Local Improvement Districts (LID's) and Metropolitan Districts for various government and quasi-government entities concerning residential subdivisions located in Adams, Arapahoe, Douglas, Elbert, El Paso, Garfield, Jefferson, Larimer and Weld Counties. Mr. McCloud has extensive bid estimation and construction experience. He was consulted by the County concerning the following Local Improvement Districts located in the Perry Park and Sage Port subdivisions.

<b>PERRY PARK/SAGE PORT EXISTING LID'S</b>		
	<b>YOC</b>	<b>No. of Lots</b>
Crown Drive LID	1995	16
Perry Park Woods LID	1998	73
Mohawk Drive LID	1999	39
Shoshone Drive LID	2000	33
Delaware Drive LID	2000	12
Tenderfoot Drive LID	2002	8
Mohawk Extension LID	2002	15
Country Club Drive	2002	70
Sageport II	2004	29
Inca/Delaware LID	2006	23
Sage Port LID	2006	26
Bannock LID	2021	10
Sageport LID	2021	10

All of these LIDs involved County financial participation and to the best of our knowledge, none of these districts in in default.

Thank you for the opportunity to be of service to you.

Beverly S. Phillips

**CONSULTING LETTER – PRELLIMINARY  
COST-BENEFIT ANALYSIS TO 40 RESIDENTIAL LOTS (GROUP 7)  
OF PROPOSED PUBLIC IMPROVEMENTS  
LOCATED IN THE SOUTHEAST PORTION OF PERRY PARK  
ENTRANCE AT PERRY PARK ROAD/RED ROCK DRIVE WEST TO  
BANNOCK DRIVE NORTHWEST TO THE LOTS ON BANNOCK  
DRIVE, CROW DRIVE & DELAWARE DRIVE  
IN FILING 5 OF THE PERRY PARK SUBDIVISION  
DOUGLAS COUNTY, COLORADO**

**PREPARED FOR  
THE DOUGLAS COUNTY  
DEPARTMENT OF PUBLIC WORKS  
DOUGLAS COUNTY, COLORADO**

**DATE OF PRELIMINARY COST-BENEFIT ANALYSIS  
FEBRUARY 6, 2024**

**PREPARED BY  
VALUE CONSULTANTS, INC.**

**BEVERLY S. PHILLIPS  
8439 NORTH DELBERT ROAD  
PARKER, COLORADO 80138**



# VALUE CONSULTANTS, INC.

---

*Real Estate Appraisal and Consulting*

8439 North Delbert Road  
Parker, Colorado 80138  
(303) 841-2080 office  
(303) 809-2523 cell  
canasilk@aol.com

[jherman@douglas.co.us](mailto:jherman@douglas.co.us)

February 8, 2024

Janet Herman, P.E.  
Director of Public Works  
Douglas County Government  
Department of Public Works, Engineering Division  
100 Third Street  
Castle Rock, CO 80104

Dear Ms. Herman:

At your request, I have inspected the 40 designated\* lots of Group 7 generally located in the southeast portion of Perry Park northwest of the Perry Park Road/Red Rock Road intersection (the entrance to Perry Park) along Bannock Drive, Crow Drive and Delaware Road in Filing 5 of the Perry Park Subdivision and reviewed the costs associated with a proposed local improvement district (LID). When approved these 740 residential lots will be impacted by one LID in unincorporated Douglas County, Colorado.

\*Group 7 was originally 43 lots. Two lots are owned by the Metro District and are not typically included as no home can be built on these lots. Another lot has been combined with an adjacent building lot and removed from the lot count. Therefore, Group 7 contains 40 lots.

The purpose of this consulting letter is to:

- estimate the aggregate market value of the fee simple interest of these 40 lots in their before (as-is) and after condition (prospective value);

to determine the cost-benefit relationship of the proposed improvements, as of February 6, 2024, the most recent date of inspection;

## PAGE 2

- if the Before Value (as is) plus the assessment cost of the proposed improvements exceeds the After Retail Value (prospective value), then the project is **NOT** feasible.

