

## Appendix

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**Appendix A**

**Raton Downtown Survey Matrix**

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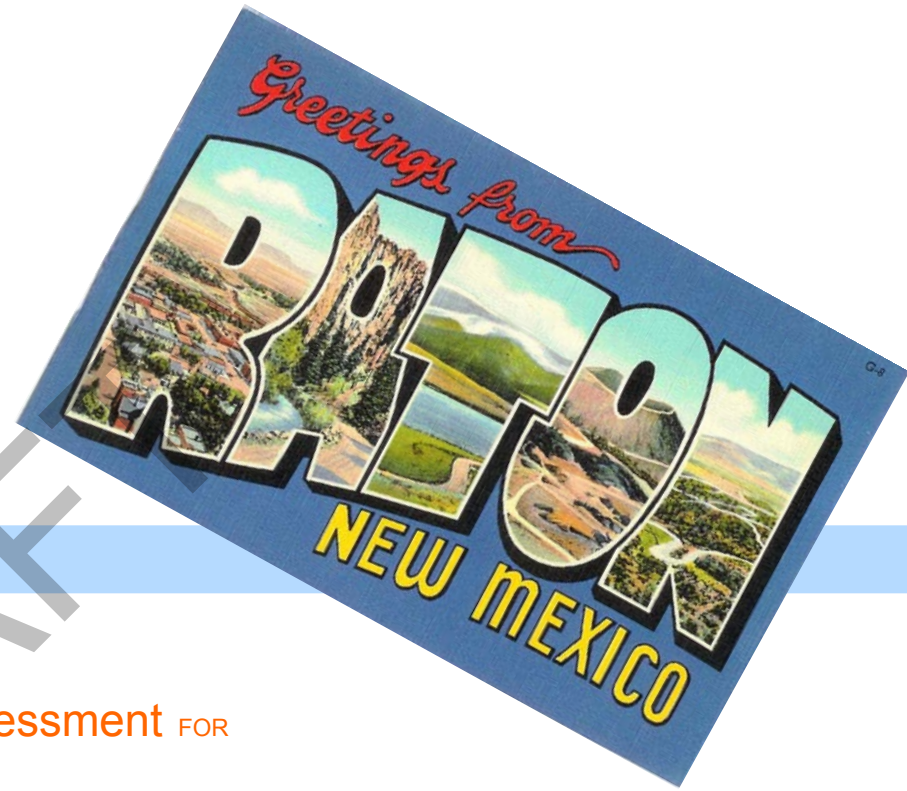




## Appendix B

### Market Assessment

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Preliminary Market Assessment FOR  
Main Street Raton  
Raton, NM

Prepared for:  
City of Raton  
Raton, NM

Prepared by:

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# Market Assessment

- Study Area / Trade Area Definition
- Demographic / Economic / Psychographic Profile
- Residential Market
- Retail Market
- Lodging Market
- Site Analysis
- Key Existing Opportunity Segments
- Potential Impact of a Raton Racino on Downtown
- Conclusions, Strategies



## Study Area Identification

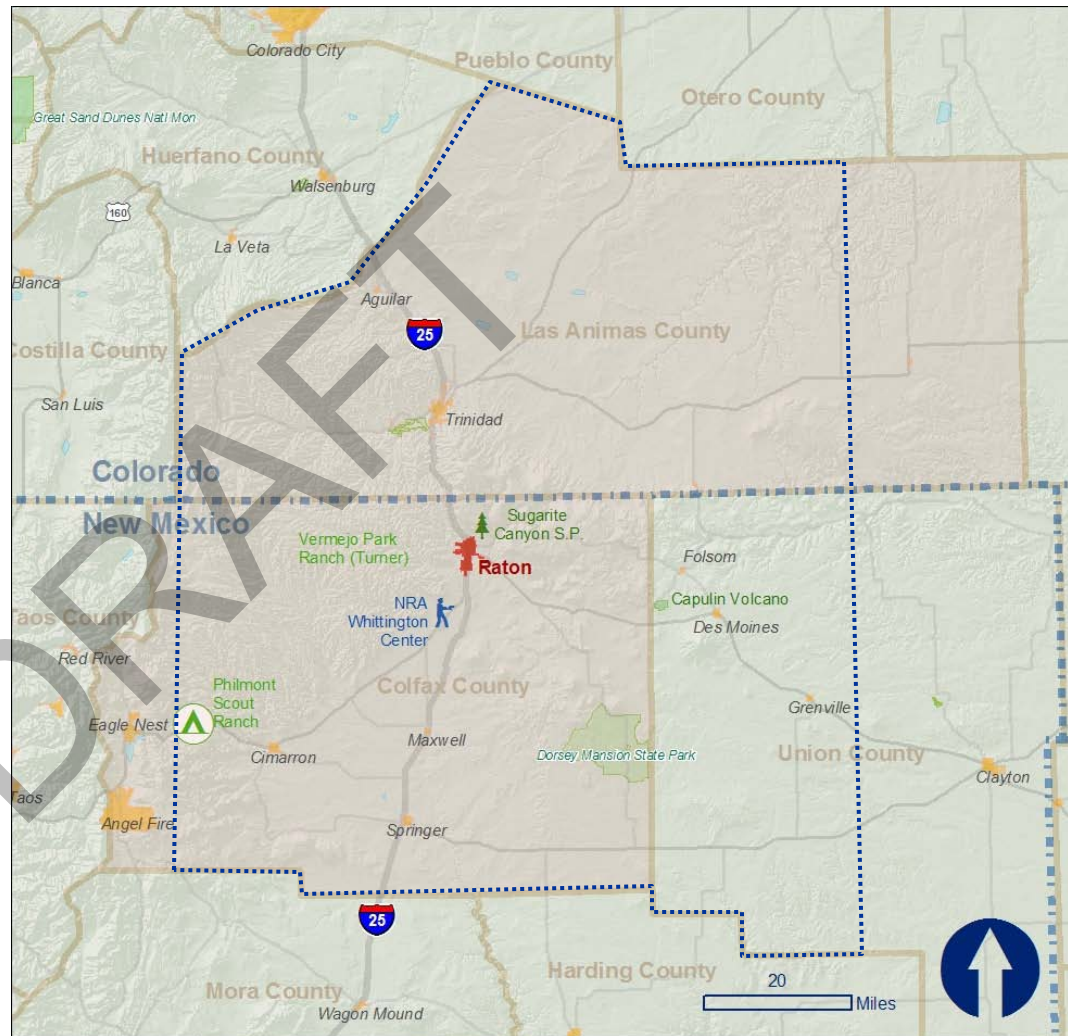
The study area for the Main Street Raton master-plan effort encompasses a substantial portion of historic downtown Raton, NM. The exact study area boundaries run approximately from **Legion Park on the south to Francis St. on the north, and from 6<sup>th</sup> St. on the west to the railroad on the east.** (shown in map form in a later section)

## Trade Area Identification

A trade area is intended to encompass the majority of sources of demand (esp. in the case of retail) as well as the primary competitive set for residential and other land uses contemplated for the study area. The nearest major markets of Albuquerque, NM and Pueblo, CO, along with natural barriers and highway corridors help to define what is likely an irregularly shaped market draw. For purposes of data availability and simplicity of communication, this analysis assumes that **Colfax County, NM and Las Animas County, CO together comprise a close approximation of the regional trade area.**

Because of its interstate location and the proximity of major travel attractions (discussed later), some of the market for Main Street Raton's offerings (prospective retail customers and home-buyers) may reside well outside this area.

Figure 1  
Raton and Trade Area Boundary



## Population Geography

Raton itself makes up just under one-quarter of the trade area population while the City of Trinidad accounts for 32%. Since 2000, Raton's households have declined slightly, while trade area households have grown at an annual pace of between 0.4% and 0.9% (according to Claritas Inc. and state sources, respectively).

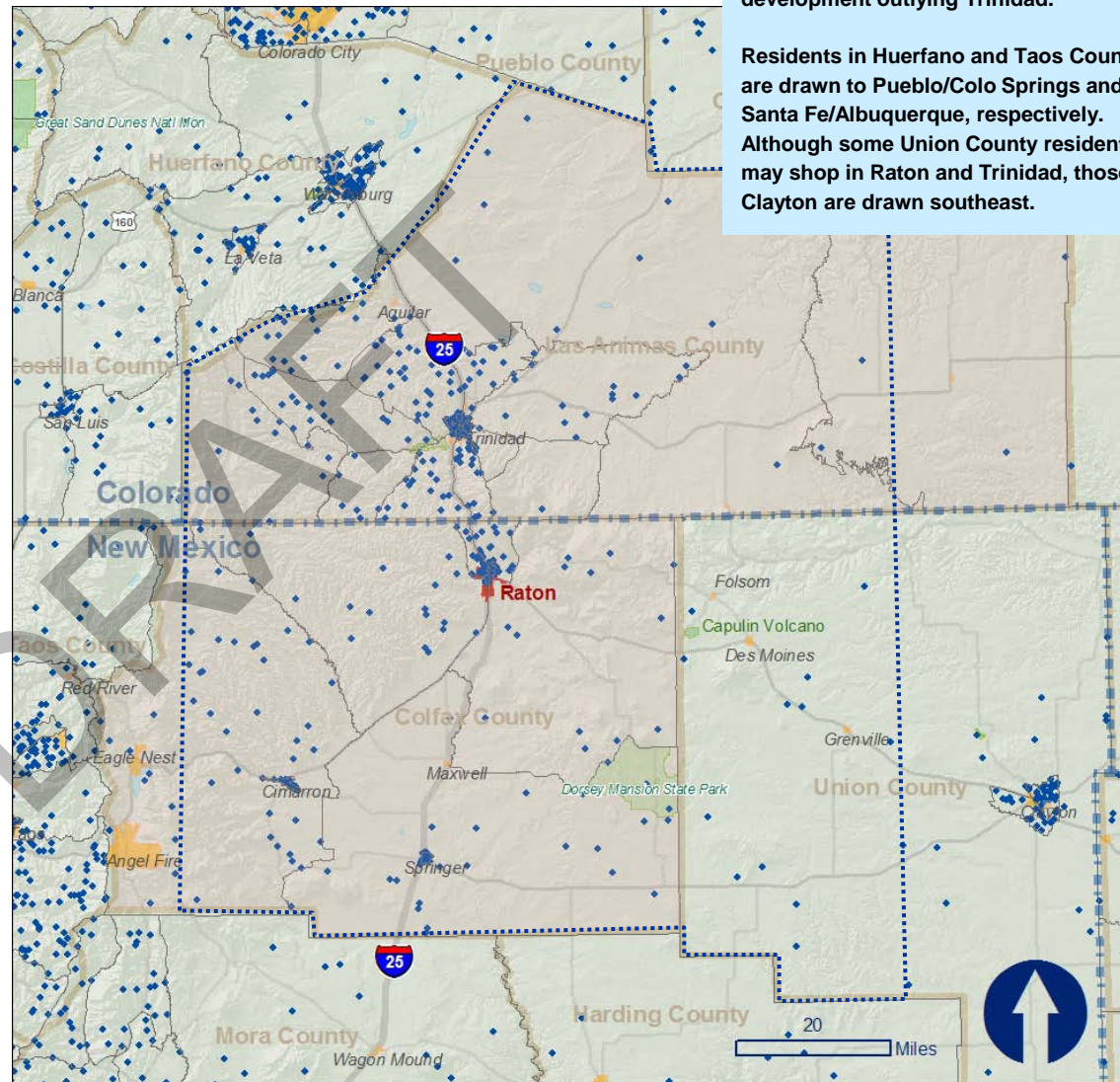
Table 1  
Population and Household Growth

|                   | Raton | Trade Area |
|-------------------|-------|------------|
| <b>Population</b> |       |            |
| 2000 Census       | 7,282 | 29,396     |
| 2007 est.         | 6,872 | 29,449     |
| 2000-2007 CAGR*   | -0.8% | 0.0%       |
| <b>Households</b> |       |            |
| 2000 Census       | 3,035 | 11,994     |
| 2007 est.         | 2,957 | 12,302     |
| 2000-2007 CAGR*   | -0.4% | 0.4%       |

\*CAGR = Compound Annual Growth Rate

Note: Claritas estimates (shown) reflect slower growth than estimates from state sources

Figure 2  
Population Density



Significant population density in the trade area is limited to Raton itself, along with Trinidad and unincorporated ranchette development outlying Trinidad.

Residents in Huerfano and Taos Counties are drawn to Pueblo/Colo Springs and Santa Fe/Albuquerque, respectively. Although some Union County residents may shop in Raton and Trinidad, those in Clayton are drawn southeast.

Sources: U.S. Census, Claritas Inc., and Leland Consulting Group



**Raton Growth: City Limits versus Service Area**

Data from the City of Raton Water Department suggests that the City of Raton and its outlying rural service area are both growing somewhat faster than Census-based figures would suggest. The outlying area is growing more rapidly than the City itself – consistent with local perceptions.

