

Memo

To: Colchester Selectboard
From: Sarah Hadd, Director of Planning & Zoning
& Kathi Walker O'Reilly, Director of Economic Development
Date: June 30, 2014
Re: Community Center Initiative Update

The Issue: Community Center Site Assessment Summary Report

Background: In the summer of 2013, the Select Board earmarked \$100,000 for a comparative study of the Town and School owned land in the Malletts Bay area for development purposes. Initially, a Request for Qualifications for a multi-disciplinary consulting team was sent out by staff, but the process was changed as staff recognized the scope of work would exceed the allocated budget of \$100,000. To keep costs down, staff acted as the Project Management team and leveraged low and no cost consultant options. The new scope of work included working with the Regional Planning Commission (land use and traffic impacts), a UVM graduate class (soils for wastewater capacity), Wiemann Lamphere (conceptual building and site designs), PlaceSense (build out scenarios), White & Burke (market analysis), the Recreation Advisory Board (community center needs and uses), Green Leaf Forestry (forest and endangered species) and the state archeologist. These combined services equated to \$22,210. The timeframe for completion of these consulting services, except the Regional Planning Commission's work, was June 2014.

Development Study Area:

There are four main parcels being considered in this study. They include:

- Upper and lower Bayside Park, 22 acres in total.
- Town owned Hazelett site on East Lakeshore Drive, 14 acres in size.
- School owned parcels on the West and East sides of Laker Lane. The west side parcel is 12 acres and the East side parcel is four acres.

Stakeholder Meeting: In the fall of 2013, a meeting involving major landowners and development interests that surround the area was hosted by the Town to solicit feedback on the future of this area. A three minute video with aerial shots of the project area was produced by the Economic Development Director with assistance from LCATV to set the stage for the discussion. The major recommendations from this meeting were:

The attendees agreed that a Community Center in the Bay area could serve as a catalyst for private investment and that taxpayers may be willing to support such an initiative. They also thought pursuing a public/private partnership would be the best way to proceed.

Additional future meetings with landowners, non-profits, the environmental community and general citizenry should occur if this project goes forward now that we have the site assessment work completed.

Archaeology:

Scott Dillon, State Field Archeologist, performed a site visit with Sarah Hadd in February, 2014. He indicated the entirety of the project area, excluding existing disturbed areas, is highly sensitive for archaeology. As the Hazelett site is completely undisturbed, it is the most sensitive area. Development of the Hazelett piece will likely require a Phase 1, a Phase 2 and mostly likely a Phase 3 archaeology survey that will result in limited areas of development and site preservation. The town recently paid approximately \$47,000 for such a study at Village Park.

The high school property is under an existing ACT 250 permit. The State of Vermont has already signed off on the high school's practice field and the approved, unconstructed practice field. It should also be noted the area to the east of Laker Lane and north of the Central Office was evaluated and is not archaeologically sensitive. It appears Bayside Park does not have an ACT 250 Permit although it is heavily disturbed and therefore, not as sensitive for archaeology.

Forestry:

Scott Moreau of Green Leaf Forestry performed a site evaluation for natural communities during the winter of 2014. It was concluded that the red pitch pine trees on the Hazelett site likely represented a large sand plain community that is considered by the State of Vermont to be endangered habitat. While there were other areas of sand plains noted on the remainder of the project area, the areas such as Bayside Park were already highly disturbed by existing development or were previously mitigated, such as the high school practice field.

A sub-contractor botanist, Brett Engstrom, was hired by Green Leaf to refine the scope of rare plants. No rare plants were identified on the Hazelett piece. The majority of these plants are within the disturbed or mitigated areas. Sarah Hadd requested additional input from the botanist as to what are the most sensitive areas of the Hazelett piece. He reported that the area along East Lakeshore Drive and to the east would have the least impact to ecological concerns. While the State has the entire stand listed as an S1 Pine-Oak-Heath Sand Plain Forest. It is arguable that with adjacent development and the potential lack of plant structures current or future, that would be the place to hone in a little closer. The road is straight at that point so there may not be access issues such as traffic backups etc.

Wastewater:

The UVM Project Team of Senior Engineering students concluded their work in May 2014. The scope of their work was to identify suitable areas for onsite systems to serve a Community Center and if possible to design the system. Unfortunately due to the prolonged winter and the depth of frost in the ground the students were unable to perform test pits and provide a design system. The students used primarily remote sensing to determine that the existing softball field at Bayside Park would be the best area to accommodate a wastewater system. From their findings the project area is capable of supporting an onsite wastewater system for a community center.

Program Needs Assessment & Architectural Renderings:

The Recreation Advisory Committee performed a program needs assessment to assist with not only the programming needs of the project, but also the square footage requirements to meet the programmatic needs. This data was instrumental in the preliminary square footage estimates and was corroborated with program needs so duplicative space would be avoided. The data was then utilized by Wiemann Lamphere who was retained to render architectural sketches of the facility. By using the Recreation Advisory Committee's data, it provided the architect the parameters needed to execute a building layout and sketch exterior renderings.

Market Assessment:

White & Burke was retained to assess the market of the project area. This assessment looked at current market trends and demands and key local developers were interviewed. It was found that the area is suited for additional residential and recreational uses. The location of the area is removed from existing commercial areas and the Interstate and therefore, challenging for commercial development. The area does not and is not projected to have enough residential density to support commercial services for the near term future. White & Burke recommended a strategy to promote commercial development within the area which was to increase the residential density to foster long term demand. Additional recreational uses were

also seen as a tool to increase demand for commercial services. An executive summary recommending opportunities is included in your packet.

Visual Preference Study:

PlaceSense was retained to perform a visual build out of the project area. Given the results from the White & Burke Market Analysis, PlaceSense performed two scenarios that both include recreational and residential uses. One scenario will incorporate municipal sewer, and one will not. These 3-D visual Sketch-Up models are attached. These models will assist in visualizing the build out potential of the area and will include a Community Center, a Boat House, and residential infill.

Although RPC traffic analysis will begin in July 2014, PlaceSense has incorporated the re-routing of traffic through Laker Lane and the Hazelett site in these visual models.

Estimated Costs:

The estimated costs for the Community Center at 81,840 square feet, the medical office at 14, 000 square feet and the incubator/office space at 10,000 square feet are as follows:

Community Center/Medical Office /Incubator offices	\$16, 000,000
Community Center Only	\$11,560,000

Location Recommendations:

After reviewing the data provided by the consultants, if the Community Center is to be considered, staff recommends the 12 acre school owned site as the preferred location. This site offers the most benefit with the least amount of constraints and utilizes existing resources at the High school and Bayside Park. It also offers the best proximity to the schools, has safer access for the students, is the best option for environmental sensitivity and can utilize shared parking options.

Recommendations:

The following are options the staff suggests the Select Board consider at this time:

- Continue partnership with RPC and Planning Commission for long term land use planning and zoning changes for the West Lakeshore Drive vicinity.
- Present Findings to CCI committee, CFD #2 and #3 and CSD to seek input.
- Present Findings to other stakeholders.
- Acknowledge to community that given current environment of budget failures, a bond vote to build a community center is not appropriate at this time.
- Ask CCI committee to explore possible public/private partnerships, capital campaign, and other non-conventional financing options.

- Consider using a portion of a Local Option Tax if approved by voters to set aside money for a future community center to be funded by a private/public partnership.
- Seek public input as to whether the 14 acre town owned Hazelett property should be sold:
 - 1) Sell land to an affordable housing non-profit.
 - 2) Sell land to highest bidder and use proceeds for
 - Relocation of East Lakeshore Drive
 - Financing to construct a community center
 - Financing to build a transient dock, a small boathouse, welcome and tourist Center at Bayside
- Retain a 60 foot right- of- way through the 14 acre Hazelett property to preserve the option of relocating Lakeshore Drive to Laker Lane in the future
- Do nothing with the land for now and consider options at a later date.
- Revisit a prior legal opinion about subdividing the 14 acre parcel in a manner where Act 250 approval may not be needed.