This is a preliminary analysis for your use in discussions with the Douglas County Commissioners and prospective lenders. This preliminary consulting letter contains a preliminary analysis is **not** a formal appraisal report. The depth of discussion contained in this consulting letter is specific to the needs of the client and for the intended use stated herein. **I am not responsible for the unauthorized use of this consulting letter.**

### **Before Value – As Is – Group 7**

The 40 lots in Group 7 include Lots 1-3 & 29-35 in Block 7, Lots 10-18 in Block 8, Lots 1-12 in Block 9, Lot 1 in Block 10, Lots 11-14 in Block 11 and Lots 25-2 in Block 12, of Filing #5 in the Perry Park Subdivision (all details are in my files). The total acres are 38.667 for an average of 0.943098 acres. The lots are paper platted (entitled) but not improved. The retail lot values are presented as an aggregate average to account for different lot characteristics. Each lot will not be valued separately. There was one lot transferred in 2023 (Lot 7 Block 9) but the recorded price does not appear to be market value. Prior to 2023 (2021-2022), the sales represent prices of \$55,000 to \$85,500.

- Lot 10, Block 10, Filing #5 – 4/14/2021 – 0.816 acres - \$55,000
- Lot 10, Block 9, Filing #5 - 4/9/2021 – 1.098 acres - \$64,900
- Lot 9, Block 9, Filing #5 – 9/10/2021 – 0.996 acres - \$55,000
- Lot 6, Block 9, Filing #5 – 7/27/2022 – 1.00 acre - \$65,000
- Lot 18, Block 8, Filing #5 – 9/30/2021 – 0.996 acres - \$65,000
- Lot 35 Block 7, Filing #5 – 2/12/2021 – 0.826 acres - \$68,000
- Lot 32, Block 7, Filing #5 – 9/2/2022 – 0.943 acres - \$85,500
- Lot 25 Block 12 Filing #5 – 8/31/2021 – 0.901 acres - \$63,900

### **PAGE 3**

- The 2021 sales require an upward 8% time adjustment = a current value range of \$59,400 to \$73,500 and the 2022 sales require an upward 5% time adjustment = a current value range of 68,250 to \$89,775. Therefore, the sales indicate a current value range of \$59,400 to \$89,775. The most recent sale is \$89,775.

The 2023 Douglas County Assessor's Actual Value is **\$76,000** (except Lot 18, Block 8 at \$65,000). The concluded retail value is the most recent sale rounded to **\$90,000** per lot.

**Conclusion – Before Value – As Is: \$90,000 per lot**

#### **After Value – Prospective Value – Group 7**

The most comparable sales are those recent sales that include the impact of a similar LID. I have found four sales in Perry Park Filing 5,

- 8121 Bannock Drive – Lot 21 Block 9 – 0.916 acres - \$209,900 – 11/29/2022.  
Adjusted upward 10% for time = current value of \$230,900.
- 8125 Bannock Drive – Lot 20, Block 9 – 0.916 acres - \$199,900 – 12/14/2022.  
Adjusted upward 10% for time = current value of \$219,900.
- 8124 Bannock Drive– Lot168 Block 10 – 0.90 acres - \$199,900 – 11/9/2022.  
Adjusted upward 10% for time = current value of \$219,900.

The three sales in 2022 indicate a current value range of \$219,900 to \$230,700 or an average of \$223,567, rounded to \$225,000.

**Conclusion – After Value - \$225,000 per lot**

#### **Conceptual Cost Estimate – Group 7**

You have provided me with a Conceptual Cost Estimate for Group 7 prepared by TST Infrastructure, LLC dated February 1, 2023 – 43 lots. The cost should be allocated over 40 lots. Therefore, the estimated cost range based on a low and high contingency is \$224,500 to \$260,750 per lot (total of \$8,980,000 to \$10,430,000).