Table 1a  
Raton Household Growth: Water Tap Data

|                         | City Limits | Rural Service Area | Total Service Area |
|-------------------------|-------------|--------------------|--------------------|
| <b>Residential Taps</b> |             |                    |                    |
| 2000                    | 2,734       | 295                | 3,029              |
| 2008                    | 2,762       | 338                | 3,100              |
| 2000-2008 CAGR*         | 0.13%       | 1.72%              | 0.29%              |

Water tap data suggest that growth within Raton’s rural service area (but outside the city limits) is more than 13 times the rate of City growth.

This household growth is still small in terms of absolute numbers – with some 50 net new households added to the rural service area since 2000, versus just 28 net new taps added in the City.

**As part of its implementation strategy piece, Leland Consulting Group will investigate the fiscal impact of changing the City’s policy towards annexation of outlying areas.**

\*CAGR = Compound Annual Growth Rate

Note: Claritas estimates (shown) reflect slower growth than estimates from state sources

Sources: City of Raton Water Dept.; Leland Consulting Group



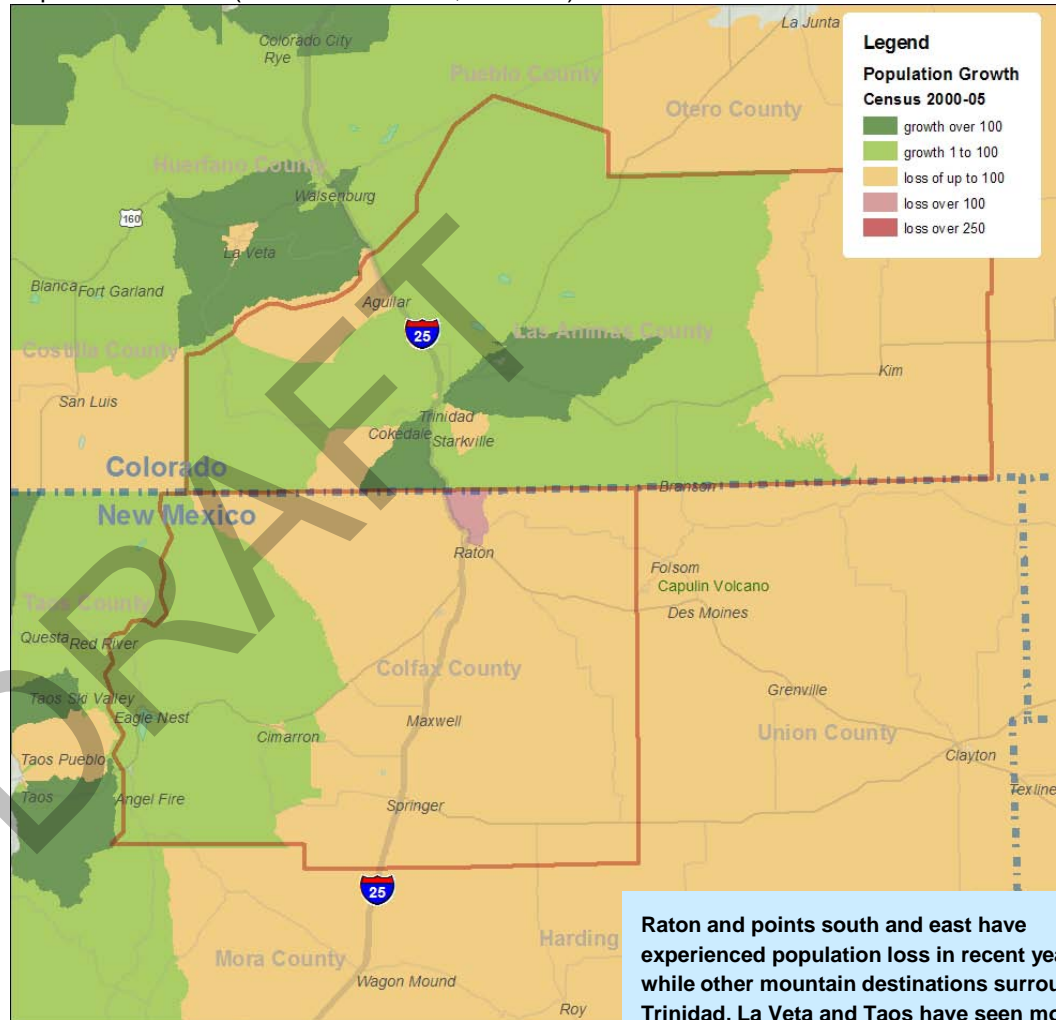
**Population and Household Growth**

To arrive at household growth projections (the primary basis for residential and retail forecasting models) this analysis uses county-level projections produced by the University of New Mexico and Colorado’s Division of Local Affairs. The population growth rates projected for 2005 through 2015 is used to approximate household growth rates over the next ten years. Over that period, Las Animas County is projected to grow by 1.9% annually versus 0.6% annually for Colfax County, for a combined rate of 1.3% per year. Claritas Inc., an independent census-based demographics firm, projects a lower, 0.3% annual combined rate for the trade area. Because recent building permit trends appear more consistent with the lower estimate, we use a **blended rate of 0.8% annual trade area household growth**.

Table 2  
Projected Household Growth

|  | Trade Area |
|--|------------|
| <b>Households</b>  |            |
| 2007   | 13,302     |
| 2017 proj.   | 13,322     |
| CAGR (Compound Annual Growth Rate)   | 0.8%       |
| *Note: Current year estimates and growth rates are a blend of Claritas and state-sourced rates with LCG adjustments) |            |

Figure 3  
Population Growth (Census estimated, 2000-05)



Raton and points south and east have experienced population loss in recent years, while other mountain destinations surrounding Trinidad, La Veta and Taos have seen modest population (as well as non-resident homeowner) growth.

Sources: UNM; Colorado Division of Local Affairs; U.S. Census, Claritas Inc.; and Leland Consulting Group



### Age Demographics - Seniors

Senior population concentrations can be found in parts of Raton, Trinidad, Clayton and the La Veta/Walsenburg area, as well as some rural expanses south and east.

Consistent with national (Baby Boomer) trends, trade area senior populations are growing while younger age groups are generally in population decline (with the interesting exception of ages 25-34). As discussed later in this report, Raton should be able to capitalize on its nearby recreational opportunities to attract not only retirees, but also younger adults drawn to outdoor leisure (but open to more urban-feeling downtown settings).

Figure 5  
Growth Rates by Age (Trade Area)

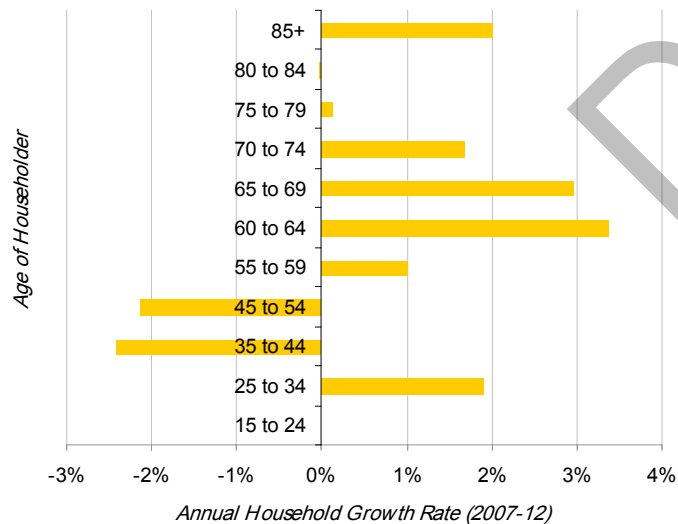
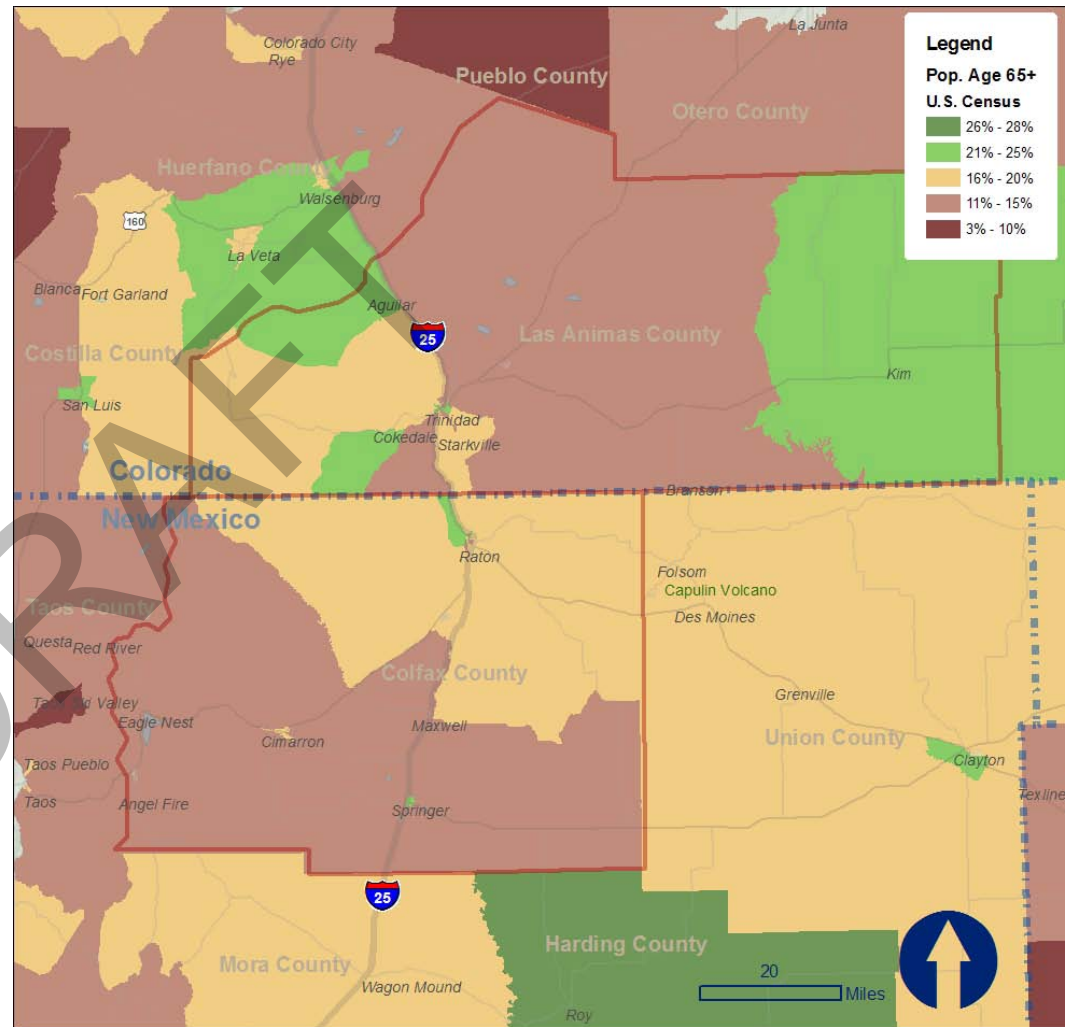