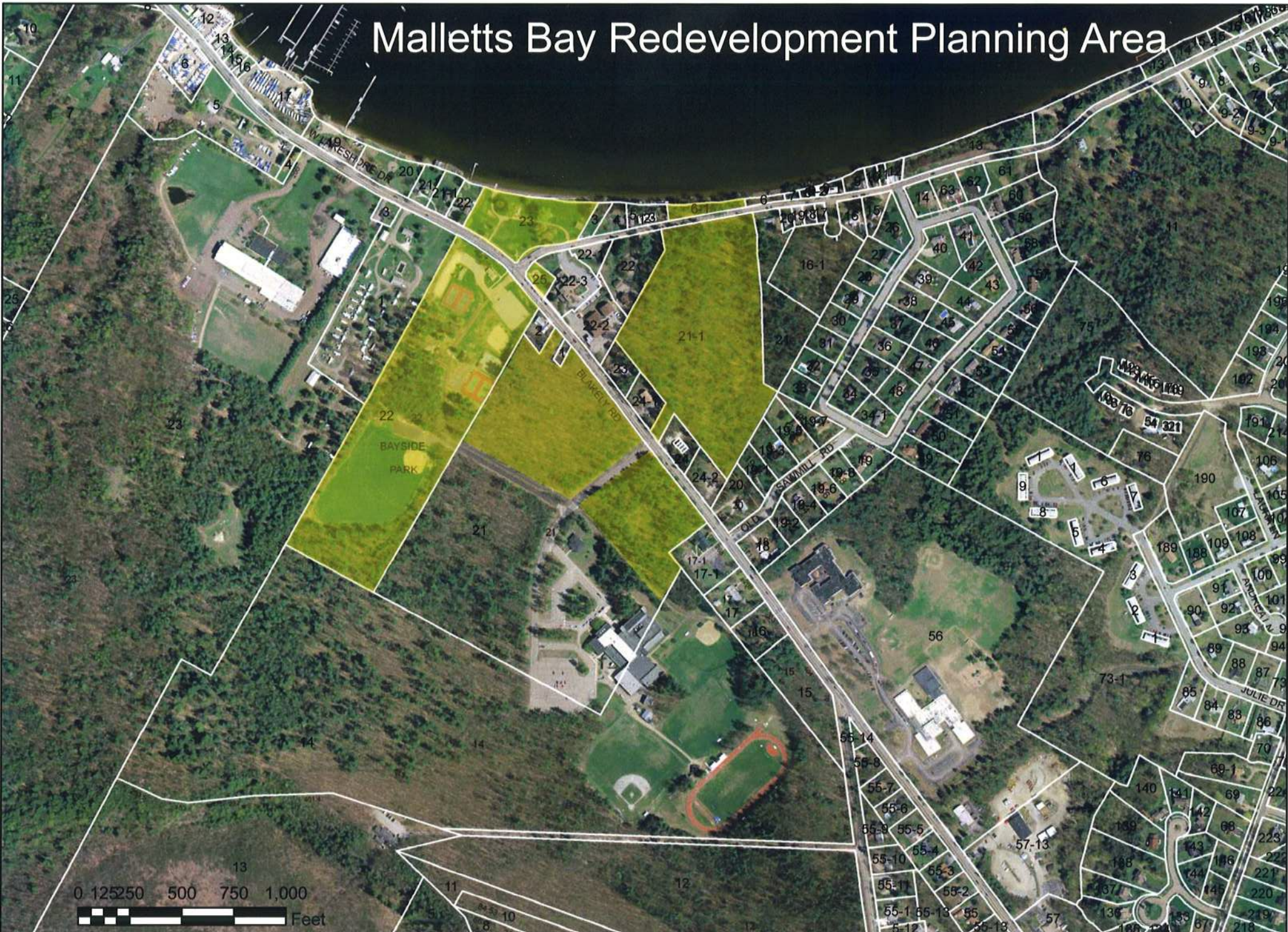
DEADLINE:
COST:

RPC	SARAH	UVM	WIEMANN LAMPHERE	PLACESENSE	WHITE & BURKE	Green Leaf Forestry	REC BOARD	TOTAL COST
July-December 2014	Spring 2014	January - May 2014	May 15, 2014	June 15, 2014	May-14	26-May-14	15-Apr-14	
\$4,500.00	No cost	No cost	\$5,000.00	\$2,840.00	\$8,890	\$980.00	No cost	\$22,210
UPWP	Archaeology	Test pits	Community Center only	Visual preference survey	Market study	Forest Management Plan	Needs analysis	
Alternative Rd. Align capacity	RTE	Rough wastewater plan	Arch sketch	Site analysis				
GIS Base Map/Layers	Sand Plains							
Build out analysis								

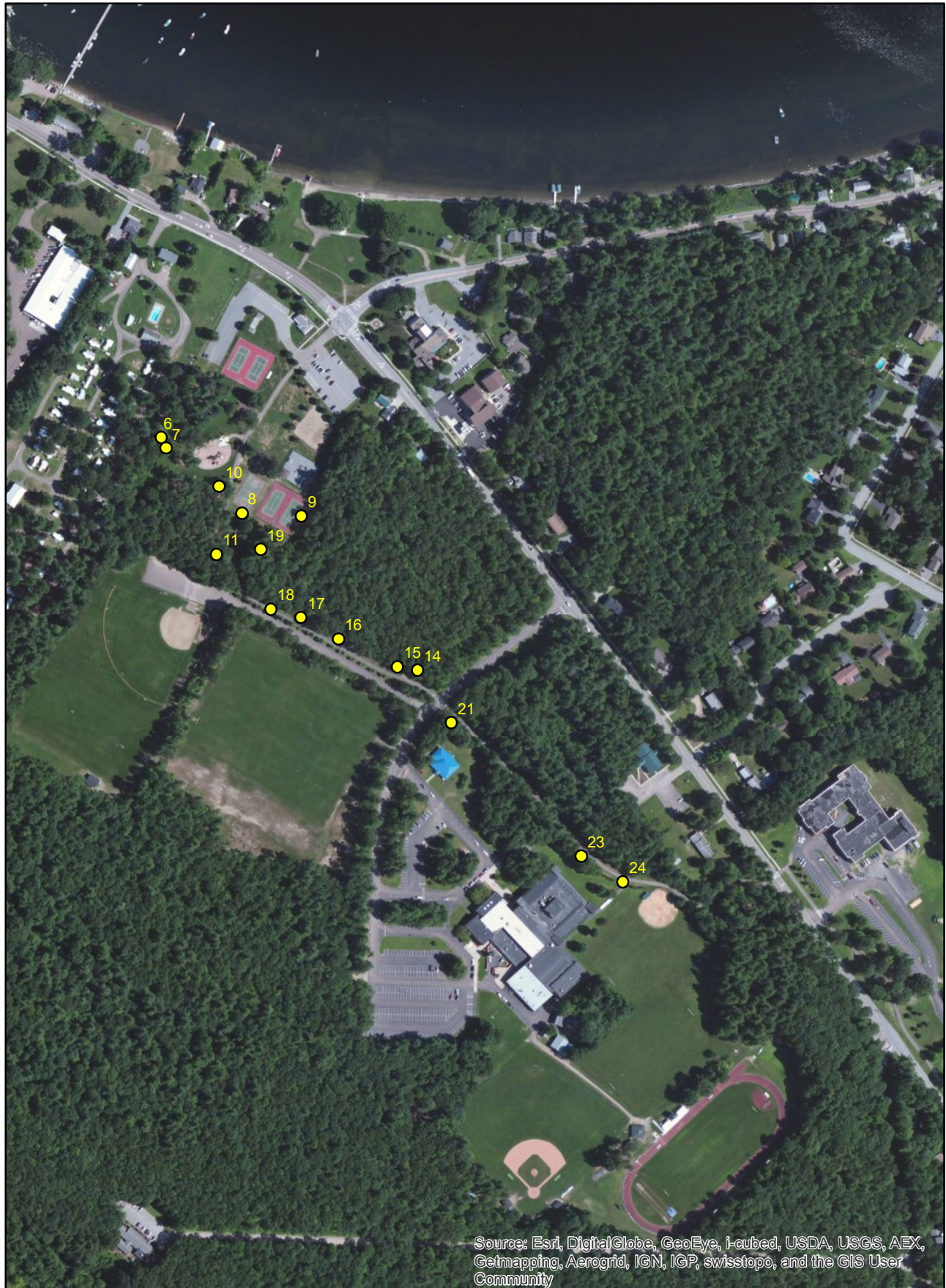
GOAL: COMMUNITY CENTER

3/4/2013

Malletts Bay Redevelopment Planning Area



Rare & Uncommon Plant Locations, June 2, 2012
Colchester Town Lands, Colchester, VT



Brett Engstrom for Greenleaf Forestry
2 June 2014

Rare & Uncommon Plants, & Pine-Oak-Heath Sandplain Forest Report

Select School District/Town Lands in Mallets Bay Area

Colchester, Vermont

Brett Engstrom
for Greenleaf Forestry
June 4, 2014

On June 2, 2014, I spent seven hours surveying the six school district/town lands mapped as stands in Greenleaf Forestry's Preliminary Vegetation Report prepared for the town of Colchester in the spring of 2014. These stands include Bayside Park on the bay (stand 1), Bayside Park south of West Lakeshore Drive (stand 2), forest south of Bayside Park south (stand 3), forest east of Bayside Park south (stand 4), forest north of high school (stand 5), and forest north of Blakely Rd. (stand 6). I concentrated my survey effort on the open lands and forest edges since most of the rare sandplain plants occur in open to partly shaded, sandy habitats.

Three rare (S2 or S2S3) and one uncommon (S3) plants were observed in the survey areas, most concentrated along forest edges, particularly along the north side of the bike path south of stands 4 and 5. Two colonies of rare plants occurred in the dry sandy lawn around the south tennis courts. The rare and uncommon plants, their S-ranks, and waypoint numbers are shown in the table below. Note that some of the sedges were in the early stages of flowering and too early to positively identify to species. These are listed as sedge species – ovaless group. Likewise, the Wild Lettuce plants were in vegetative condition, but were identifiable as to one of two species, one being Hairy Lettuce (*Lactuca hirsuta*). Hairy Lettuce is a rare, state-threatened species. The Wild Lettuce and Sedge species – ovaless group plants need to be revisited later in the season to positively identify. The Squarrose Goldenrod also should be revisited in August or September to see in flowering condition. Waypoints for these species are shown on the accompanying map and shapefile.