**Conceptual Cost Estimate – Group 7 - \$224,500 to \$260,750 per lot**

## PAGE 4

### Cost-Benefit Relationship – Group 7

- Before Value \$90,000 per lot
- Cost Estimate \$224,500 to \$260,750 per lot
- Total \$314,500 to \$350,750 per lot
- Ater Value \$225,000 per lot
- Difference -\$89,500 to -\$125,750 per lot
- \$89,500 x 40 lots = \$3,580,000
- \$125,750 x 40 lots = \$5,030,000

**It is clear that without additional outside financial participation that the project is not feasible. The costs exceed the potential retail market value of the lots.**

### RISK ANALYSIS

Under this financial analysis (lacking additional outside financial participation in the costs), it is not feasible to proceed with the district. Due to this fact, the risk of default due to the establishment of this district is high. Over the years, there have been a number of LIDs in Perry Park/Sage Port – all with county financial participation. This county participation has made the cost benefit analysis feasible and there has been no default of the LIDs. The market continues to be strong and this area offers one of the few remaining areas in the County that can provide 1 acre lots, many of which are treed. With the scarcity of lot inventory in the 1 acre size product, buyers are being forced to move to central and southern Douglas County. Potential buyers are left with few options. With county financial participation, to a level of feasibility, the subject lots would fill a market niche and satisfy demand.

In order for this LID to be feasible, the County would pick up the projected difference of \$3,580,000 to \$5,430,000. \$3,580,000 is 40% of the low contingency cost (\$8,980,000) and \$5,030,000 is 52% of the high contingency cost (\$10,430,000).



## **PAGE 5**

This analysis does not take into consideration the direct competition of two other LIDS being considered (one in Perry Park (Group 2 of 74 lots) and one in Sage Port (Group 11 of 8 lots)).

### **COMPETENCY**

The appraisal problem requires the determination of the market value of paper-plated and finished residential lots, residential market demand, inventory supply, lot absorption, and subdivision development costs.

Historically, Harold McCloud has completed this type of analysis for Douglas County. Harold has retired. Mr. McCloud and I have worked together on many Douglas County projects over the past 25+ years.

Harold McCloud was consulted in the course of this assignment. Mr. McCloud has done extensive research in this property type beginning in the mid 1980's. Mr. McCloud has analyzed a number of Local Improvement Districts (LID's) and Metropolitan Districts for various government and quasi-government entities concerning residential subdivisions located in Adams, Arapahoe, Douglas, Elbert, El Paso, Garfield, Jefferson, Larimer and Weld Counties. Mr. McCloud has extensive bid estimation and construction experience. He was consulted by the County concerning the following Local Improvement Districts located in the Perry Park and Sage Port subdivisions.

<b>PERRY PARK/SAGE PORT EXISTING LID'S</b>		
	<b>YOC</b>	<b>No. of Lots</b>
Crown Drive LID	1995	16
Perry Park Woods LID	1998	73
Mohawk Drive LID	1999	39
Shoshone Drive LID	2000	33
Delaware Drive LID	2000	12
Tenderfoot Drive LID	2002	8
Mohawk Extension LID	2002	15
Country Club Drive	2002	70
Sageport II	2004	29
Inca/Delaware LID	2006	23
Sage Port LID	2006	26
Bannock LID	2021	10
Sageport LID	2021	10

All of these LIDs involved County financial participation and to the best of our knowledge, none of these districts in in default.

Thank you for the opportunity to be of service to you.

Beverly S. Phillips

**CONSULTING LETTER – PRELLIMINARY  
COST-BENEFIT ANALYSIS TO 8 RESIDENTIAL LOTS (GROUP 11)  
OF PROPOSED PUBLIC IMPROVEMENTS  
LOCATED IN THE NORTHWEST QUADRANT OF  
INDEPENDENCE DRIVE & GORE DRIVE INCLUDING  
INDEPENDENCE COURT  
IN FILING 4 OF SAGE PORT SUBDIVISION  
DOUGLAS COUNTY, COLORADO**

**PREPARED FOR  
THE DOUGLAS COUNTY  
DEPARTMENT OF PUBLIC WORKS  
DOUGLAS COUNTY, COLORADO**

**DATE OF PRELIMINARY COST-BENEFIT ANALYSIS  
FEBRUARY 1, 2024**

**PREPARED BY  
VALUE CONSULTANTS, INC.**

**BEVERLY S. PHILLIPS  
8439 NORTH DELBERT ROAD  
PARKER, COLORADO 80138**

# VALUE CONSULTANTS, INC.

---

*Real Estate Appraisal and Consulting*

8439 North Delbert Road  
Parker, Colorado 80138  
(303) 841-2080 office  
(303) 809-2523 cell  
canasilk@aol.com

[jherman@douglas.co.us](mailto:jherman@douglas.co.us)