Figure 4  
Senior Population Distribution



Sources: U.S. Census, Claritas Inc.; and Leland Consulting Group



**Age Demographics - continued**

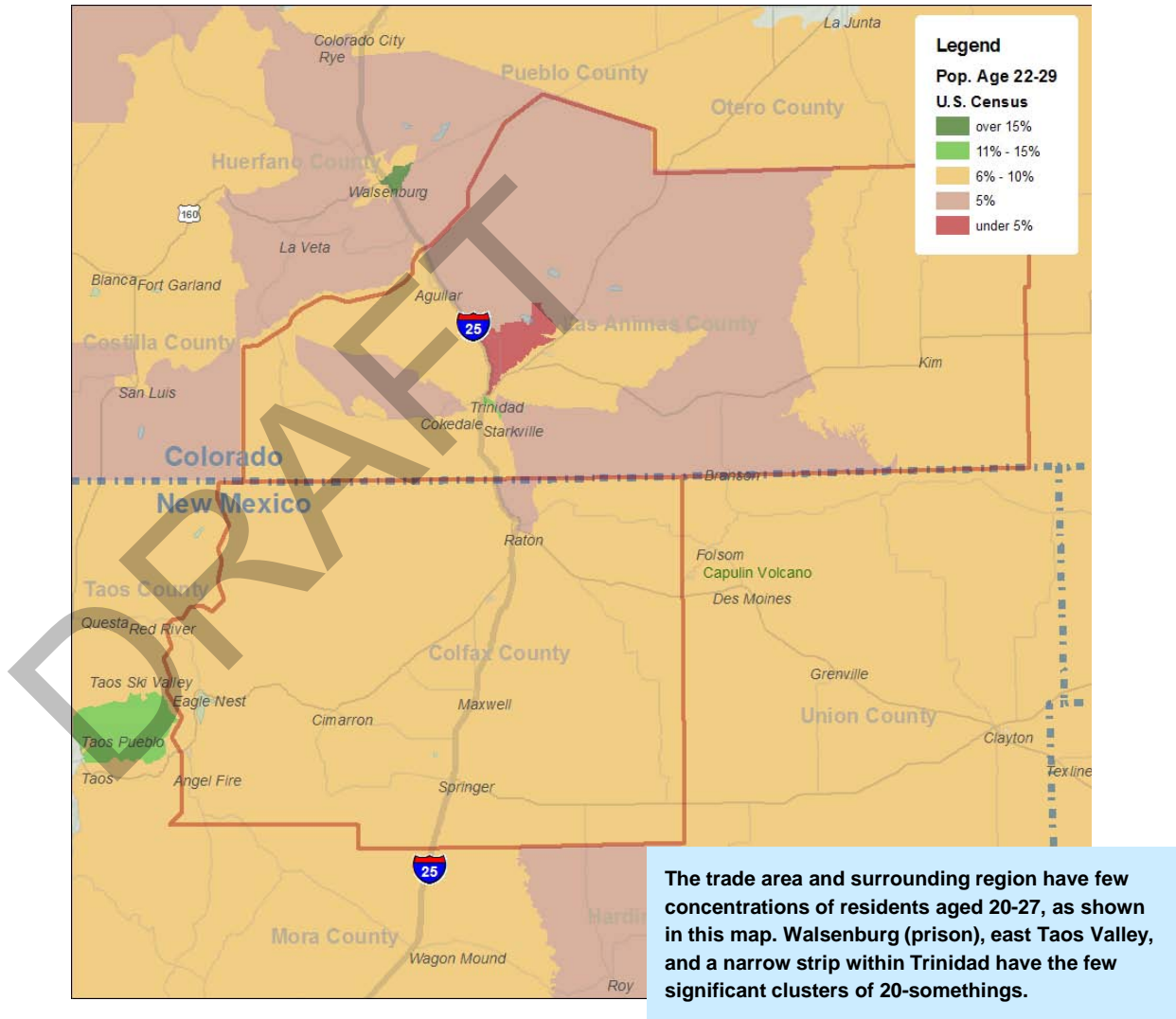
The trade area is home to concentrated pockets of 20-something adults, especially in the neighborhoods nearest to the southwest boundaries of Region International Airport.

While the Raton area skews slightly high on residents below age 17, they skew slightly low for those aged 25-34. The trade area overall is quite similar to the northern New Mexico in terms of its age profile.

Table 3  
Population Age Distribution (2007)

|           | Raton | Trade Area |
|-----------|-------|------------|
| 0-17      | 23%   | 22%        |
| 18-24     | 8%    | 9%         |
| 25-34     | 10%   | 10%        |
| 35-44     | 12%   | 12%        |
| 45-54     | 15%   | 15%        |
| 55-64     | 13%   | 14%        |
| 65 and up | 19%   | 18%        |
| total     | 100%  | 100%       |

Figure 6  
Population Aged 22-29



Sources: U.S. Census, Claritas Inc.; and Leland Consulting Group



**Household Characteristics**

Household sizes in the City of Raton are just slightly smaller than in the trade area overall, and significantly smaller than the national average, with 2.28 people per household. Raton also has a slightly higher percentage of renter households and households defined as “non-family” versus the trade area overall. As shown in the map, parts of Trinidad, Raton, Taos and Walsenburg / La Veta all have pockets of smaller-sized households versus outlying unincorporated areas.

Figure 7  
Average Household Size

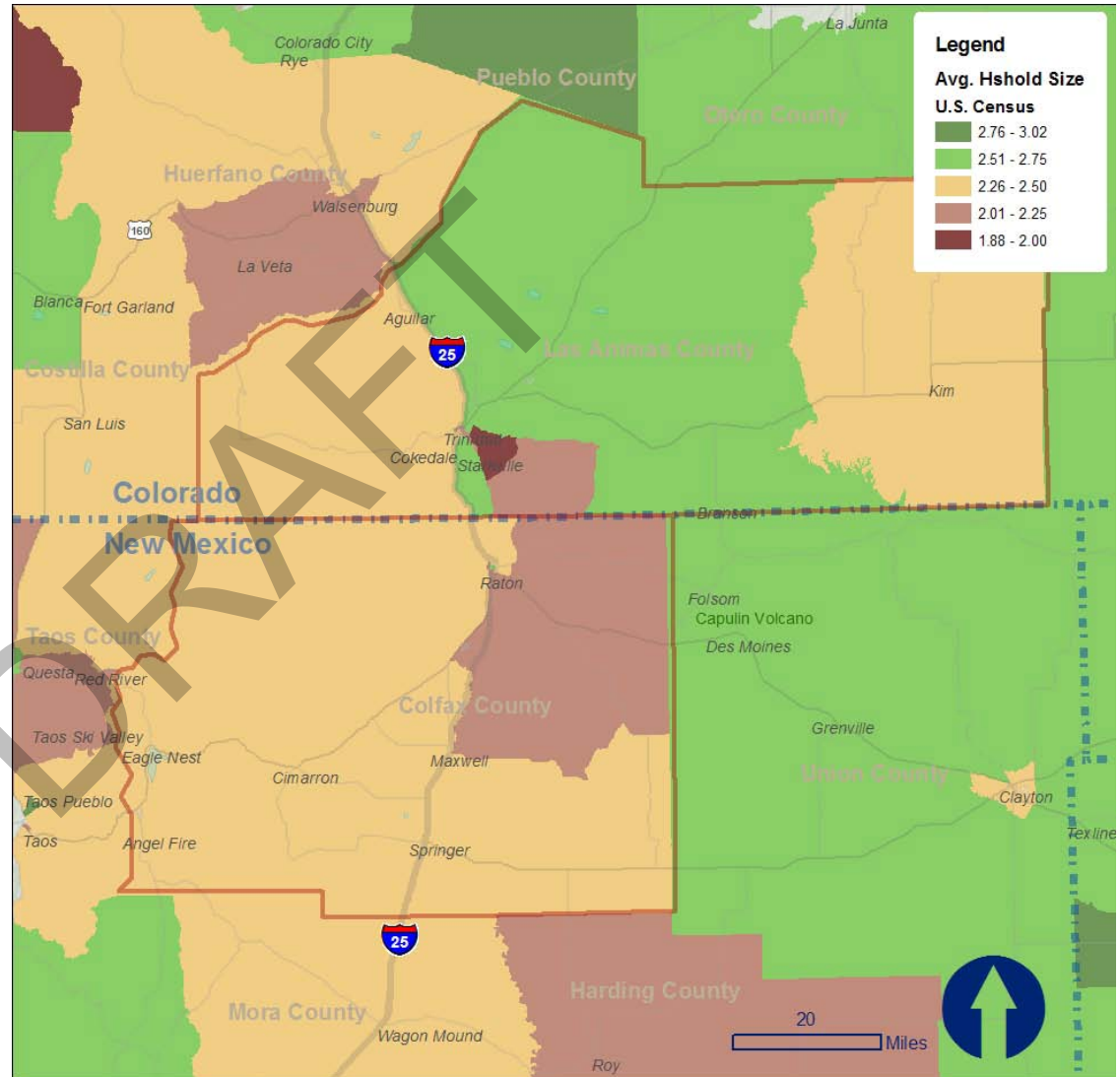


Table 4  
Select Household Characteristics (2007 estimates)

|                   | Raton | Trade Area | U.S. |
|-------------------|-------|------------|------|
| Avg. Hsehold Size | 2.28  | 2.33       | 2.58 |
| Pct. “Non-family” | 35%   | 33%        | 32%  |
| Pct. Renters      | 31%   | 28%        | 33%  |

Sources: U.S. Census, Claritas Inc.; and Leland Consulting Group



### Ethnicity

Like much of New Mexico and southern Colorado, the trade area has a strong Hispanic culture. Unlike much of the rest of the country, this ethnic group is composed largely of multi-generational Spanish and/or Native American- descended families as opposed to recent immigrants from Mexico and Central America. Almost 60% of Raton residents consider themselves of Hispanic decent, versus 44% across the trade area as a whole. (Just 2% of Raton residents are foreign-born, however, and half of those are naturalized citizens).

This heritage has blended over the years with western ranching and mining cultures (and, in fact a wide variety of other ethnicities of mining-related immigrants in Raton, specifically). Together, this diverse mix lends a unique cultural tapestry to Raton that could perhaps be celebrated more than it is in the cuisine and shopping offerings downtown.

Table 5  
Race & Ethnicity (2007 est.)\*

|                        | Raton | Trade Area | U.S. |
|------------------------|-------|------------|------|
| White                  | 76%   | 82%        | 74%  |
| Pct. Hispanic/ Latino  | 59%   | 44%        | 15%  |
| Pct. Black/ Afr. Amer. | 0%    | 1%         | 12%  |
| Pct. Asian             | 1%    | 0%         | 4%   |
| Other or Multi-Race    | 21%   | 15%        | 9%   |

\*Note that categories are not additive because Hispanic origin is considered separately from race in the Census



**Income Demographics**

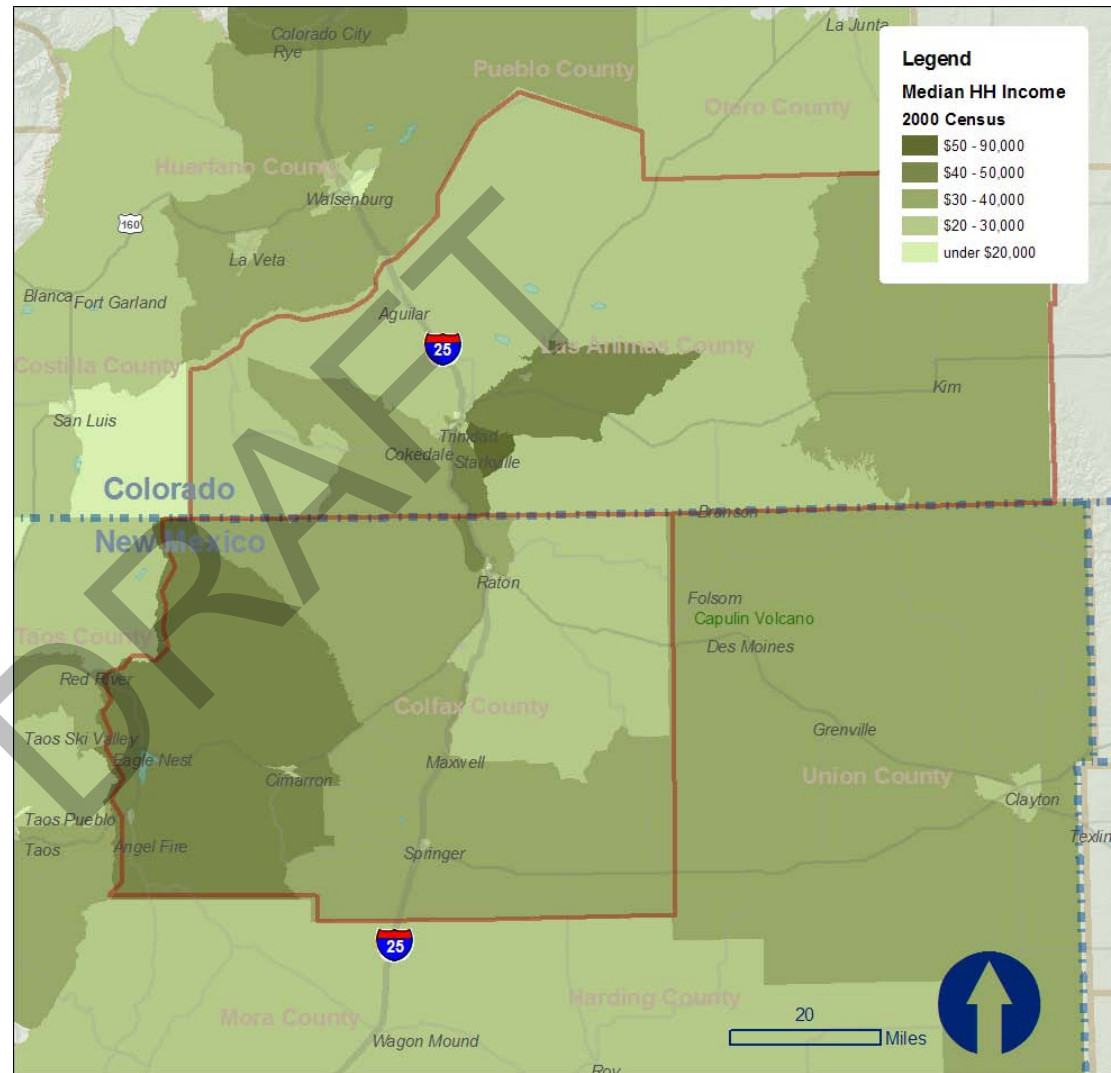
Regional pockets of affluence can be found east of Taos, west of Raton, and in the census areas surrounding Trinidad, as well as into Pueblo County.