Plant Name	Species	S-Rank	Waypoints
Canada Frostweed	<i>Crocianthemum canadense</i>	S2S3	9
Shorter Fescue Sedge	<i>Carex brevior</i>	S2	16,17,18,21,23,24
Sedge species – ovaless group	<i>Carex cf brevior</i>	?	7,8,14
Squarrose Goldenrod	<i>Solidago squarrosa</i>	S2S3	6,10,19
Yellow Panic-grass	<i>Dichantheium xanthophysum</i>	S3	14,15,17
Wild Lettuce species	<i>Lactuca sp. (canadensis or hirsuta)</i>	?	11

Notes on precise location, number of plants, plant condition, and habitat for all these species and are included in my field notes. With the exception of the frostweed and sedge, numbers of individual plants (genets) were small (i.e. less than 20 plants). The Canada Frostweed, formerly *Helianthemum canadense*, was so abundant in a 30x60-foot area that it was an actual dominant of the lawn! It had obviously been repeatedly mowed. The Shorter Fescue Sedge had a scattered population of roughly 40 plants. Both the sedge and the Yellow Panic-grass had been previously documented by the Vermont

Nongame & Natural Heritage Program from along the bike path in this area. Harsh Sunflower (*Helianthus strumosus*) (S2S3) has also been documented by Natural Heritage in the vicinity of the High School, but was not found during my survey. It could still be present, especially on forest edges. The frostweed and Squarrose Goldenrod are new occurrences.

All of these rare plants need a lot of sun to grow and flower. Additionally, the sedge, frostweed, and panic-grass do best in disturbed sandy soil, i.e. where mineral soil is exposed. Hence, they were found on forest margins and in the dry, sandier lawn areas of the park. It is important that these forest margins and sandier lawn areas not be gardened (planted to lawn or horticultural herbaceous and/or woody plants) or herbicided. Some fencelines have been herbicided on the park grounds and borders, possibly to the detriment of the rare species.

As described in Greenleaf Forestry's preliminary report, all the stands except Bayside Park proper are sandplain soils and the forested stands are all Pine-Oak-Heath Sandplain Forest natural community, though only 3,4, and 6 are mapped as significant on the state-level. Though I did not carefully walk all of the forest units, what I saw was typical of mature Pine-Oak-Heath Sandplain Forest with relatively little pitch pine, but a lot of black oak, especially in stands 3 and 4. All of the forest stands have species compositions, including canopy, understory, shrub, and herb layers, typical of this sandplain natural community. Native species overwhelmingly dominate these forest stands, though a few non-native species were observed along the forest margins and in stand 3, which has had its understory removed and organic wastes dumped in the woods. Low heath shrubs characteristic of the natural community, especially Late Lowbush or Hillside Blueberry (*Vaccinium pallidum*), are especially prevalent in stand 4. Foot trails pass through all four forest stands, some more heavily used than others.

As clearly stated in Greenleaf report, these sandplain forests are critically endangered in Vermont and warrant the highest level of conservation. While I agree with Greenleaf that stands 3 and 5 are slightly more compromised due to their smaller size and locations, all the forests should be protected from development since together they are all the same threatened Pine-Oak-Heath Sandplain Forest natural community. They all support a similar plant diversity, which one can loosely extrapolate for animals as well. They all have some rare and/or uncommon plants on their margins which are seed source for colonizing inside the forest stands when appropriate site conditions appear. Therefore, from an ecological/conservation standpoint, it makes the most sense to develop only in those areas which have already been developed, which would mean the existing park grounds, or off-site developed land.