February 5, 2024

Janet Herman, P.E.  
Director of Public Works  
Douglas County Government  
Department of Public Works, Engineering Division  
100 Third Street  
Castle Rock, CO 80104

Dear Ms. Herman:

At your request, I have inspected the 8 designated lots of Group 11 generally located along Independence Drive, Independence Court and Gore Drive in Filing 4 of the Sage Port Subdivision in the Perry Park area and reviewed the costs associated with a proposed local improvement district (LID). This analysis does not include any contribution by the County. When approved these 8 residential lots will be impacted by one LID in unincorporated Douglas County, Colorado.

The purpose of this consulting letter is to:

- estimate the aggregate market value of the fee simple interest of these 8 lots in their before (as-is) and after condition (prospective value);
- to determine the cost-benefit relationship of the proposed improvements, as of February 1, 2024, the most recent date of inspection;
- if the Before Value (as is) plus the assessment cost of the proposed improvements exceeds the After Retail Value (prospective value), then the project is **NOT** feasible.

This is a preliminary analysis for your use in discussions with the Douglas County Commissioners and prospective lenders. This preliminary consulting letter containing a



## Page 2

preliminary analysis is **not** a formal appraisal report. The depth of discussion contained in this consulting letter is specific to the needs of the client and for the intended use stated herein. **I am not responsible for the unauthorized use of this consulting letter.**

### **Before Value – As Is – Group 11**

The 8 lots in Group 11 include Lots 181, 182, 183, 184, 185, 188, 189, and 190 in Filing #4 of Sage Port (all details are in my files). The total acres are 7.212 for an average of 0.9015 acres. The lots are paper platted (entitled) but not improved. The retail lot values are presented as an aggregate average to account for different lot characteristics. Each lot will not be valued separately. In 2021, three of the lots (181, 182, 185) sold for \$76,000, \$77,500 and \$79,000 – average of \$77,500 updated 5% per year for two years indicates a current value of **\$85,250**. Lot 183 sold in 2022 for \$81,000 updated 5% for 1 year indicating a current value of **\$85,050**. The 2023 Douglas County Assessor's Actual Value is **\$91,000**. The range is \$85,050 to \$85,250 to \$91,000 indicating an average of \$87,100 per lot.

**Conclusion – Before Value – As Is: \$87,100 per lot**

### **After Value – Prospective Value – Group 11**

The most comparable sales are those recent sales that include the impact of a similar LID. I have found four sales in Sage Port Filing 2,

- 786 Poncho Road – Lot 1 Block 7 – 0.936 acres - \$150,000 – 9/1/2022. Adjusted upward 5% for time = current value of \$157,500.
- 630 Poncho Road – Lot 7, Block 7 – 0.90 acres - \$236,600 – 1/524/2023. Adjusted upward 3% for time = current value of \$246,700.
- 745 Poncho Road – Lot 8 Block 6 – 0.80 acres - \$205,000 – 2/10/2023. Adjusted upward 3% for time = current value of \$211,150.
- 773 Poncho Road – Lot 7 Block 6 – 0.901 acres - \$250,000 – 10/26/2023 = Current Value.

### **Page 3**

The three sales in 2023 indicate a current value range of \$211,150, \$246,700 and \$250,000. The most recent sale is \$250,000 and this is considered to be the After Value of the subject's lots.

#### **Conclusion – After Value - \$250,000 per lot**

#### **Conceptual Cost Estimate – Group 11**

You have provided me with a Conceptual Cost Estimate for Group 11 prepared by TST Infrastructure, LLC dated October 25, 2023. As noted previously, this estimate does not include any cost participation by the County. An estimated cost range based on a low and high contingency is \$260,000 to \$300,000 per lot (total of \$2,060,000 to \$2,39,000).