Both the trade area and the immediate Raton vicinity are less affluent than the US as a whole. Although resident incomes are lower, many quite affluent people are known to be property owners, part-time residents, and visitors to the area.

Table 6  
Household Income Characteristics (2007 est.)

|                         | Raton      | Trade Area | U.S.            |
|-------------------------|------------|------------|-----------------|
| Median HH Income        | \$31,479   | \$35,902   | <b>\$49,314</b> |
| Average HH Income       | \$39,209   | \$47,657   | <b>\$66,670</b> |
| Pct. Earning < \$35,000 | <b>56%</b> | <b>49%</b> | 35%             |
| Pct. Earning \$100,000+ | 4%         | 8%         | <b>18%</b>      |

Figure 8  
Household Incomes (2000 Census)



Sources: U.S. Census, Claritas Inc.; and Leland Consulting Group



**Economic Indicators**

Raton’s longstanding economic generator, mining, is no longer active (except for some gas extraction activity in existing coal beds). The economy still includes agricultural activity but relies most heavily on the service sector, including area lodging, dining and service stations, along with healthcare, local/state government and financial and business services. Some manufacturing jobs, including metal-related fabrication, are important to the economy as well.

Sources: Colorado LMI; UNM; U.S. Census, Claritas Inc.; and Leland Consulting Group

As discussed in the 2006 UNM study of Main Street Raton’s economy, downtown has suffered a substantial decline in lodging and other tourist related service employment in the past two decades – mostly as a result of relocations to I-25 (both elsewhere in Raton and to Trinidad). While a list of area retailers shows a great deal of diversity, spending (and overall square footage) is disproportionately concentrated in the Trinidad Wal-Mart Supercenter. Financial and business service employment remains relatively strong downtown, though, and a steady influx of retirees to the region brings additional economic growth potential.

Miners Colfax Medical Center, though it has moved from the perimeter of the study area to a new location south of downtown, provides employment in the important healthcare sector in an updated facility. The hospital still struggles, though, with recruitment/retention of medical professionals. While a change to incentive package rules may help that situation, an improved Raton economy and revitalized downtown would address the more important quality-of-life component of the problem.

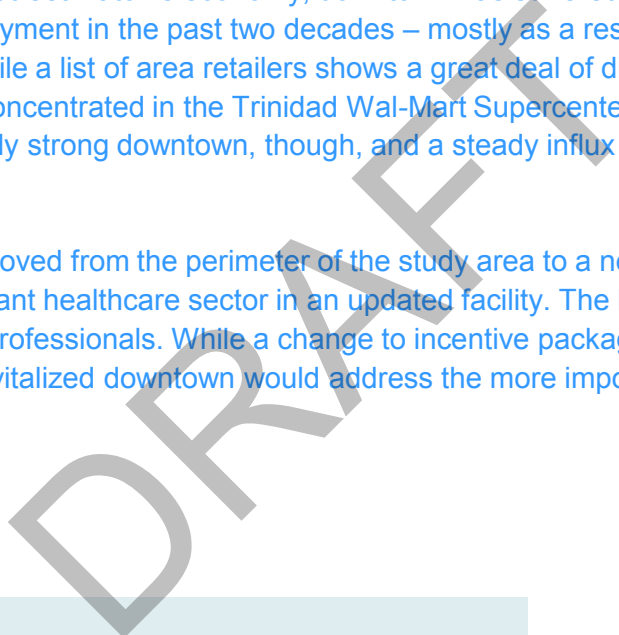


Table 7  
Economic & Employment Indicators

|  | Colfax County | Las Animas County | New Mexico | Colorado |
|--|---------------|-------------------|------------|----------|
| Est. Unemployment Rate (Feb 08)            | 3.3%          | 4.4%              | 3.5%       | 4.7%     |
| 2004-14 Annual Job Growth Rate (projected) | n/a           | n/a               | 1.6%       | 2.7%     |
| Average Weekly Wage (2007)                 | \$518         | \$596             | \$686      | \$877    |



Table 8  
Top Trade Area Psychographic/Lifestyle Segments

| Rank | Segment             | Trade Area Households | Comparison to U.S. (100 = expected) |
|------|---------------------|-----------------------|-------------------------------------|
| 1    | Simple Pleasures    | 2,857                 | 1,001                               |
| 2    | Golden Ponds        | 1,410                 | 721                                 |
| 3    | Old Milltowns       | 1,345                 | 731                                 |
| 4    | Young and Rustic    | 1,127                 | 456                                 |
| 5    | Back Country Folks  | 848                   | 298                                 |
| 6    | Traditional Times   | 588                   | 167                                 |
|      |                     |                       |                                     |
| 15   | Fast-Track Families | 211                   | 98                                  |

**Generally Speaking, residents within the cities of Raton and Trinidad are less rural in their lifestyles and include more affluent segments than county residents.**

**Again, visitors and second homeowners also will tend to be more affluent and more urban in their consumer preferences**

**Psychographics** is a term to describe characteristics of people and neighborhoods which, instead of being purely demographic, measure their attitudes, interests, opinions and lifestyles. **PRIZM** is a segmentation method used by Claritas, Inc. for characterizing neighborhoods and local workforce into one of 65 distinct market segments..

Commercial retail developers are interested in understanding a community’s psychographic profile, as this is an indication of its resident’s propensity to spend across select retail categories. Residential developers are also interested in understanding this profile as it tends to suggest preferences for certain housing products.

Trade Area residents tend towards older and generally less affluent groups, valuing tradition, civic price, and outdoor-oriented leisure pursuits. (more complete profiles on the following pages).

As with many towns where the focus has turned from an industry/mining economy to more of a visitor-oriented economy, the visitors are often from quite different lifestyles than the residents.

While data is not available for visitors, their profiles are likely to include psychographic segments that are more affluent and/or more urban than Raton’s own segments – a challenge when balancing tourist’s tastes with hometown values.

Source: Claritas, Inc. and Leland Consulting Group



## PRIZM Segment Profiles

**Simple Pleasures** With more than two-thirds of its residents over 65 years old, Simple Pleasures is mostly a retirement lifestyle: a neighborhood of lower-middle-class singles and couples living in modestly priced homes. Many are high school-educated seniors who held blue-collar jobs before their retirement. And a disproportionate number served in the military, so no segment has more residents who are members of veterans clubs.

### Lifestyle Traits

- Belong to a veteran's club
- Watch US Senior Open (golf) on TV
- Jeopardy! TV
- Wheel of Fortune TV
- Ford Crown Victoria



### Demographic Traits

|                         |                           |
|-------------------------|---------------------------|
| Ethnic Diversity        | Mostly White (nationally) |
| Presence of Kids        | Mostly w/o kids           |
| Age Ranges              | 65+                       |
| Education Levels        | High School Grad          |
| Employment Levels       | Mostly Retired            |
| Homeownership           | Mostly Owners             |
| Urbanicity              | Town/Rural                |
| Income                  | Lower-Mid                 |
| Income-Producing Assets | Above Average             |

**Golden Ponds** Golden Ponds is mostly a retirement lifestyle, dominated by downscale singles and couples over 65 years old. Found in small bucolic towns around the country, these high school-educated seniors live in small apartments on less than \$32,000 a year; one in five resides in a nursing home. For these elderly residents, daily life is often a succession of sedentary activities such as reading, watching TV, playing bingo, and doing craft projects.

### Lifestyle Traits

- Eat at casual/buffet restaurant
- Belong to a veteran's club
- Saturday Evening Post
- The price is Right TV
- Mercury Grand Marquis



### Demographic Traits

|                         |                           |
|-------------------------|---------------------------|
| Ethnic Diversity        | Mostly White (nationally) |
| Presence of Kids        | Mostly w/o kids           |
| Age Ranges              | Age 65+                   |
| Education Levels        | Some High School          |
| Employment Levels       | Mostly Retired            |
| Homeownership           | Mostly Owners             |
| Urbanicity              | Town/Rural                |
| Income                  | Downscale                 |
| Income-Producing Assets | Below Average             |



**PRIZM Segment Profiles**

Source: Claritas, Inc. and Leland Consulting Group

**Old Milltowns** America's once-thriving mining and manufacturing towns have aged--as have the residents in Old Milltowns communities. Today, the majority of residents are retired singles and couples, living on downscale incomes in pre-1960 homes and apartments. For leisure, they enjoy gardening, sewing, socializing at veterans clubs, or eating out at casual restaurants.

**Lifestyle Traits**

- Watch soap operas
- Eat at casual/buffet restaurant
- Hallmark channel
- CBS Evening News TV
- Chevy Cobalt



**Demographic Traits**

|                         |                  |
|-------------------------|------------------|
| Ethnic Diversity        | White, Other Mix |
| Presence of Kids        | Mostly w/o kids  |
| Age Ranges              | 65+              |
| Education Levels        | Some High School |
| Employment Levels       | Mostly Retired   |
| Homeownership           | Mostly Owners    |
| Urbanicity              | Town             |
| Income                  | Downscale        |
| Income-Producing Assets | Below Avg.       |

**Young & Rustic** Young & Rustic is composed of middle age, restless singles. These folks tend to be lower-middle-income, high school-educated, and live in tiny apartments in the nation's exurban towns. With their service industry jobs and modest incomes, these folks still try to fashion fast-paced lifestyles centered on sports, cars, and dating.

**Lifestyle Traits**

- Go to auto races
- Drew Carey Show re-runs
- King of the Hill re-runs
- WWE Wrestling TV
- Dodge Neon



**Demographic Traits**

|                         |                                 |
|-------------------------|---------------------------------|
| Ethnic Diversity        | White, Other Mix                |
| Presence of Kids        | HHs without kids                |
| Age Ranges              | Age <55                         |
| Education Levels        | High School Grad                |
| Employment Levels       | Service Jobs, some White Collar |
| Homeownership           | Renters                         |
| Urbanicity              | Town/Rural                      |
| Income                  | Lower-Mid                       |
| Income-Producing Assets | Low                             |



## PRIZM Segment Profiles

Source: Claritas, Inc. and Leland Consulting Group

**Traditional Times** Traditional Times is the kind of lifestyle where small-town couples nearing retirement are beginning to enjoy their first empty-nest years. Typically in their fifties and sixties, these upper-middle-class Americans pursue a kind of granola-and-grits lifestyle. On their coffee tables are magazines with titles ranging from Country Living and Country Home to Gourmet and Forbes. But they're big travelers, especially in recreational vehicles and campers.

### Lifestyle Traits

- Domestic travel by motor home
- Eat at Bob Evans
- Golf tournaments on TV
- Triple Crown on TV
- Buick LaCrosse



### Demographic Traits

|                         |                   |
|-------------------------|-------------------|
| Ethnic Diversity        | Mostly White      |
| Presence of Kids        | HHs without kids  |
| Age Ranges              | Age 55+           |
| Education Levels        | Some College      |
| Employment Levels       | White Collar, Mix |
| Homeownership           | Mostly Owners     |
| Urbanicity              | Town/Rural        |
| Income                  | Upper-Mid         |
| Income-Producing Assets | High              |

**Fast-Track Families** With their upscale incomes, numerous children, and spacious homes, Fast-Track Families are in their prime acquisition years. These middle-aged parents have the disposable income and educated sensibility to want the best for their children. They buy the latest technology with impunity: new computers, DVD players, home theater systems, and video games. They take advantage of their rustic locales by camping, boating, and fishing.

### Lifestyle Traits

- Own a power boat
- Go cross-country skiing
- Family Fun magazine
- Fuse Network
- Dodge Ram



### Demographic Traits

|                         |               |
|-------------------------|---------------|
| Ethnic Diversity        | Mostly White  |
| Presence of Kids        | With kids     |
| Age Ranges              | Age 35-54     |
| Education Levels        | College Grad  |
| Employment Levels       | Management    |
| Homeownership           | Mostly Owners |
| Urbanicity              | Town/Rural    |
| Income                  | Upscale       |
| Income-Producing Assets | Above Average |



**Residential Supply Activity**

Although Las Animas County (the area around Trinidad in particular) is perceived locally as enjoying healthier residential construction activity, Colfax county has exceeded Las Animas in recent years for total annual building permits.

Trinidad’s new Cougar Canyon golf course-oriented community is the region’s hottest new residential address – catering to retirees, active empty nesters and second-home purchasers.

Downtown Raton, long since built-out, has negligible residential construction—limited to renovation activity

2006 was the only recent year in which the trade area saw multi-family construction (one 43-unit building in Colfax County).