Colchester Recreation Center

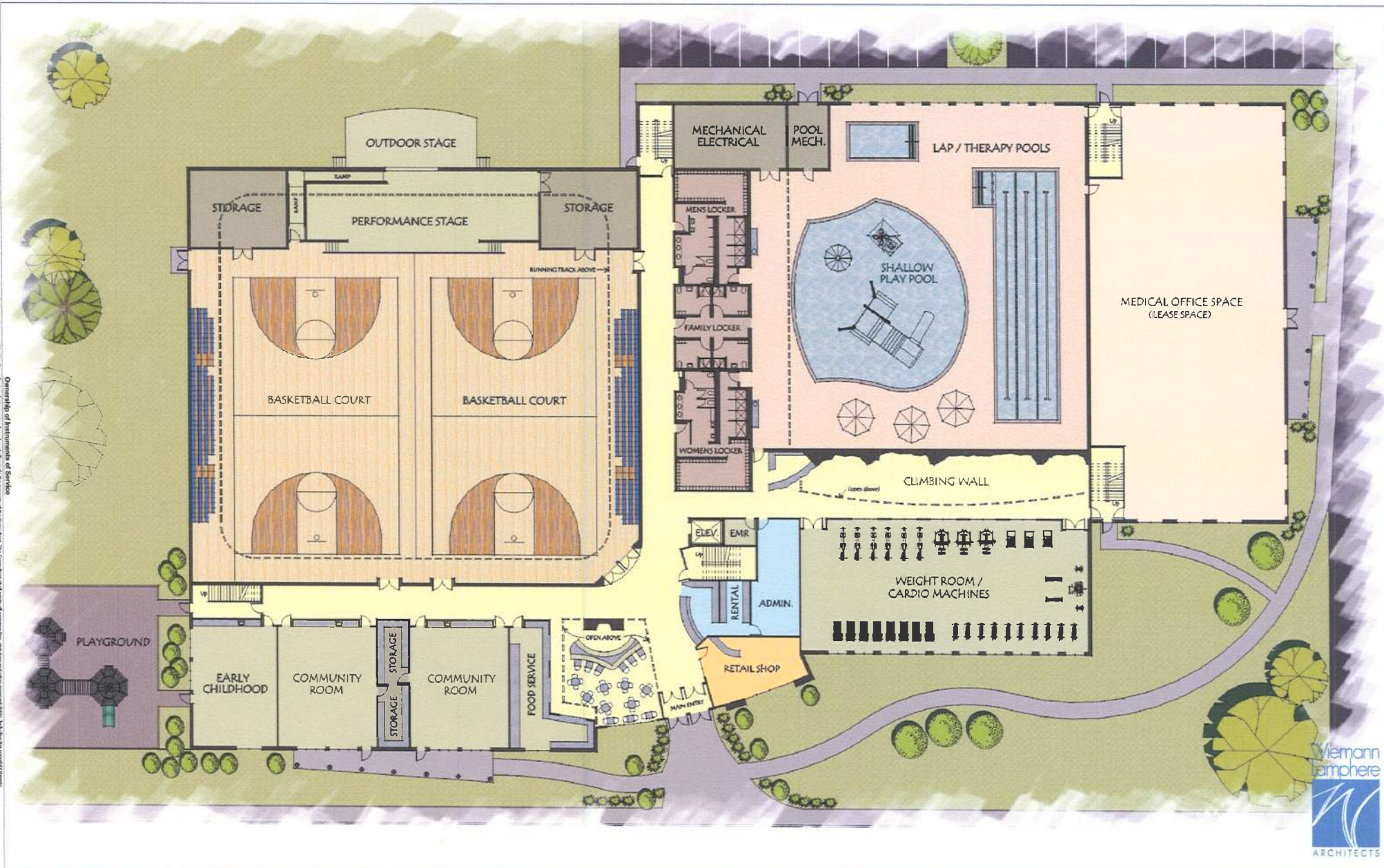
preliminary square footage estimates

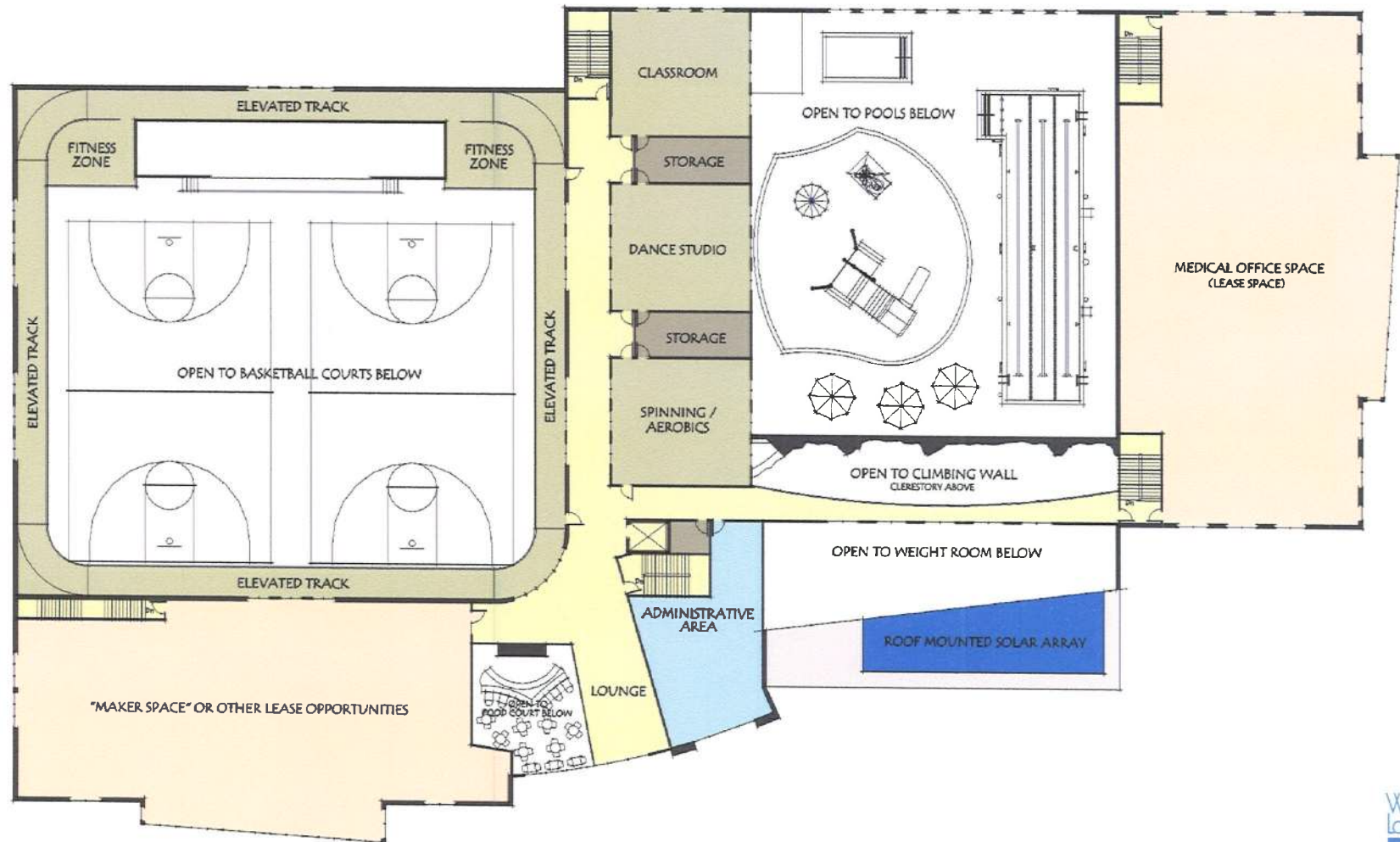
vestibule	200
lobby	500
equipment rentals	150
equipment sales boutique	370
administration	200
recreation department	550
lounge	400
stairs/elevators/emr	2400
food court	950
community rooms	2,400
early childhood room	1,200
storage for community rooms	400
2 basketball courts	14000
elevated track around/above courts	3800
performance stage	1200
gym storage	1450
pool	9000
locker rooms	2600
cardio/weight room	3500
spinning/aerobic studio	1200
classroom	1200
dance studio	1200
storage for upstairs studios	500
general storage	370
rock climbing wall	800
mechanical / electrical /pool mech	1200
circulation 2nd floor	4000
circulation 2nd floor	2300
Lease spaces:	
Medical Office Building	14,000
incubator / shared office space	10,000
 total square footage	 81840











An aerial photograph of Malletts Bay, showing the dark water of the bay, surrounding green hills, and some industrial or commercial buildings along the shoreline.

Malletts Bay Redevelopment Market Assessment

May 22, 2014

Prepared For:

Town of Colchester, Vermont

Prepared By:



I. INTRODUCTION AND SCOPE

a) Town's Process

The Town of Colchester is currently working with several consultants, including White + Burke Real Estate Investment Advisors (W+B), to evaluate the potential use and development of approximately 50 acres of town owned land near the intersection of Blakely Road and West Lakeshore Drive on Malletts Bay (the “subject properties”). As the owner of these strategically located subject properties, the Town is in a unique position to influence and promote redevelopment of the Malletts Bay/West Lakeshore Drive area in keeping with the Town Plan. The team of consultants is specifically studying market demand, build-out potential, and the environmental characteristics and constraints of the subject properties. The Town will utilize the information and results of these studies to determine how best to use and develop the subject properties and create a conceptual master plan for future development and use.

b) W+B Scope of Work

White + Burke was retained by the Town of Colchester to conduct an assessment of market demand and identify a range of uses for the subject properties that could be reasonably supported by the market. This report provides a summary of W+B's market research and includes specific recommendations relating to: 1) a range of uses that could be reasonably supported by the market for new development, 2) an overview of the strengths, weaknesses, opportunities and threats (SWOT) related to the project study area and subject properties that could impact development potential, and 3) recommended next steps to more thoroughly evaluate and determine the extent to which responsible and economically viable development can take place.

c) Sources & Process

For this study, our market research and recommendations are based on:

- Limited review of readily available information relative to the region, project area and subject properties, including but not limited to, the Allen and Brooks Report (market demand and development trends), data published by the U.S. Census Bureau and State of Vermont Department of Taxes, studies and statistics by the Chittenden County Regional Planning Commission, and various Town of Colchester plans and studies;
- Interviews with residential, commercial and hotel developers, real estate professionals, business owners and commercial property owners from the Chittenden County area;
- Discussions with Town Staff including Economic Development, Planning and Zoning, Public Works, and Parks and Recreation Departments, and Fire District #2
- Visits to the subject properties and project study area, and

- W+B's real estate investment experience and expertise.

d) Disclaimer

This market review has been prepared for the sole use of the Town of Colchester (the “client”) to provide said client with an overview and introduction to some of the market factors which influence future development opportunities on the 50 acres of Town owned land near Malletts Bay (the “subject properties”), and for no other purposes whatsoever.

Information contained in this report is based primarily on W+B's limited review of readily available information relative to the subject properties and interviews with local real estate experts and business owners. Further research might reveal additional information or lead to a different understanding of known information which could substantially alter the analysis and conclusions herein. A comprehensive market analysis and development feasibility study is far greater in scope and depth than this overview and assessment. Substantial additional research and analysis would be required before judgments could be made with confidence about the feasibility of any specific contemplated development project.

This market overview and assessment has been based upon various assumptions relating to the general economy, competition and other factors beyond W+B's reasonable control, and therefore, is subject to material variation. W+B strongly recommends that the client conduct further research before significant financial or other commitments are made relative to the subject properties.

II. PROJECT AREA AND MARKET DEMAND OVERVIEW

a) Project Area Description

With spectacular views of the bay and numerous recreational opportunities devoted to Lake Champlain, the Town of Colchester has long seen Mallets Bay and the West Lakeshore Drive neighborhood as a special place in the community. Several plans and studies prepared over the years have recommended strategies to encourage appropriately scaled mixed use development, improve traffic safety and pedestrian access, and enhance this area of the community as a recreation destination and gathering place for residents and visitors alike. The recently adopted Town Plan states the following for the West Lakeshore Drive neighborhood:

“This area should be a focal point for tourism and recreation. Commercial uses in this area serve recreational activities, local residents and regional commuters. The neighborhood should be improved to better provide services and recreational access for residents and tourists.”

For purposes of this study, we generally describe the project study area as extending from the municipal complex on Blakely road west along West Lakeshore Drive to Prim Road and including

the surrounding residential neighborhoods, businesses and community oriented facilities (see attached map). This area currently consists of the following:

- **Development Pattern** - The project study area is relatively dynamic with a wide mix of uses and natural features including the Town municipal complex and police station, three public schools (high school, middle school and elementary school), athletic fields, Bayside Park, several marinas and boat clubs, a public boat access, several small scale retail strip centers and small scale office buildings, and the Hazelett manufacturing facility.
- **Utility Infrastructure** - The project study area is not currently served by municipal sewer, and there are no official approved plans to extend sewer into the area at this time. Fire District #2 is currently exploring the feasibility of extending sewer from the City of Burlington to the project study area with an initial allocation of 350,000 gallons per day. The amount of allocation that would be available for future development on the subject properties is unknown at this time. The Fire District #2 is currently exploring federal funding opportunities and anticipates bringing the issue to a bond vote in November, 2015. The project study area is currently served by municipal water and natural gas.
- **Vehicular and Pedestrian Accessibility** - The east and west ends of the project study area are connected and served by only one road, West Lakeshore Drive, which carries approximately 15,000 vehicles per day. The Vermont Department of Transportation (VTrans) has plans to improve the intersections of Prim Road/West Lakeshore Drive and Blakely Road/Laker Lane as recommended by the CIRC Alternatives Task Force. These projects are currently scheduled for construction in FY 2019. A sidewalk exists on one side of West Lakeshore Drive and a multi-use/bicycle path exists only in the eastern section of the project study area. The project study area is not currently connected to the regional bicycle path system serving Burlington, the Colchester Causeway and South Hero.
- **Natural Features** – Natural features and environmentally sensitive resources are prevalent in and near the project study area. These include Malletts Bay where water quality is of critical concern for swimming and other recreation. The area is also home to sandplain communities which are considered by the State Agency of Natural Resources to be a potentially rare natural community worthy of conservation.