#### **Conceptual Cost Estimate – Group 11 - \$260,000 to \$300,000 per lot**

#### **Cost-Benefit Relationship – Group 11**

- Before Value \$87,100 per lot
- Cost Estimate \$260,000 to \$300,000 per lot
- Total \$347,100 to \$387,100 per lot
- After Value \$250,000 per lot
- Difference -\$97,100 to -\$137,100 per lot
- \$97,100 x 8 lots = \$776,800
- \$137,100 x 8 lots = \$1,096,800

**It is clear that without County financial participation that the project is not feasible. The costs exceed the potential retail market value of the lots.**

#### **RISK ANALYSIS**

Under this financial analysis (lacking county participation in the costs), it is not feasible to proceed with the district. Due to this fact, the risk of default due to the establishment of this district is high. Over the years, there have been a number of LIDs in Perry Park/Sage Port – all with county financial participation. This county participation has made the cost benefit analysis feasible and there has been no default of the LIDs. The market continues

## **Page 4**

to be strong and this area offers one of the few remaining areas in the County that can provide 1 acre lots, many of which are treed. With the scarcity of lot inventory in the 1 acre size product, buyers are being forced to move to central and southern Douglas County. Potential buyers are left with few options. With county financial participation, to a level of feasibility, the subject lots would fill a market niche and satisfy demand.

In order for this LID to be feasible, the County would pick up the projected difference of \$776,800 to \$1,096,800. \$778,600 is 38% of the low contingency cost (\$2,060,000) and \$1,096,800 is 46% of the high contingency cost (\$2,390,000).

This analysis does not take into consideration the direct competition of two other LIDS being considered in Perry Park (Group 2 of 74 lots and Group 7 of 40 lots).

## **COMPETENCY**

The appraisal problem requires the determination of the market value of paper-plated and finished residential lots, residential market demand, inventory supply, lot absorption, and subdivision development costs.

Historically, Harold McCloud has completed this type of analysis for Douglas County. Harold has retired. Mr. McCloud and I have worked together on many Douglas County projects over the past 25+ years.

Harold McCloud was consulted in the course of this assignment. Mr. McCloud has done extensive research in this property type beginning in the mid 1980's. Mr. McCloud has analyzed a number of Local Improvement Districts (LID's) and Metropolitan Districts for various government and quasi-government entities concerning residential subdivisions located in Adams, Arapahoe, Douglas, Elbert, El Paso, Garfield, Jefferson, Larimer and Weld Counties. Mr. McCloud has extensive bid estimation and construction experience. He was consulted by the County concerning the following Local Improvement Districts located in the Perry Park and Sage Port subdivisions.

<b>PERRY PARK/SAGE PORT EXISTING LID'S</b>		
	<b>YOC</b>	<b>No. of Lots</b>
Crown Drive LID	1995	16
Perry Park Woods LID	1998	73
Mohawk Drive LID	1999	39
Shoshone Drive LID	2000	33
Delaware Drive LID	2000	12
Tenderfoot Drive LID	2002	8
Mohawk Extension LID	2002	15
Country Club Drive	2002	70
Sageport II	2004	29
Inca/Delaware LID	2006	23
Sage Port LID	2006	26
Bannock LID	2021	10
Sageport LID	2021	10

All of these LIDs involved County financial participation and to the best of our knowledge, none of these districts in in default.

Thank you for the opportunity to be of service to you.

Beverly S. Phillips





## Agenda Item

**DATE:** MARCH 4, 2024

**TO:** DOUGLAS COUNTY BOARD OF COUNTY COMMISSIONERS

**THROUGH:** DOUGLAS J. DEBORD, COUNTY MANAGER

**FROM:** DAN ROBERTS, P.E., ASST. DIRECTOR OF PW OPERATIONS

**CC:** JANET HERMAN, P.E., DIRECTOR OF PUBLIC WORKS

**SUBJECT: QUEBEC / LINCOLN / UNIVERSITY INTERSECTION PROJECT UPDATE**

---

Staff will provide an update on the Quebec / Lincoln / University Reconstruction Project, which will start back up this month after being suspended for the winter. Discussion will include efforts to accelerate the schedule and to reduce traffic impacts this spring and summer.