Table 9  
Residential Trade Area Building Permits Trends

|                   | 2002     | 2003       | 2004       | 2005       | 2006       | Annual Average | Avg. Pct. Multi-Family |
|-------------------|----------|------------|------------|------------|------------|----------------|------------------------|
| Colfax County     | n/a      | 68         | 65         | 72         | 83         | 72             | 0%                     |
| Las Animas County | 107      | 74         | 45         | 56         | 50         | 56             | 15%                    |
| <b>Total</b>      | <b>?</b> | <b>142</b> | <b>110</b> | <b>128</b> | <b>133</b> | <b>128</b>     | <b>8%</b>              |

While the trade area includes ranchette and large-acreage development in addition to golf-oriented upscale choices like Cougar Canyon, areas likely to compete directly with offerings in Downtown Raton in terms of building form/type are probably limited to redevelopment projects in downtown Trinidad.

Current residential projects in Trinidad include: 1,729 homes at Cougar Canyon (starting at \$275,000+) and 41 single-family homes on 25 acres at NorthPeak (near Fisher Peak). Examples of smaller scale redevelopment projects now underway downtown include plans for lower level retail space combined with upper level loft/residence space.

Large lot residential development in the Raton vicinity is constrained by large private ranch holdings with either deeded restrictions on development or no interest in selling. While this lends an advantage to Trinidad for that detached housing sector, it may cause some homebuyers, otherwise drawn to the Raton area, to consider housing in a downtown setting.

Source: U.S. Census; Leland Consulting Group



**Single Family Attached Demand**

Demand for attached ownership product suffered a glut nationally in recent years, but demographic trends still favor a gradually increasing share of the residential pie for attached homes.

Most trade area condominium and townhome development is likely to be limited to golf and resort-oriented communities like Angel Fire and Cougar Canyon, but a modest amount of live/work and loft development could be successful in downtown Raton (as it has been in Trinidad). These could target both young adults seeking a more urban setting (with access to outdoor recreation) as well as empty-nester adults seeking lower-maintenance options for full- or part-year residence.

At a 15% overall trade area capture rate, downtown could realistically absorb 15 new attached ownership units over the next 10 years – requiring approx. 1 acre of land at a 16 units/acre density.

Table 10  
Ten-Year Attached Demand

| Annual Income Range | Approx. Home Price Range | Trade Area For-Sale Demand (incomes \$15K+) | Est. Pct. Townhome/ Condo | Townhome / Condo Demand | Attainable Capture Rate (within condo/ townhome) | Attainable Subject Capture (units) |
|---------------------|--------------------------|---|---------------------------|-------------------------|--|------------------------------------|
| \$15-25K            | \$75 to \$100K           | 80  | 12%                       | 10                      | 18%  | 2                                  |
| \$25-35K            | \$100 to \$150K          | 112   | 15%                       | 17                      | 18%  | 3                                  |
| \$35-50K            | \$150 to \$200K          | 165   | 15%                       | 25                      | 18%  | 4                                  |
| \$50-75K            | \$200 to \$250K          | 175   | 15%                       | 26                      | 15%  | 4                                  |
| \$75-100K           | \$250 to \$350K          | 103   | 12%                       | 12                      | 10%  | 1                                  |
| \$100-150K          | \$350 to \$500K          | 62  | 10%                       | 6                       | 5%   | 0                                  |
| \$150K and up       | \$500K and up            | 33  | 5%                        | 2                       | 0%   | 0                                  |
| <b>Totals</b>       |                          | <b>729</b>                                  | <b>13%</b>                | <b>97</b>               | <b>15.1%</b>                                     | <b>15</b>                          |

Note: Assumes attached (condos/townhomes) stabilize at approximately 25% of trade area new ownership construction



### Rental Apartment Demand

While the trade area has a substantial percentage of renter households, many of these residents live in detached housing. Downtown Raton can be made attractive to renters with new context-appropriate mid-rise construction, to capitalize on mountain views, or rehabilitation of existing historic structures.

This housing could be physically similar (or even identical) to the loft and live-work options discussed previously, but would appeal to those desiring more flexibility in length of residence.

Overall 10-year demand is modest at 20 to 25 units (assuming an ability to capture 10 percent of overall trade area demand. At a downtown appropriate 20 units per acre, that would require just 1.1 acres of land.

Table 11  
Ten-Year Multifamily Rental Demand

| Annual Income Range | Approx. Rent Range | Trade Area Apartment Demand | Attainable Capture Rate (within apts.) | Attainable Subject Capture (units.) |
|---------------------|--------------------|-----------------------------|--|-------------------------------------|
| \$15-25K            | \$375 - \$625      | 80                          | 8%                                     | 6                                   |
| \$25-35K            | \$625 - \$875      | 48                          | 12%                                    | 6                                   |
| \$35-50K            | \$875 - \$1,000    | 41                          | 12%                                    | 5                                   |
| \$50-75K            | \$1,000+           | 31                          | 12%                                    | 4                                   |
| \$75-100K           | \$1,000+           | 11                          | 10%                                    | 1                                   |
| \$100-150K          | \$1,000+           | 7                           | 5%                                     | 0                                   |
| \$150K and up       | \$1,000+           | 2                           | 0%                                     | 0                                   |
| Totals              |                    | 220                         | 10.1%                                  | 22                                  |



**Single Family Detached Demand**

As Raton’s economy diversifies (as Trinidad’s has in its post-mining years), and as improvements are made to downtown, the impressive stock of historic single-family homes “up the hill” should become increasingly attractive to families who value the area’s natural, cultural, and small-town attributes.

Because of constrained land supply, most of the demand shown at right is likely to take the form of major rehabs, and piecemeal scrape-rebuilds – as opposed to large-scale new construction.

Overall 10-year demand is 20 to 25 new units. (at a modest 3.5% trade area capture rate). At a downtown-appropriate 10 units per acre, that level of development would require 2.2 acres.

Table 12  
Ten-Year Single Family Detached Demand

| Annual Income Range | Approx. Home Price Range | Trade Area For-Sale Demand | Est. Pct. Detached | Detached Demand | Attainable Capture Rate (within detached) | Attainable Subject Capture (units.) |
|---------------------|--------------------------|----------------------------|--------------------|-----------------|---|-------------------------------------|
| \$15-25K            | \$75 to \$100K           | 80                         | 88%                | 70              | 2.0%                                      | 1                                   |
| \$25-35K            | \$100 to \$150K          | 112                        | 85%                | 95              | 5.0%                                      | 5                                   |
| \$35-50K            | \$150 to \$200K          | 165                        | 85%                | 140             | 4.0%                                      | 6                                   |
| \$50-75K            | \$200 to \$250K          | 175                        | 85%                | 149             | 4.0%                                      | 6                                   |
| \$75-100K           | \$250 to \$350K          | 103                        | 88%                | 91              | 3.0%                                      | 3                                   |
| \$100-150K          | \$350 to \$500K          | 62                         | 90%                | 56              | 2.0%                                      | 1                                   |
| \$150K and up       | \$500K and up            | 33                         | 95%                | 31              | 0.0%                                      | 0                                   |
| <b>Totals</b>       |                          | <b>729</b>                 | <b>87%</b>         | <b>631</b>      | <b>3.4%</b>                               | <b>22</b>                           |



**Retail Demand**

Assuming physical improvements to downtown in key catalyst areas and encouragement of residential development, the study area could capture up to 25,000+ s.f. of new retail over the next ten years. A large portion of this absorption would depend on attracting a small-format grocer to the area –a growing trend but a tough sell with Raton’s income/growth profile – may depend on specialty positioning (e.g. gourmet game-orientation, New Mexican orientation) or cooperative ownership (see Powell, WY).



Table 13  
Ten-Year Retail Demand (Trade Area)

| Category   | 2007 est. Sales      | Projected Growth in Sales to 2017 | Est. Sales/ s.f. | 10-yr New Demand (s.f.) | Plus Recapture-able Existing Void (s.f.) | Plus Replacement of Obsolete Space (s.f.) | Total New Demand by 2017 (s.f.) | Attainable Subject Capture Rate | Attainable Capture (s.f.) |
|--|----------------------|-----------------------------------|------------------|-------------------------|--|---|---------------------------------|---------------------------------|---------------------------|
| Furniture and Home Furnishings   | \$4,841,002          | \$401,524                         | \$250            | 1,606                   |  | 968                                       | 2,574                           | 25.0%                           | 644                       |
| Electronics and Appliance  | \$9,022,986          | \$748,387                         | \$250            | 2,994                   |  | 1,805                                     | 4,798                           | 20.0%                           | 960                       |
| Building Material, Garden Equip  | \$39,572,003         | \$3,282,193                       | \$325            | 10,099                  | 430,178                                  | 6,088                                     | 16,187                          | 10.0%                           | 1,619                     |
| Food and Beverage  | \$35,452,995         | \$2,940,553                       | \$350            | 8,402                   | 31,728                                   | 5,065                                     | 45,194                          | 25.0%                           | 11,299                    |
| Health and Personal Care   | \$6,147,997          | \$509,929                         | \$350            | 1,457                   | 25,041                                   | 878                                       | 27,377                          | 10.0%                           | 2,738                     |
| Clothing and Accessories   | \$4,926,985          | \$408,656                         | \$250            | 1,635                   |  | 985                                       | 2,620                           | 20.0%                           | 524                       |
| Sporting Gds, Hobby, Book, Music   | \$2,799,974          | \$232,236                         | \$250            | 929                     |  | 560                                       | 1,489                           | 25.0%                           | 372                       |
| General Merchandise  | \$39,696,996         | \$3,292,560                       | \$300            | 10,975                  | 321,449                                  | 6,616                                     | 17,591                          | 10.0%                           | 1,759                     |
| Misc. Store Retailers  | \$6,467,001          | \$536,388                         | \$200            | 2,682                   |  | 1,617                                     | 4,299                           | 20.0%                           | 860                       |
| Foodservice and Drinking Places  | \$37,605,004         | \$3,119,046                       | \$350            | 8,912                   | 59,812                                   | 5,372                                     | 14,284                          | 25.0%                           | 3,571                     |
| Excluded Categories (including cinema, prof./med. office, consumer banks, etc.) @ 20% of above | \$37,306,589         | \$3,094,295                       | \$225            | 13,752                  |  | 8,290                                     | 22,043                          | 15.0%                           | 3,306                     |
| <b>Totals</b>  | <b>\$223,839,532</b> | <b>\$18,565,767</b>               |                  | <b>63,442</b>           | <b>56,769</b>                            | <b>38,245</b>                             | <b>158,456</b>                  | <b>17.5%</b>                    | <b>27,651</b>             |

Sources: Claritas Inc.; Urban Land Institute; Leland Consulting Group (Sales figures in year 2007 constant dollars)



### Retail Supply Notes

Recent decades of economic contraction in Raton have led to an erosion of the local stock of retail offerings. This decline was exacerbated by the construction of the 149,000 s.f. Wal-Mart Supercenter on the south side of Trinidad, CO. Attainable absorption of regional retail of any scale is limited by competition from this large development. Trinidad's downtown tourist-oriented retail offering is fairly concentrated and coordinated, making it the primary source of competition for existing and future retail developments in Main Street Raton.

Although Trinidad has all six of the trade area's cinema screens, both towns have a vibrant live theater scene – a regional asset that could be cooperatively “packaged” between the two municipalities for traveling theatergoers. The shuttered El Raton Theater is a formerly lavish single-screen cinema (for sale for \$90,000 but needing \$200,000+ in repairs). It represents a niche redevelopment opportunity, possibly with a complementary café use, as a destination art-house cinema (many are now projecting digitally, at much lower operating costs).



Downtown Raton Retailers

### Lodging

As a historical waypoint between Colorado and points south, Raton has a long record as a strong lodging market. In recent years, however, motel activity has largely moved out of downtown and into new properties towards the perimeter of town, especially along the Interstate. The table at right shows existing properties in Raton and Trinidad, along with the motel currently under construction south of Trinidad.

With the impending completion of the new 86 room Holiday Inn & Suites on I-25 in south Trinidad, the market for new chain lodging appears saturated for Raton. Any new lodging is realistically limited to “boutique” opportunities – 10 to 30 room properties targeted more to the bed-and-breakfast market or other regional travelers looking for something less impersonal. Eventually, the goal would be to attract lodgers looking to stay in close proximity to Raton’s cultural offerings and rebounding retail – perhaps in conjunction with an Amtrak pass specifically packaged to accommodate an overnight in Raton.