The subject properties consist of the following parcels:

- Bayside Park – lower parcel with lake frontage on Malletts Bay and upper parcel fronting West Lakeshore Drive – 22 acres;
- The “Bayside Hazelett” parcels bordering Malletts Bay, East Lakeshore Drive and Blakely Road – 14 acres;
- Southwest corner of Blakely Road and Laker Lane – 12 acres (currently part of the School property); and

- Southeast corner of Blakely Road and Laker Lane – 4 acres (currently part of the School property).

Bayside Park and the Bayside Hazelett parcels offer approximately 950 feet of lakeshore frontage on the bay.

b) Market Demand Overview

In order to assess market demand at the sub-regional level, such as for the Malletts Bay/West Lakeshore Drive trade area, it is important to understand market trends affecting the region as a whole, as well as the key attributes that influence where new development is likely to occur. These attributes can have varying degrees of influence depending on the use or development type, and generally include:

- Location in relation to density of population and employment (e.g., is a significant portion of the region's population within a reasonable drive time?),
- Historical or planned dense development patterns (e.g., is there or will there be a "critical mass" of density and activity),
- Accessibility (e.g., how easy is it to get to?), and
- Availability of infrastructure including roads, water, wastewater, gas, and telecommunications.

While demand for a certain use may be strong at the regional level, demand at the sub-regional level may not necessarily be strong if it is missing one or more of the key factors listed above. Similarly, if demand for a certain use is low at the regional level, demand at the sub-regional level is also likely to be low. However, those sub-regional trade areas with the attributes listed above will be at an advantage to attract what limited development may be occurring for that low demand use.

The primary development hubs in Chittenden County for commercial, industrial and residential development are located in areas that contain most if not all of the key elements outlined above. These hubs include downtown Burlington, South Burlington, Essex, Taft Corners in Williston and Exit 16 in Colchester. These areas are easily accessible to the interstate highway system, are relatively close in proximity to Burlington International Airport, and in the case of downtown Burlington, Essex and even Taft Corners, have an established "critical mass" of development and activity that attracts people, customers, employees and new investment.

In general, it is anticipated that most new development in the region that relies on a regional draw or convenient access to the interstate, particularly commercial and industrial, will continue to occur in and around the existing development hubs due to their strategic locations and development patterns. This is particularly true for national and larger scale retailers, larger Class A office buildings and industrial/warehouse facilities. Some new commercial and industrial development will occur outside of these primary development hubs in other sub-regional trade areas, but the

intensity and types of development will depend largely on individual and sometimes unique characteristics of the trade area, user, and developer/investor.

Residential development, on the other hand, is somewhat less dependent on the locational attributes described above. As a result, the location of new residential, both single family and multi-family, is much more flexible and is likely to occur in many more sub-areas of the Chittenden County region.

III. FINDINGS

a) General Market Demand

Chittenden County

Our research reveals the following regional market trends for residential, retail, office, and hotel. We chose not to address the industrial/warehouse market in this study as this type of use is not called for in the Town Plan (with the exception of expansion to the existing Hazelett facility) and Town staff has not expressed a desire to see the subject parcels developed with industrial or warehouse uses.

- Residential – Residential typically includes a range of housing types from single family, multi-family, elderly, and market rate, to low income, rental, and owner occupied.

Interviews with local residential developers as well as research by Allen & Brooks indicates that the residential rental market is expected to remain strong for the next few years. Even with significant new apartment construction over the past two years, the apartment rental market remains tight. With high tenant demand, low mortgage rates, and available financing, apartments are still considered a comparatively low risk investment¹. The improving economy and low interest rates have also contributed to an increase in sales of single family homes. Demand for new single family homes is expected to grow at a relatively modest level for the foreseeable future especially in desirable bedroom communities.

- Retail – Retail is defined as the sale of goods or commodities directly to customers. It usually includes food products, hard or durable goods, soft good or consumables, and arts. They can include large scale, department and big box stores, specialty stores, boutiques, supermarkets, restaurants, malls, and locally owned stores to name a few. Department stores, big box stores and malls are typically located with other complementary development and will serve a larger regional area.

¹ Allen & Brooks Report December 2013

The County's retail vacancy, including the suburban sector, has been relatively stable in recent years and is currently at historically low levels compared to the historic average vacancy rate². The retail market is presently undersupplied, relative to historic trends, and new retail development is expected to grow at a relatively modest level. Improving economic conditions and higher retail spending is facilitating increased development activity of retail establishments.

- Office – Office space is often classified in three categories Class A, Class B and Class C. Class A office space typically have high quality finishes and state of the art systems. Class B office space typically has adequate systems and good finishes for a wide range of users with average rents. Class C office space is typically functional space at rents below the average for the area. It can be leased, owner occupied, or rental. Class A office space is typically located in more urban areas where there is typically more demand.

Research on the office market reveals that office vacancy rates, particularly in the suburban sector, are returning to peak levels observed at the height of the recession, indicating a significantly over supplied market³. The office market is expected to remain oversupplied for the next few years.

- Hotel – Hotels can come in many different types ranging from full service and upscale, historic inns and boutique hotels, resort hotels, to economy and limited service. Full service and upscale hotels are typically located in more urban areas catering to a larger population. Historic inns, boutique hotels and smaller scale hotels are usually smaller independent hotels that provide a ranges of services.

A significant number of new hotel rooms have been added to the region in recent years including the Courtyard Marriott and Hotel Vermont in Burlington, and the Residence Inn at Exit 16 in Colchester. Two new hotels are currently under construction including the Hilton Garden Inn in downtown Burlington and Homewood Suites at Exit 14 in South Burlington. Even with this recent surge in new supply, industry experts predict that hotel demand in the county will remain strong or stable for the foreseeable future.

In summary, regional market demand over the next few years is expected to remain strong or stable for residential, retail and hotel use. The office market is currently oversupplied and is expected to remain so for the foreseeable future.

Malletts Bay / West Lakeshore Drive (Project Study Area)

Our research points to the following market demand trends for the project study area:

² Allen & Brooks Report December 2013

³ Allen & Brooks Report December 2013

- *Residential* – Based on interviews with local residential developers and review of regional market data, there appears to be strong demand for new residential development in the project study area. This includes all types of residential including multi-family rental, multi-family owner occupied, and single family; both affordable and market rate. Proximity to the lake and schools, as well as being located within a 15 minute drive to major employment and shopping areas, makes the project study area very attractive for residential development.
- *Retail and Office* – As discussed earlier in this report, large scale and big box retailers and Class A office space are likely to locate in more densely developed and accessible areas of Chittenden County and, as such, are highly unlikely to locate in the project study area. Even for all other types of retail and office use, including but not limited to, smaller national chains, small scale independently owned shops, specialty retail, restaurant and services (e.g., financial, legal, health care, etc.), demand in the project study area has been very soft for many years and is not expected to change in the foreseeable future. The project study area has seen consistent turnover in retail and office space users, and there has been very little, if any, new development or expansion in at least the last 10 to 15 years. Today, there are several retail and office space vacancies including two vacant end-caps at Harborview Plaza on the corner of West Lakeshore Drive and Prim Road, several vacant office condominiums at 85 Prim Road, and vacant retail and office space at the 97 Blakely Road retail/office center. The challenges facing retail and office demand in the project study area can be attributed to:
 - Location and Accessibility: the area is somewhat isolated and removed relative to major population and employment centers and accessibility to the interstate and state arterial system.
 - Density: the area is comparatively low density in terms of residential and employment populations, and as a result, the local population base alone is insufficient to support significant retail and office use on a year round basis.
 - Nearby established retail and office nodes: the area population base is already sufficiently served by existing nearby retail and office nodes, such as Exit 16, the Ethan Allen Shopping Center on North Avenue, and even downtown Burlington. Any new retail or office development in the project study area would have to compete directly with these existing centers for the limited local population base.
- *Hotel* – Similar to retail and office, demand for hotel is considered to be low due to the project study area's location in the region, particularly for name brand hotels and similarly sized independent hotels. Name brand and similarly sized independent hotels are heavily dependent on business travelers. Industry experts revealed that these types of hotels are unlikely to locate in this area due to its location relative to the interstate, regional employment centers and nearby more strategically located competition in Burlington,

South Burlington and Exit 16. While the project study area experiences significant increases in lake related traffic during the summer months, there does not appear to be enough leisure or tourist demand alone to support these types of hotels on a year round basis.

Industry experts indicated that a smaller seasonal independent hotel or inn would likely face certain challenges operating in the project study area, however they were unable to advise on whether such a hotel or inn is likely to succeed without conducting a comprehensive feasibility analysis. Seasonal hotels and inns are highly specialized and require a number of critical elements be present in order to succeed, which for this area would include exceptional views and access to the lake, attractive grounds, meeting and banquet space, abundant recreational activities, and nearby shopping and restaurants. Determining the feasibility of a seasonal hotel or inn in the project study area would require a more comprehensive analysis conducted by an expert that specializes in the small hotel and inn industry.

- *Recreation* – Our research finds there is demand for additional recreation-oriented uses in the project study area. Interviews with local marina owners, Town staff and boat owners reveal there is a strong demand for additional dock and mooring space in the bay. Also, based on discussions with the Town's Department of Parks and Recreation, there appears to be demand for additional athletic fields, including turf fields which are in high demand at the regional level.