Table 14  
Trade Area Lodging Inventory

| Category                           | Supply   |
|------------------------------------|--|
| Raton chain motels                 | 6 properties, 405 rooms                        |
| Raton independent motels           | 7 properties, 224 rooms                        |
| Raton construction activity        | none (last built was 61 room Microtel in 2002) |
| Trinidad chain motels – properties | 3 properties, 210 rooms                        |
| Trinidad chain motels – rooms      | 7 properties, 227 rooms                        |
| Trinidad construction activity     | 86 room Holiday Inn & Suites                   |

Sources: Costar; ; and Leland Consulting Group



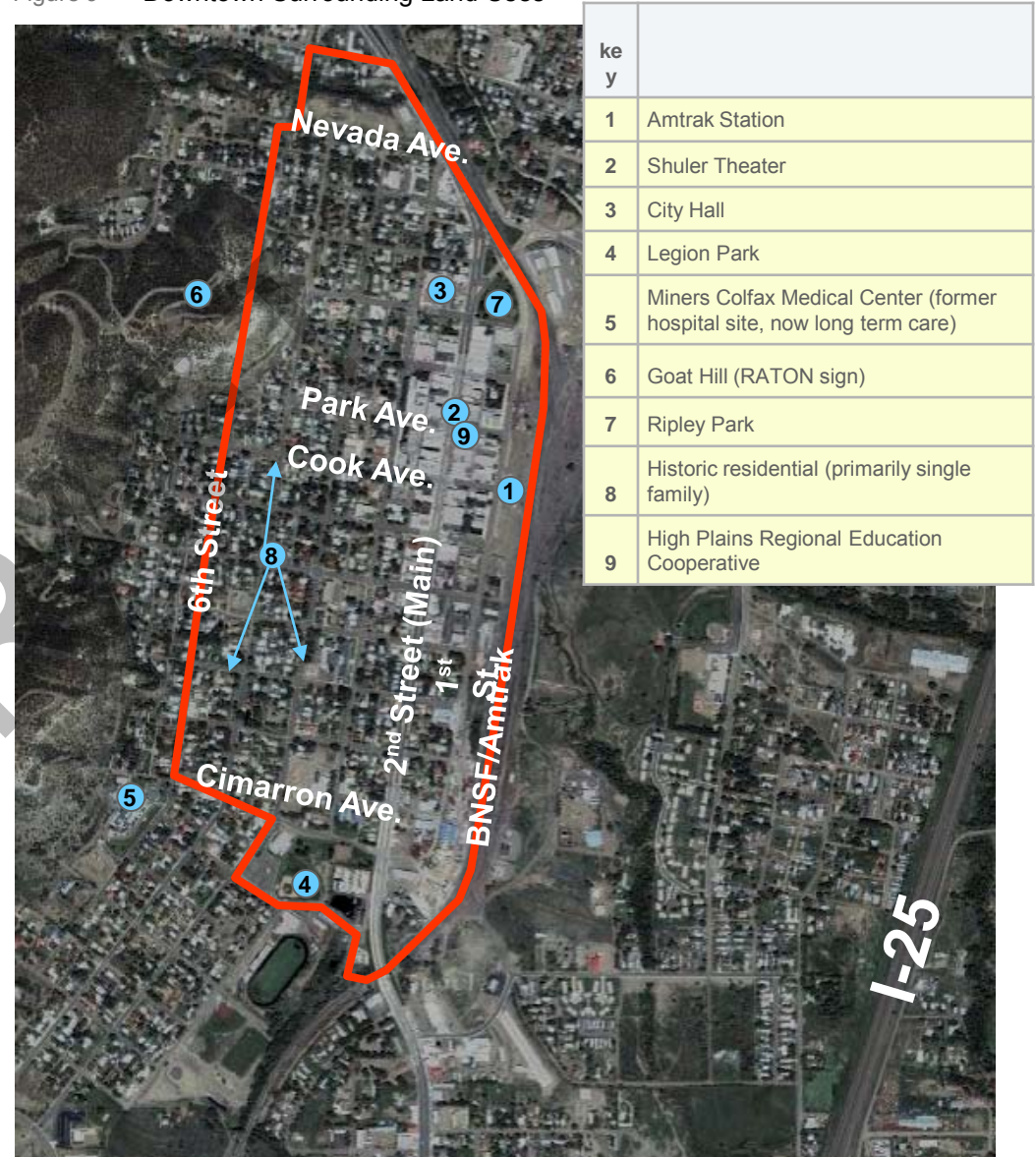
### Study Area Land Uses

Most of the study area land usage is actually taken up by single family residential development – most of it historical in nature. Second Street, with the advent of auto-dominant culture, took over as the commercial Main Street for Raton in the 1950s, although 1<sup>st</sup> Street and the Park/Cook Avenue side streets (and to a lesser extent, 3<sup>rd</sup> Street) still make up an important historical district of storefronts with some lodging and office uses.

Key cultural and civic uses downtown include: the new Raton Museum; the beautifully restored and active Shuler Theater (live stage auditorium); Historic Santa Fe Trail designations; Raton City Hall; historic Colfax County Courthouse (soon to be moved, however); and Legion and Ripley Parks.

Other important assets include High Plains Regional Education Cooperative, the Santa Fe Trail and Historic Byway, the historical (and only partially operative power plant, and the Raton Amtrak depot.

Figure 9 Downtown Surrounding Land Uses



**Site Analysis**

Because the Main Street Raton study area encompasses a broad physical expanse, it includes a diverse range of existing land uses and potential redevelopment sites. While later phases will focus more closely on redevelopment opportunity sites at specific locales, this analysis is intended to provide a broad overview of general site conditions throughout the downtown study area -- specifically geared towards understanding site factors that impact its *market viability*.

Table 15  
Downtown Area Traffic Volumes (per NMDOT)

|                         | Combined North-South Avg. Daily Vehicles |
|-------------------------|--|
| I-25 @ North Loop Jct.  | 8,305                                    |
| I-25 @ South Loop Jct.  | 6,223                                    |
| I-25 @ Hwy 64 Jct.      | 6,778                                    |
| 2nd Street @ Cook Ave.  | 11,105                                   |
| 2nd Street @ Grant Ave. | 13,701                                   |

Table 16  
Raton Site Analysis Summary

|                              | Current Evaluation   |
|------------------------------|--|
| <b>Visibility</b>            | Generally not visible from I-25. Businesses along 2 <sup>nd</sup> enjoy excellent visibility for travelers taking the business loop, but historic portions of 1 <sup>st</sup> Street, Park Ave, Cook Street and 3 <sup>rd</sup> can be easy to miss.   |
| <b>Access</b>                | Vehicular access to the district in general is fairly direct off I-25 for both north and south-bound travelers.<br><br>While much of the study area is compact and walkable, pedestrian-friendliness is negatively impacted by the 4-lane+ width of 2 <sup>nd</sup> Street. That width is inconsistent with the character of downtown and unnecessary given that access narrows to 2-lanes before merging with I-25 on the north side. (but difficult to change through NMDOT) |
| <b>Traffic Volumes</b>       | Somewhat surprisingly, traffic volumes are substantially higher on 2nd St. than on I-25 itself (see table, left). Because 2 <sup>nd</sup> St. carries largely local traffic, those counts include repeat trips each day (as opposed to many unique vehicles on I-25). Interstate 25 volumes reach 14,000 at Goddard Ave., Trinidad.  |
| <b>Infrastructure</b>        | Most desired infrastructure elements are in place, but many are aging and in need of replacement.  |
| <b>Surrounding Land Uses</b> | While the prevalence of storefront, lodging and service station vacancies in the study area detracts from its drive-by appeal, downtown has a number of key assets with the potential to built on. The surrounding region also includes a number of key activity generators that comprise under-exploited consumer segments. These downtown and regional factors are explored in greater depth on the following pages.   |
| <b>Scenic Attributes</b>     | Excellent – scenic mountain views and examples of historic architecture. Ruggedness limits the extent of vistas , however (relative to Trinidad, which borders flatter terrain).   |

## Opportunity Segment:

**New Mexico Highlands University - Raton**

With an opening this past January, 2008, this 8,000 square foot facility at 1<sup>st</sup> Avenue and Park Street is a satellite pilot site of New Mexico Highlands University Downtown.

The branch currently employs two administrators, two work-study positions and a custodian. One goal of the facility is to contract local talent among the Raton-area population as adjunct faculty, with offering a broad range of programs geared towards the local job market. Programs include a Masters in Social Work, MBA, B.S. in Nursing (next spring), as well as both 4-year and/or graduate degrees in Elementary Education, Criminal Justice, Exercise/Sport Science and Rehabilitation Counseling.

Courses are currently available as internet-based, satellite-feed from the Las Vegas campus, or locally taught. The emphasis is expected to shift towards the latter over time. The 44 student current enrollment is expected to double by 2009. The emphasis on 4-year and graduate degrees helps to separate it from junior college competition in Trinidad and opens the site up to a wide market area of potential students.



## Opportunity Segment:

**High Plains Regional Education Center**

Although not a school or college per se, the HPERC is an important educational foothold in Downtown Raton. HPERC is a non-profit cooperative with a professional staff of 7, with a mission of providing training seminars to teachers and education administrators from 8 school districts across northern New Mexico.

While much of their training is done at client schools outside Raton, many training sessions occur in the two year-old office space downtown. Approximately 10 to 15 times per year the Raton center will host seminars with 40 or more participants. Dozens of training meetings of smaller size occur throughout the year. Seasonality skews towards the summer to coincide with client teachers being out of their regular semester classes.

While the level of ongoing activity at HPERC is not yet enough to support major employment or retail activity, it represents a significant step towards establishing a presence of the educational community in Raton – one that could lead to spin-off or related academic or training programs.

**These educational segments represent a small, but potentially fast-growing source of support for retail and residential land uses in Raton. A younger student population could be attracted to urban residential options in a downtown setting and could inject retail spending during times that would help to offset the summer-heavy visitor seasonality.**

**Opportunity Segment: Philmont Scout Ranch**

The 300,000+ acre Philmont property, donated by oil baron Waite Phillips, occupies much of the land between the towns of Cimarron and Eagle Nest in western Colfax County. Boy Scouts visiting Raton from across the U.S. have historically used Raton (and in particular, the passenger train depot) as a stopping off point for their summer scouting adventures.

While the scouts tend to arrive in large chaperoned groups, rather than with their families, a largely untapped opportunity exists for Raton to capture more overnight stays, cultural visits, and convenience/dining/souvenir spending associated with these visits.



Table 17  
 Philmont Scout Ranch Activity Breakdown

|  | Annual Visitation |
|--|-------------------|
| Scouts on 12-day backcountry stays (summer)                                      | 21,940            |
| Scouts/family members on “training” visits (summer)                              | 5,000             |
| Philmont Staff (mix of seasonal and year-round NM residents)                     | 1,000             |
| Off-season guests (can include scouts, adults, corporate, training, alums, etc.) | 4,000             |
| <b>Total Annual Visitors (“typical year”)</b>                                    | <b>31,940</b>     |
| Scouts arriving by train (Amtrak)  | 3,621             |
| Scouts leaving by train (Amtrak)   | 3,777             |
| Scouts arriving from points east   | 2,999             |
| Scouts arriving from points west (mainly California)                             | 622               |



**Opportunity Segment: Philmont Scout Ranch**

Table 17a  
 Philmont Scout Ranch Segment Spending Potential

|                         | Lodging                               |                                       |                |                    | Dining                                |                                       |                |                    | Other Shopping/Entertainment           |  |                |                    |
|-------------------------|---------------------------------------|---------------------------------------|----------------|--------------------|---------------------------------------|---------------------------------------|----------------|--------------------|--|--|----------------|--------------------|
| Total Annual Visitation | Additional Main St Capture (target %) | Additional Main St Capture (target #) | \$ per visitor | Spending Potential | Additional Main St Capture (target %) | Additional Main St Capture (target #) | \$ per visitor | Spending Potential | Additional Main St. Capture (target %) | Additional Downtown Capture (target #) | \$ per visitor | Spending Potential |
| 31,940                  | 20%                                   | 6,388                                 | \$30           | \$191,640          | 30%                                   | 9,582                                 | \$10           | \$95,820           | 20%                                    | 6,388                                  | \$20           | \$127,760          |

The current level of Main Street Raton patronage among Philmont visitors is not currently known, but this analysis suggests capturing an additional 20% of the total Philmont Scout Ranch spending (30% within dining) could result in approximately \$415,000 in total incremental spending downtown.



**Opportunity Segment: NRA Whittington Center**

Situated just south of Raton, the National Rifle Associations’ Whittington Center is a “comprehensive shooting facility”, founded in 1973.

The 33,000+ acre facility includes shooting ranges for many weapon types, open rangeland for hunting and indoor facilities for education and other meeting/dining uses. There are various cabins for “competitor housing” which can accommodate up to 90 people, as well as 16 log cabins, an RV campground and primitive campground for tent camping and picnic-table dining. A wide variety of events are scheduled year-round.

According to Center representatives, the vast majority of Whittington visitors drive by private automobile – most from nearby states. Because Raton’s municipal airport is equipped to handle medium-sized aircraft, the Center also receives visitor groups arriving by charter jets. The majority of visitors pass through Raton and spend some money on dining, shopping, or lodging – but exact figures are not available. International visitors and distant domestic guests tend to come for specific competitive shooting events.