Our discussions with Town Staff and local business owners indicated there is interest in the Town for a community center. A community center is typically a public location for a community to gather. It can range from a place for community events and meetings, to a recreational facility with specific functions. It can be community or government owned to a public / private partnership arrangement to space for commercial or business rentals. There is a local community center committee that has been involved in the initial planning for a community center over the past several years.

We understand this committee is working on a survey that will soon be distributed to residents of Colchester to help determine what the community center should include. A community center is a highly specialized use, which would require a more comprehensive and detailed analysis to determine the feasibility versus the desirability of uses, and assess the funding and operating options, and is beyond the scope of this study. We recommend the Town retain an expert that specializes in conducting feasibility analyses for not-for-profit community centers. This study should examine the demand for a wide range of potential uses, as well as the operating costs and potential operating income to support those uses.

While the project study area is at somewhat of a locational disadvantage from a regional perspective, this is not to say there is no potential for new development. The most obvious

potential is for additional residential development, both multi-family and single family. With respect to commercial development, there is an existing year-round population and employment base, though relatively low, that demands services. The 15,000 vehicles traveling West Lakeshore Drive every day also creates demand for services and products. The municipal complex, high school, middle school, and elementary school along with their athletic facilities, and Bayside Park all draw people to the area throughout the week. A new community center being contemplated on the subject land, if it happens, could also add to the vitality of this unique community oriented node. Finally, the tremendous recreational opportunities offered by the lake, marinas, boat clubs, and public boat access create sizable demand particularly during the late spring, summer and early fall months. Leveraging the demand generated by a combination of lake oriented activities, the municipal/school facilities, and nearby population base along with strong demand for residential could create opportunities for new growth and development in the project study area.

b) SWOT (Strengths, Weaknesses, Opportunities and Threats)

The project study area, including the subject parcels, presents several strengths, weaknesses, opportunities and threats related to demand for and feasibility of new development. These SWOT's are summarized below.

Strengths

- Proximity and access to Mallets Bay and beautiful lake views.
- Approximately 950 feet of lakeshore frontage at Bayside Park and the "Bayside Hazelett" parcel.
- Population increase during summer months from tourists, boat owners and summer camp dwellers.
- Proximity to existing municipal and school community complex.
- Desirable bedroom community to nearby employment and shopping centers.
- Deep sandy soils to support individual or community septic system(s).

Weaknesses

- Lack of sewer infrastructure to support higher density development and heavy water users (e.g., high density residential, restaurants and hotels).
- Limitations of current road network.
- Lack of continuous and safe pedestrian and bicycle connections.
- Seasonal nature of the trade area with low year-round residential and employment populations.
- Isolated location relative to interstate access, major population and employment centers.
- Lack of historic or traditional village core.
- Town owned land not fully contiguous - separated by busy roads and several privately owned commercial and residential properties.

Opportunities

- Leverage access to and views of lake and lake oriented activities.
- Sufficient land area to master plan a development/use that creates an identity and gathering place for residents and visitors.
- Coordination with existing municipal, school, athletic and recreational facilities.
- Improved connection of this area to the nearby regional bicycle path system.
- Additional market demand generated by new residential development, additional dock and mooring space, and other new recreational facilities.

Threats

- Costs to provide necessary infrastructure to support new development – sewer/septic, intersection improvements, road relocations, and pedestrian/bicycle facilities.
- Costs and permitting challenges to mitigate potential environmental impacts such as rare, threatened and endangered species; and sand plain communities.
- Insufficient demand to support significant retail, office or hotel development.

IV. CONCLUSIONS AND NEXT STEPS

a) Uses Not Supported by the Market

From a market perspective, there is insufficient demand in the project study area to support new retail or office development of any significance, or a name brand hotel, on the subject properties. This is primarily due to the project study area's low population base and isolated location relative to the interstate and region as a whole. This situation is likely to continue until such time as sufficient additional demand is generated from either inside the project study area or from outside the project study area. New demand from inside the project study area could be from new high density residential development. New demand from outside the project study area could be from additional boaters using a new marina or athletes and fans visiting additional athletic fields. In any event, the feasibility of supporting new retail or office development would need to be further assessed as new development occurs and demand increases.

b) Recommended Uses for Subject Parcels

Our assessment of market demand and consideration of the SWOT's identified above reveal the following uses as likely to be supported by the market for development/use on the subject parcels:

- Residential – There is strong demand for residential development in this area due to its proximity to the lake, schools, recreational facilities and reasonable commuting distance to regional employment and retail centers. Our research shows that the market could support multi-family rental, multi-family owner occupied as well as single family. Residential development could include higher end housing particularly if it is placed to take advantage of the views of the bay. The density of residential units and exact placement will depend

on further study to identify septic/sewer capacity and other regulatory limitations including protection of rare, threatened and endangered species; sand plains communities, etc.

- *Recreation-oriented Uses* – By leveraging the spectacular views, lake front access, and nearby athletic and recreational facilities, we see an opportunity to enhance the project study area and subject parcels as a recreation destination for water based and other athletic activities and events. Recreation oriented uses that could likely be supported from a market demand perspective include a marina, perhaps Town owned or contracted to a private operator, and additional athletic fields (e.g., turf fields with lights for hosting local and regional events). Other uses that would fit in well with efforts to promote the subject parcels as a recreation destination include some type of community event space and/or a community center, however these uses would require more comprehensive analysis to determine demand and feasibility. The recreation oriented uses identified above are particularly attractive as they have the potential to generate additional demand from outside the immediate trade area. Capitalizing on the interrelationship of water based and land based activities will require a project layout that promotes improved physical and visual connections between the lake and other areas of the subject parcels. It is conceivable that increased demand and improved physical and visual connections to the lake could further lead to and support other recreation related business opportunities such as boat, kayak and paddle board rentals; bicycle rentals; and possibly even a seasonal lake front restaurant. One idea suggested by a local developer in keeping with this theme is for the Town or school to construct one or two turf fields with lights. Turf fields are in very high demand for soccer, lacrosse, field hockey, and rugby teams from all over the region and could provide another revenue stream for the Town.

c) **Possible Uses for Subject Parcels**

Provided below are uses that could possibly be supported by the market for new development in special circumstances and under certain conditions.

- *Ancillary Small-scale Retail and Office Uses* – While market demand for general retail and office use is expected to remain extremely soft, there may be an opportunity to develop small scale retail and/or office space as part of a larger, master planned development, particularly as residential densities increase and visitor volumes grow over time. **Such development opportunity would be very specific and ancillary to the primary drivers of the larger development and would require further analysis to determine if it would be economically viable.** For example, a development that includes higher density housing and marina may see enough additional demand to support small scale retail use such as a lake front restaurant, coffee café or bicycle shop. Another example of possible small scale ancillary development involves Fletcher Allen, who has expressed a desire to possibly expand their health care facility on Blakely Road or relocate to a larger facility. This type of very specific office tenant could be identified early in the process and incorporated into a larger or master planned development. It is

important to note that this type of retail or office use would be purely ancillary and opportunistic, and therefore, should not be considered a driver for new development on the subject parcels.

With the exception of a purely residential development, a project of any significance that involves a private development partner may require direct participation and incentives from the Town to help make it economically viable. Such participation and incentives could be in the form of funding necessary infrastructure improvements, obtaining federal/state funding, or donating land at no charge. There are many examples across the state where revitalization in a community took place only when the municipality got involved to help make private investment economically feasible. The Town's leadership in this type of effort will better ensure that the final product truly serves the needs and desires of the Colchester community.

d) Next Steps

This report presents a baseline recommendation of the uses that in our opinion could be supported by current and near term market demand. More detailed analysis will be necessary to determine the feasibility of developing the subject parcels for any specific use recommended in this report. This includes identifying potential environmental and political constraints affecting the subject parcels, preparing strategies to mitigate potential environmental impacts, and determining the economic viability of potential development. Provided below are recommended next steps, many of which we understand are already being worked on or have recently been completed by the Town.

1. Wastewater Capacity – The Town should retain an engineer to determine the maximum septic capacity that can be accommodated on the subject parcels. Limitations on septic capacity could determine the ultimate density of development and types of uses to be ultimately accommodated on the subject parcels. If findings show that septic capacities are insufficient to support the type of development the Town desires on the subject parcels, the Town should reevaluate the feasibility of extending municipal sewer to the project study area.
2. Road Capacity – The Town should retain a traffic engineer to determine capacity limitations of the existing roadway network and the potential impacts on traffic congestion and safety resulting from new development on the subject parcels.
3. Environmental Constraints – The Town should retain experts to identify environmental, archeological and other regulatory constraints that may impact development potential on the subject parcels. Meeting with regulatory agencies should be done with developing strategies to mitigate potential impacts.
4. Community Center – The Town should continue studying the feasibility of a new community center, including determining if there is sufficient demand in the community

to support such a facility, identifying the uses, programs and facilities that should be included, determining the size of the building and parking requirements, determining funding options and operational requirements, and deciding whether it should be included in the conceptual master plan for the subject parcels.