Table 18  
Whittington Center Activity Breakdown

|   | Current Estimate   |
|---|--|
| <b>2007 Visitors</b>  | 183,000  |
| <b>Heavy Season</b>   | May to September   |
| <b>On-site lodging capacity (excluding RV and primitive campsite)</b> | Approx. 170 beds (including cabins and Competitor Housing) |
| <b>Center staff</b>   | 34   |



**Opportunity Segment: NRA Whittington Center**

Table 18a  
 NRA Whittington Center Segment Spending Potential

|                         | Lodging                               |                                       |                |                    | Dining                                |                                       |                |                    | Other Shopping/Entertainment           |  |                |                    |
|-------------------------|---------------------------------------|---------------------------------------|----------------|--------------------|---------------------------------------|---------------------------------------|----------------|--------------------|--|--|----------------|--------------------|
| Total Annual Visitation | Additional Main St Capture (target %) | Additional Main St Capture (target #) | \$ per visitor | Spending Potential | Additional Main St Capture (target %) | Additional Main St Capture (target #) | \$ per visitor | Spending Potential | Additional Main St. Capture (target %) | Additional Downtown Capture (target #) | \$ per visitor | Spending Potential |
| 183,000                 | 20%                                   | 36,600                                | \$30           | \$1,098,000        | 25%                                   | 45,750                                | \$15           | \$686,250          | 25%                                    | 45,750                                 | \$25           | \$1,143,750        |

The current level of Main Street Raton patronage among Whittington Center visitors is not currently known, but capturing an additional 20% of the total segment spending (30% within dining) could result in approximately \$2.9 million in total incremental spending downtown – making this the most lucrative potential visitor segment.



**Opportunity Segment: Vermejo Park Ranch**

An immense tract taking up much of the territory between Raton and Cimarron, near the Colorado Border, Vermejo Park Ranch is a wildlife preserve and private guest retreat for associates of owner Ted Turner and also for paying guests.

The 590,000+ acre parcel is considered the largest privately owned contiguous tract of land in the United States. Part of the original Lucien Maxwell land grant, it was owned (and expanded) by William Bartlett, Texan W.J. Gourley and the Penzoil Corporation (among others) before being purchased by Turner in 1996.

Vermejo is used as a guest ranch for family, group and corporate retreats. It is used extensively for private hunting and fishing (stocked with various species of deer, elk, sheep, bear, turkey, etc.) and is pasturage for bison. The property includes several historic lodge, ranch and residential structures, such as the one pictured at right.

According to ranch representatives, Vermejo sees some 2,500 guest ranch visitors annually and “the majority spend one night in Raton”.

Table 19  
Vermejo Park Ranch Activity Breakdown

|                          | Current Estimate                      |
|--------------------------|---------------------------------------|
| <b>2007 Visitors</b>     | 2,500                                 |
| <b>Season</b>            | April 1 to November 30                |
| <b>Heavy Season</b>      | June, July, August                    |
| <b>Guest Origination</b> | 70% drive from major markets in Texas |



**Opportunity Segment: Vermejo Park Ranch**

Table 19a  
Vermejo Park Ranch Segment Spending Potential

|                         | Lodging                               |                                       |                |                    | Dining                                |                                       |                |                    | Other Shopping/Entertainment           |  |                |                    |
|-------------------------|---------------------------------------|---------------------------------------|----------------|--------------------|---------------------------------------|---------------------------------------|----------------|--------------------|--|--|----------------|--------------------|
| Total Annual Visitation | Additional Main St Capture (target %) | Additional Main St Capture (target #) | \$ per visitor | Spending Potential | Additional Main St Capture (target %) | Additional Main St Capture (target #) | \$ per visitor | Spending Potential | Additional Main St. Capture (target %) | Additional Downtown Capture (target #) | \$ per visitor | Spending Potential |
| 2,500                   | 15%                                   | 375                                   | \$30           | \$11,250           | 30%                                   | 750                                   | \$20           | \$15,000           | 30%                                    | 750                                    | \$40           | \$30,000           |

Additional hotel/motel capture among Vermejo visitors may be difficult, given that the Ranch itself is set up primarily as lodging. The above analysis that the Main Street district could capture an additional 15% of this segment for lodging, 30% for dining, and 30% for entertainment. Given the affluent demographics of this segment, spending multipliers in each category are assumed to be higher – resulting in net new spending potential of \$56,000 per year.



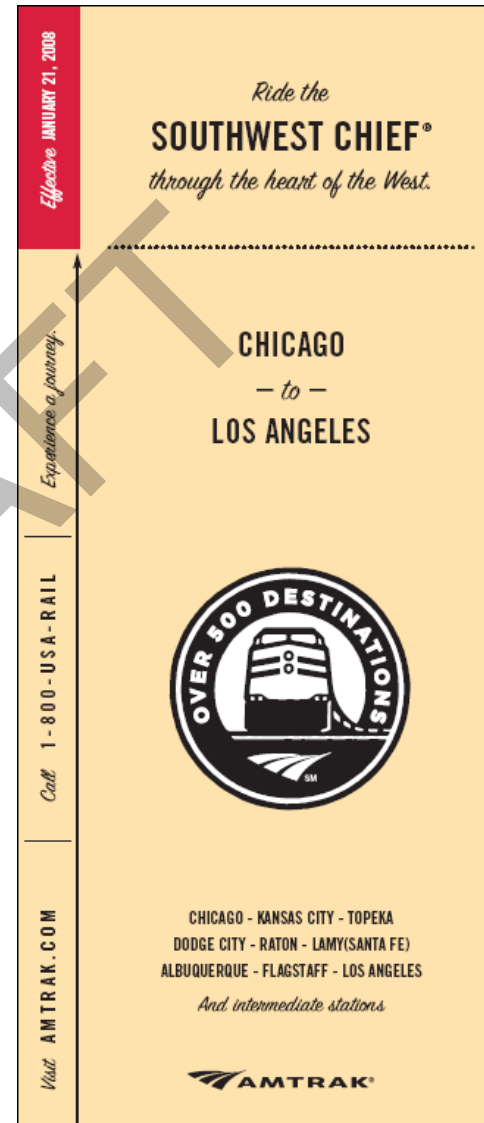
**Opportunity Segment: Amtrak Southwest Chief Line**

Raton is, of course, home to an important station on the Amtrak passenger line's Southwest Chief line, running between Chicago and Los Angeles. Both east and west-bound trains stop daily in Raton. The one and a half-hour stop durations are long enough for a quick meal and brief shopping, but not much else.

Currently, the depot and adjacent parking lot are in disrepair and generally not inviting to travelers who have the option to stay on board. Funds have been earmarked through the U.S. Dept. of Transportation to help rehab the depot, but BNSF has been reluctant to cooperate with City efforts to do so. In fall of 2008, the station is slated to convey ownership from BNSF to the State of New Mexico, so hopefully that change in ownership will open the door for a concerted revitalization of the station.

Table 20  
Amtrak Activity Breakdown

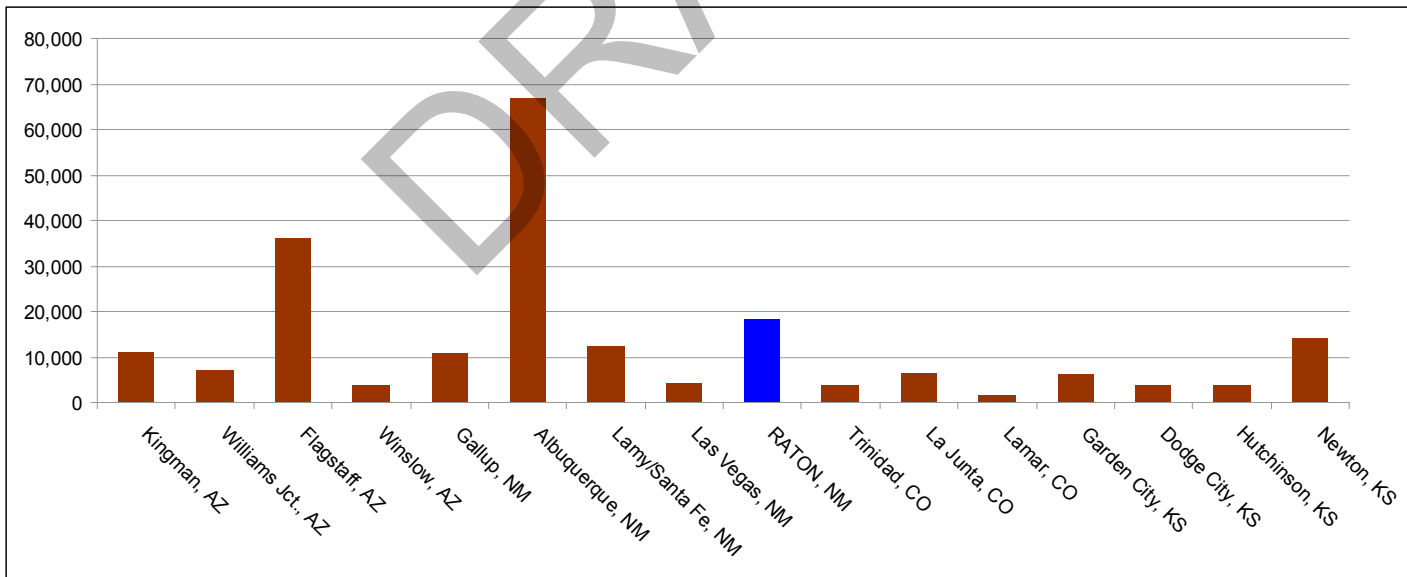
|                             | Current Estimate                  |
|-----------------------------|-----------------------------------|
| <b>2007 Passengers</b>      | 18,245 (down from 20,200 in 2005) |
| <b>Westbound Raton stop</b> | 10:56am to 12:38pm                |
| <b>Eastbound Raton stop</b> | 5:53pm to 6:31pm                  |
|                             |                                   |



Amtrak's Southwest Chief route



2007  
Passengers  
(total  
boardings +  
alightings)



**Opportunity Segment: Amtrak Southwest Chief Passengers**

Table 20a  
Amtrak Segment Spending Potential

|                         | Lodging                               |                                       |                |                    | Dining                                |                                       |                |                    | Other Shopping/Entertainment           |  |                |                    |
|-------------------------|---------------------------------------|---------------------------------------|----------------|--------------------|---------------------------------------|---------------------------------------|----------------|--------------------|--|--|----------------|--------------------|
| Total Annual Visitation | Additional Main St Capture (target %) | Additional Main St Capture (target #) | \$ per visitor | Spending Potential | Additional Main St Capture (target %) | Additional Main St Capture (target #) | \$ per visitor | Spending Potential | Additional Main St. Capture (target %) | Additional Downtown Capture (target #) | \$ per visitor | Spending Potential |
| 19,000                  | 15%                                   | 3,800                                 | \$30           | \$114,000          | 30%                                   | 5,700                                 | \$15           | \$85,500           | 30%                                    | 5,700                                  | \$40           | \$228,000          |

With Amtrak passengers, the primary goal is to extend the Raton stay from 90 minutes to overnight. If a revitalized Main Street could induce 15% of all through-passengers (in addition to current levels) to stay the night, and an additional 30% to shop and dine, this segment could yield approximately \$400,000 in additional downtown spending each year.



Opportunity Segment Overview

Table 21  
Visitor Segment Spending Potential Totals

| Lodging                       |   | Dining                        |   | Other Shopping/Entertainment  |   |
|-------------------------------|---|-------------------------------|---|-------------------------------|---|
| Total New Demand Potential \$ | Equivalent New Room Demand                                    | Total New Demand Potential \$ | Equivalent Restaurant Space Demand      | Total New Demand Potential \$ | Equivalent Retail Space Demand          |
| \$1,194,750                   | 63 rooms  | \$786,750                     | 4,496 s.f.                              | \$1,401,750                   | 19,333 s.f.                             |
|                               | <i>(assuming \$80/night rate and 65% equilibrium vacancy)</i> |                               | <i>(assuming \$175/sf annual sales)</i> |                               | <i>(assuming \$175/sf annual sales)</i> |

A physically and aesthetically improved Downtown, together with more targeted marketing and stronger partnerships with key visitor segment populations, could result in new Main Street Raton demand for **60+ hotel rooms, 4,500 s.f. of restaurant space, and almost 20,000 in other shopping & entertainment space.** This demand is in addition to household-based trade area demand previously summarized.



**Opportunity Segment: Raton Racino**

Raton is currently working through the political steps necessary to secure a license for horse racing and related video gaming. If successful, the City of Raton stands to experience a substantial increase in local employment and local traffic volume. Although the racing and gaming facility would be located south of downtown, the Main Street study area would undoubtedly benefit in terms of added commercial and potentially even residential activity.

The proposal currently being considered by the New Mexico Racing Commission calls for nearly \$50 million in development costs, 100 temporary construction jobs, followed by 160 to 200 permanent full and part-time jobs including 11 management positions. Total forecasted annual payroll is approximately \$7 million.

As a potential day-long attraction, such a facility would increase likelihood and duration of overnight stays for travelers that may currently only pass through the City (either by train or car) . Given Raton’s position on the Amtrak Southwest Chief route from Chicago to Los Angeles, an facility of this scale would raise the possibility of substantial cross-over marketing, including targeted vacation packaging with rail travelers.