5. *Develop Conceptual Master Plan* – Based on the results of the studies being conducted by the team of consultants and more detailed and comprehensive information obtained from the “next step” analyses listed above, the Town should develop a conceptual master plan for development of the subject parcels.
6. *Private Development Partners* – The Town should begin engaging potential private development partners to gauge interest, economic viability and needs of the private sector to pursue development on the subject parcels in accordance with the conceptual master plan.
7. *Financing* – The Town should explore how it can leverage its resources and access to resources to identify and begin pursuing alternative financing opportunities to help fund development on the subject parcels such as bonding, low interest loans, Community Development Block Grants, etc.

e) **Conclusion**

The project study area and subject parcels face certain challenges in attracting new commercial development. From a market perspective, there is insufficient demand in the project study area to support new retail or office development of any significance. This includes all types of retail and services including small and large scale retail, specialty retail, restaurants, and services that typically occupy office space such as financial, legal and health care. The insufficient demand can be attributed primarily to the project study area’s low population base and isolated location relative to the interstate and the region’s retail and employment centers. These same market demand challenges apply to the hotel industry. There is simply no reason a typical hotel developer would select Mallett’s Bay to locate a new hotel when nearby more strategically located sites are available that would have much stronger market opportunities.

On the bright side, there appears to be sufficient demand to support other types of development including residential and certain recreation oriented uses. There is strong demand for all types of residential development including multi-family and single family, affordable and market rate. Proximity to the lake and schools, and being within a reasonable commuting distance to shopping and employment, makes the subject parcels very attractive for residential development. There is also demand for additional boat dock and mooring space and athletic fields. Leveraging the lake views and access with demand for additional marina space and athletic facilities could create an opportunity to enhance the subject properties as a recreation destination. A community center, if found to be feasible, would seem to compliment this effort. It is conceivable that additional demand from high density residential, a new marina, additional athletic fields and a community

center could be enough, over time, to support very small scale retail or office space development. This type of small scale retail/office use, however, would be very specific and opportunistic and will require further analysis to determine if it would be economically feasible.

The ultimate development of the subject parcels will require the Town to take a lead role from creating a master plan that is supported by the community to engaging potential private development partners to possibly providing incentives that help make it a reality. With the exception of residential, any uses that may involve a private development partner (e.g., marina, turf fields, etc.) could likely require incentives from the Town to help make the development economically viable. Such incentives could include, but are not limited to, funding infrastructure improvements, obtaining federal/state grants and loans, or donating land at no charge. We also encourage the Town to look beyond the subject parcels and think about ways the project study area as a whole could be improved and made more attractive for development and investment. Improved pedestrian and bicycle connections between the subject parcels and municipal/school complex to the east and businesses and boating facilities to the west, streetscape enhancements, traffic calming, and incentives to encourage private property owners to improve their properties, could go a long way toward making this area of Colchester a true destination for residents and visitors alike.

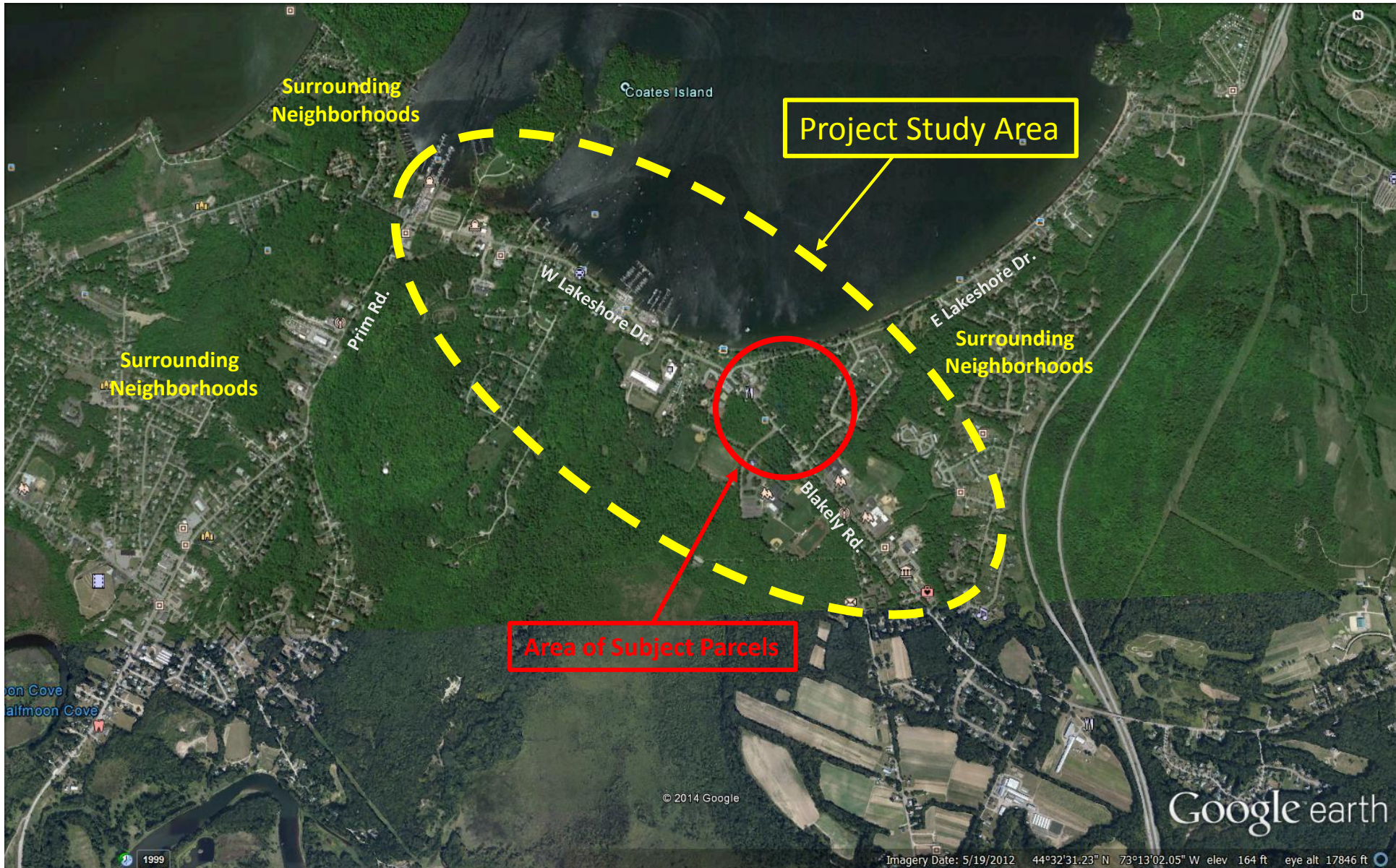
LIST OF SOURCES

Allen and Brooks Report December 2013
New England Real Estate Journal, March 7-13, 2014 – article “Commercial Market Continues to Flourish in Chittenden County, Vermont”.
State of Vermont Department of Taxes – Meals and Rooms Statistics Report 2009-2013
State of Vermont Department of Taxes – Sales and Use Statistics Report 2009-2013
U.S. Census Bureau, Census 2010
Town of Colchester 2014 Town Plan
Colchester Heritage Project Community Strategic Plan 2012-2022
Colchester, Vermont Economic Development Action Plan – June, 2013
CCMPO Traffic Count Data 2005-2010
West Lakeshore Drive Conceptual Development Plan – April, 2008
Blakely Road/Laker Lane Intersection Scoping Study – October 13, 2012
West Lakeshore Drive/Prim Road Intersection Scoping Study – October 30, 2012
West Lakeshore Drive Shared Use Path Scoping Study – December 20, 2012
Route 127 Corridor Study Final Report – October 23, 1998
Act 250 Land Use Permit dated 9/2/08 for Colchester School District to construct athletic fields
Act 250 Land Use Permit dated 5/14/14 for Rivers Edge Building Development, LLC to construct a 22 unit PRD

Interviews with:

- Residential, retail, office, and hotel developers in the Chittenden County area
- Hotel industry experts
- Commercial real estate brokers
- Shopping center owners in Chittenden County
- Office building owners in Chittenden County
- Marina owners and operators in Chittenden County and the project study area
- Owners of commercial property in the project study area
- Business owners in the project study area
- Town Staff – Departments of Economic Development, Planning & Zoning, Public Works, Parks & Recreation, and Fire District #2

Malletts Bay Redevelopment Project Study Area





MEMORANDUM

To: Kathi Walker O'Reilly, Director of Economic Development

From: White + Burke Real Estate Investment Advisors, Inc.

Date: June 19, 2014

Re: Malletts Bay Redevelopment Market Assessment – Supplemental Information

This memorandum supplements the Malletts Bay Redevelopment Market Assessment dated May 22, 2014 (the “Market Assessment Report”) prepared by White + Burke Real Estate Investment Advisors, Inc. While our findings in the Market Assessment Report indicate there is limited demand to support commercial development in the project study area for the foreseeable future, the Town has expressed interest in seeing this area become more of a center of the community with an identity and vibrant mix of uses that attracts visitors from throughout the Town, region and beyond. Considering the current market challenges facing the project study area, realizing such a vision will require a long term commitment from everyone in the community, including Town officials, residents and local business owners. It will likely require bold initiatives which necessitate significant support and investment by the municipality. Community development typically involves identifying and building upon the strengths of a community over a long period of time to eventually create a place where people want to be and businesses are willing to invest.

Provided below is a list of ideas the Town could consider undertaking in support of a longer term community development plan for the project study area and subject parcels. These ideas largely build upon the strengths identified in the Market Assessment Report and include initiatives relating specifically to the subject parcels as well as to the project study area as a whole. This list should not be considered complete, as undoubtedly there are other good ideas that will be thought of and proposed by the community over the coming years. Community development typically takes many years, if not decades, to accomplish. As such, it is impossible to predict at this time the impact such initiatives will have in terms of attracting private investment in the project study area, and each will need to be thoroughly analyzed on its own merits before significant resources are expended.

Due Diligence on Subject Parcels

- **Conduct thorough due diligence** - thoroughly determine environmental and regulatory constraints that may impact development potential. This should include, at least,

preliminary archaeological site evaluations and delineation of any rare, threatened or endangered species and sand plain communities by private consultants engaged by the Town with the objective being to determine what areas will need to be protected and what areas may be developable after appropriate mitigation is undertaken;

- **Develop mitigation plans** - work with local and state agencies to prepare on-site and off-site mitigation plans that satisfy regulatory requirements AND allow for maximum development on the subject parcels in a manner that promotes an active and vibrant community center;
- **Evaluate zoning regulations** - review and amend as necessary zoning regulations to ensure an appropriate mix of uses are allowed and at sufficient densities to promote a vibrant center and encourage private development.

Lake Oriented Uses

- **Add marina** - add marina at Bayside Park or along Hazelett-Bayside property frontage with transient docks and boathouse;
- **Improve connections** - improve visual and physical connections between lake and land to encourage boaters to walk to and visit area businesses;
- **Acquire beach rights** - acquire beach rights between Bayside Park and Hazelett-Bayside property and beyond to secure larger area of public beach access and promote beach as a walking and swimming destination for the region;
- **Explore lakefront restaurant** - in combination with a marina and boathouse, explore feasibility of a seasonal lakefront restaurant;
- **Explore water sport rentals** - explore rentals of fishing boats, sailboats, kayaks, canoes, paddle boards and fishing gear.

Land Oriented Recreation Uses

- **Continue study of a community center** – evaluate demand, desired programs and feasibility of constructing and operating a community center on the subject parcels;
- **Consider indoor ice rink** - consider inclusion of an indoor ice rink in the community center to attract winter visitors and tourists;
- **Investigate mountain bike and cross country ski center** - explore formal mountain bike/cross country ski trail system on school lands or Hazelett-Bayside parcel with bike and ski equipment rental facility and warming hut, and explore potential to market these facilities regionally similar to the Kingdom Trails network;
- **Explore turf fields** – consider and evaluate construction of turf fields with lights to attract regional visitors and generate additional municipal revenue;
- **Coordinate recreational opportunities** - explore increased recreational activities with schools, park and swimming.

Improve Attractiveness of the Project Study Area

- **Implement streetscape improvements** – design and construct attractive streetscape improvements along West Lakeshore Drive including landscaping, lighting, sidewalks along both sides of street, and pocket parks overlooking the bay;
- **Construct multipurpose bicycle path** – construct path along the West Lakeshore Drive corridor to allow safe bicycle connections between project study area, nearby

neighborhoods, and the regional bike path system connecting Colchester to Burlington, the causeway and South Hero;

- **Create property improvement incentive program** – develop program to encourage property owners to improve appearance of their properties, renovate building facades and screen boat storage yards, such as through establishment of a fund that pays a portion of the cost for such improvements;
- **Redevelop motel property** - work with Hazelett Strip Casting to renovate or redevelop the “blue” motel property.

Long Term Infrastructure Needs in Project Study Area

- **Prepare transportation improvement plan** – prepare plan for West Lakeshore Drive that balances the need to efficiently accommodate increased densities and traffic with the need to promote traffic calming, a comfortable walking environment and safe pedestrian crossings;
- **Prepare long term wastewater disposal plan** - evaluate and prepare plan to accommodate higher densities of development and large water users. Evaluate feasibility of accommodating long term development plan with properly placed and sized community septic systems, perhaps located behind the school properties, the Hazelett Strip Casting facility or other strategic locations in the project study area. Alternatively, consider extending municipal sewer to the area.

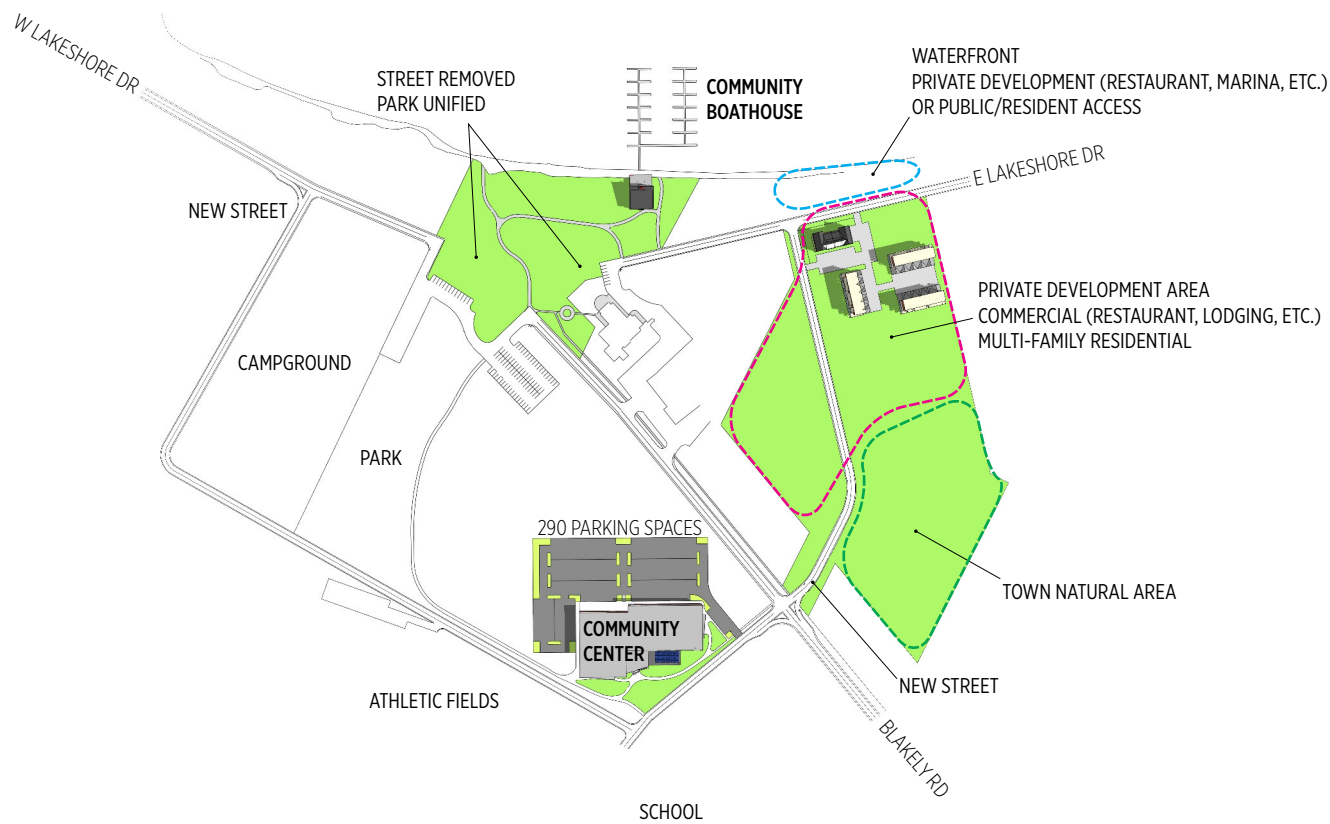
Property Acquisition

- **Pursue property acquisition** – acquire key parcels to create a larger, uninterrupted parcel of Town-controlled land that takes full advantage of lake views and access. These include several parcels that currently separate the Hazelett-Bayside parcel from Bayside park;
- **Investigate relocation of East Lakeshore Drive** – consider relocation to intersect with Blakely Road across from Laker lane to increase the amount of uninterrupted land fronting Malletts Bay.

Funding

- **Investigate grants and loans** – explore use of Community Development Block Grants and low interest loans to help fund private development projects on a case by case basis;
- **Explore new TIF District** - work with local legislators to explore legislation to allow a new TIF District at Malletts Bay;
- **Consider bond vote** - for capital needed for redevelopment in project study area;
- **Consider Local Option Tax** - to help pay for redevelopment in project study area.

BAYSIDE CONCEPTUAL PLAN
OPPORTUNITIES WITH MUNICIPAL SEWER



BAYSIDE CONCEPTUAL PLAN
OPPORTUNITIES WITHOUT MUNICIPAL SEWER