Table 22  
Potential Raton Racino Impact

|                                  | Current Estimate                 |
|----------------------------------|----------------------------------|
| Added Lodging - Rooms            | 400                              |
| Annual Added Visitor Room-nights | 94,900                           |
| Est. Added Overnight Visitors    | 189,110                          |
| Season                           | 52 days beginning June 11        |
| Guest Origination                | Approximately 225 mi. trade area |



Table 22a  
 Racino Visitor Segment Spending Potential

| Total Annual Visitation | Lodging                    |                            |                |                    | Dining                     |                            |                |                    | Other Shopping/Entertainment |  |                |                    |
|-------------------------|----------------------------|----------------------------|----------------|--------------------|----------------------------|----------------------------|----------------|--------------------|------------------------------|--|----------------|--------------------|
|                         | Main St Capture (target %) | Main St Capture (target #) | \$ per visitor | Spending Potential | Main St Capture (target %) | Main St Capture (target #) | \$ per visitor | Spending Potential | Main St. Capture (target %)  | Additional Main St. Capture (target #) | \$ per visitor | Spending Potential |
| 189,110                 | 20%                        | 37,822                     | \$35           | \$1,323,769        | 35%                        | 66,188                     | \$20           | \$1,323,769        | 35%                          | 66,188                                 | \$30           | \$1,985,653        |

A 2007 economic impact study done for the new Zia Park racing/gaming facility in Hobbs, NM lends some insight into the incremental size of the visitor segment that a Raton Racino might add. While that study focused primarily on betting and purse volume, it does not attempt to quantify the number new visitors, per se. The Zia Park study does, however, note that Hobbs is responding to increased track-related tourism with 548 new hotel/motel rooms either planned or under construction. The above table conservatively assumes that 80% of those 548 rooms (or 438) will actually be built.

Based on a roughly equivalent ratio of new lodging rooms per new horse stalls (a surrogate measure of facility size), and an assumption of 65% annualized hotel occupancy, a Raton Racino could result in approximately 400 new lodging rooms, 95,000 room-nights of additional stays, and almost 190,000 additional overnight visitors (assuming 2 per room).

The above table attempts to roughly quantify the dollar impact such an increase in overnight visitors might have on the Downtown area (assuming it can meet the market capture targets shown). As shown, the total annual impact of new racetrack-related overnight visitors alone could top \$4,600,000 – resulting in new downtown restaurant demand of approximately 7,500 s.f., other shopping demand of 11,000 s.f. as well as some 80 rooms of new downtown lodging. Because this analysis excludes day-trip spending, it should be considered a conservative approximation.

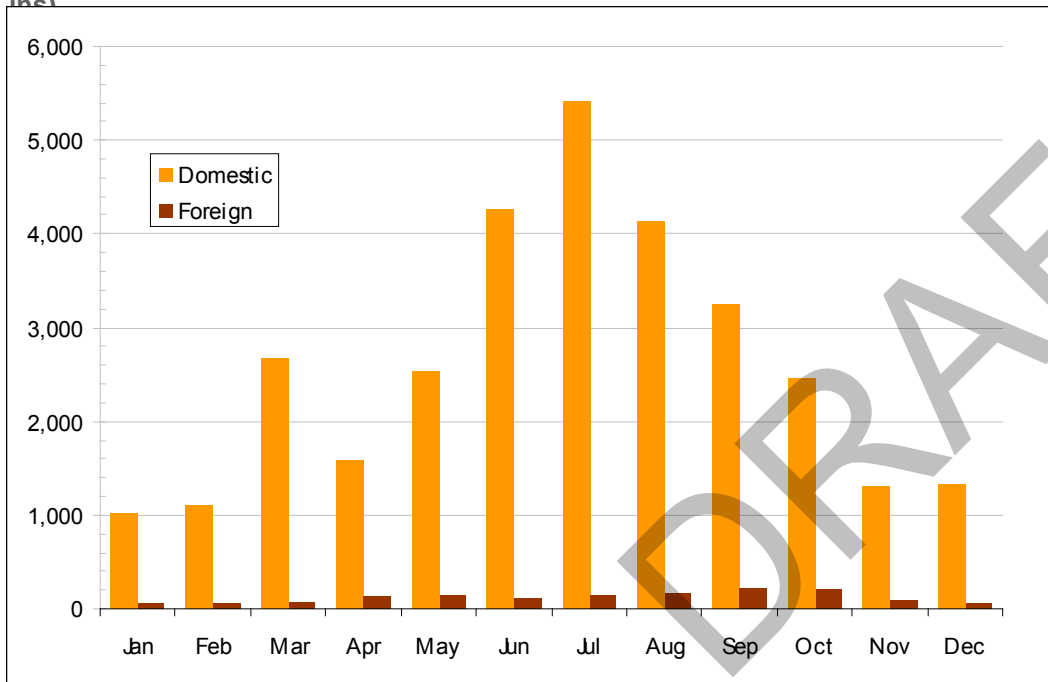
The permanent addition of “160 to 200” new Racino employees would further add to annual area dining and retail demand and could add some 20 to 40 units of downtown residential demand.

Sources: 2008 Horse Racing at Raton LLP Development Proposal; 2007 Impact Study for Zia Park Racetrack; and Leland Consulting Group



## Tourism Statistics

**Seasonality of Tourism**  
(2007 Raton Visitor Ctr. Sign-  
ins)



Seasonality is an issue for Raton, with most tourists (and all major visitor segments previously discussed) choosing to visit primarily in summer months.

Consider a major fall or winter festival/event – local arts oriented or in cooperation with key segments (NRA hunting pre-season kickoff?); (Philmont major reunion event for former scouts)



## Market Conclusions

Catalyst opportunities and untapped (or under-tapped) visitor segments can provide a foundation for Main Street Raton to stem its decline and share in the region's projected growth.

Over the next ten years, at conservative capture rates, the Main Street study area could absorb some **15 new loft/townhome/condo units, 20-25 rental units** (probably also loft format), and **20-25 new or significantly rehabbed single family detached units**

In the same period, downtown could capture approximately **45,000 to 50,000 s.f. of new retail** development (including storefront prof./medical/health offices). This level of development includes demand from trade area household growth in addition to increased market capture from existing visitor segments, and would require landing a small-format grocer (possibly a community co-op).

Increased visitor segment market share could also add demand for approximately **60 rooms of new lodging** (excluding Racino demand).

Realization of a Raton "Racino" horse racing and gaming facility would have a profound impact on the economy of the Raton area and would specifically benefit downtown: the additional estimated **190,000 annual visitor-nights** alone could generate demand for **80 rooms of lodging, 7,500 s.f. of restaurant space, and 11,000 s.f. of other retail** – all within the Main Street study area (under conservative assumptions). Employment from the Racino would also fuel residential expansion– potentially supporting 20 to 40 new downtown housing units.



## Strategies and Next Steps

**Aggressively support licensing for racetrack/gaming facility. Of all opportunity segments explored, this**

Recognize the **Amtrak depot as a critical gateway** -- through high quality physical rehabilitation, marketing/promotional “packages”, and cooperation with 1<sup>st</sup> Street property owners.

Coordinate with, educating and **reaching out to key regional visitor-generators** (NRA, BSA, VPR, Sugarite, HPREC) to realize a win-win outcome of a more attractive downtown Raton. Recognize that, excepting the possible Racino, the Whittington Center represents the largest identifiable visitor segment in terms of spending potential.

Maintain an on-going push among visitor groups to **promote downtown Raton as a residential option** (arts friendly, affordable, great architecture & climate, etc.)

Target retail recruitment efforts to **specifically address visitor segment needs** (e.g. hiking gear, antique firearms, gunsmithing (an excellent one already exists), taxidermy, game-oriented market, scout paraphernalia, etc.).

Work to **build on education-oriented momentum** gained by the new HPREC office. Vocational and higher education activity is supportive of culture, helps shore up younger demographic decline, and can lead to residential and retail growth.

Be assertive at state level: Get Raton on a more even footing with Trinidad by **cutting re-development red tape** and push NMDOT to help Raton **put people over cars** (e.g. allow 2-lane Main St. with diag. parking)



# Appendix C

## Downtown Raton Master Plan Catalyst Project: Civic Town Square

| Development Program  |                     |                      | Assumption Factors                |
|--|---------------------|----------------------|-----------------------------------|
|  | <i>Units/Spaces</i> | <i>Square Feet</i>   |                                   |
| Retail/Restaurant  |                     | 15,000               |                                   |
| Office/Civic   |                     | 30,000               |                                   |
| Residential (Rental)   | 0                   | 0                    | 800 SF/Unit                       |
| Residential (For-Sale)   | 0                   | 0                    | 1,500 SF/Unit                     |
| Gross Floor Area   |                     | 45,000               |                                   |
| Project Land Area  |                     | 87,120               | 2.00 Acres                        |
| Floor Area Ratio   |                     | 52%                  |                                   |
| Surface Parking  | 75                  | 24,294               | 325 SF/Space                      |
| Structured Parking   | 75                  | 24,294               | 325 SF/Space                      |
| Estimated Project Value (Stabilized Yr)  |                     |                      |                                   |
| Total Retail Rentable SF   |                     | 13,500               | 90% Bldg. Efficiency Ratio        |
| Rent/SF*   |                     | \$12.00              |                                   |
| Total Office Rentable SF   |                     | 27,000               | 90% Bldg. Efficiency Ratio        |
| Rent/SF*   |                     | \$10.00              |                                   |
| Total Residential Rentable SF  |                     | 0                    | 80% Bldg. Efficiency Ratio        |
| Rent/SF  |                     | \$12.00              | \$1.00 Monthly Rent/SF            |
| Total Parking Spaces (Structured)  |                     | 75                   |                                   |
| Rent/Space   |                     | \$300                | \$25 Monthly Income/Space         |
| Gross Income   |                     | \$454,425            |                                   |
| Occupancy  |                     | 95%                  |                                   |
| Effective Gross Income   |                     | \$431,704            |                                   |
| Operating Costs  |                     | \$22,500             | \$0.50 \$/SF (Wtd. Avg. All Uses) |
| Net Operating Income   |                     | \$409,204            |                                   |
| Capitalization Rate  |                     | 8.0%                 |                                   |
| <b>Project Value -- Office/Retail/Rental Hsg</b>   |                     | <b>\$5,115,047</b>   |                                   |
| Total Housing Units  |                     | 0                    |                                   |
| Sales Price/Unit (Wtd Avg)   |                     | \$200,000            |                                   |
| Gross Revenue  |                     | \$0                  |                                   |
| Less Marketing Costs   |                     | \$0                  | 7% % of Sales                     |
| Net Sale Proceeds  |                     | \$0                  |                                   |
| <b>Project Value -- For-Sale Housing</b>   |                     | <b>\$0</b>           |                                   |
| <b>Total Project Value</b>   |                     | <b>\$5,115,047</b>   |                                   |
| <i>* Retail and industrial lease rates based on triple net lease; tenant pays portion of taxes, insurance and utilities.</i> |                     |                      |                                   |
| Development Cost Estimate  |                     |                      |                                   |
| Property Purchase (Acquisition/Demolition)   |                     | \$871,200            | \$10.00 \$/SF Land                |
| On-Site Improvements (Surface Parking)   |                     | \$224,250            | \$3,000 \$/Space                  |
| On-Site Improvements (Structured Parking)  |                     | \$897,000            | \$12,000 \$/Space                 |
| Site Development   |                     | \$130,680            | \$1.50 \$/SF                      |
| Building Construction (Hard Costs)   |                     | \$3,315,015          | \$74 \$/SF (Wtd. Avg. All Uses)   |
| Construction Contingency   |                     | \$456,694            | 10% % of Construction Costs       |
| Soft Costs (% of Hard Costs)   |                     | \$456,694            | 10% % of Hard Costs               |
| Developer Profit   |                     | \$635,153            | 10% % of Total Costs              |
| <b>Total Project Cost</b>  |                     | <b>\$6,986,687</b>   | <b>\$155.26 \$/SF</b>             |
| Development Economic Summary   |                     |                      |                                   |
| <b>Total Project Cost</b>  |                     | <b>\$6,986,687</b>   |                                   |
| <b>Total Project Value</b>   |                     | <b>\$5,115,047</b>   |                                   |
| <b>Project Margin/"Gap"</b>  |                     | <b>(\$1,871,640)</b> |                                   |
| <b>% Project Margin/"Gap"</b>  |                     | <b>-27%</b>          |                                   |
| Potential Contributions to "Gap":  |                     |                      |                                   |
| Land Writedown   |                     | \$871,200            | 100% of Land Cost                 |
| Off-Site Improvements Contribution   |                     | \$0                  | 0% of Total Site Costs            |
| Supportable Property Tax TIF (25 Years)  |                     | \$600,000            | 0.019284 Total Property Tax       |
| Supportable GRT TIF (25 Years)   |                     | \$1,000,000          | 50% % of Local GRT                |
| Special Improvement District (20 Years)  |                     | \$0                  | 0.000000 Assessment Rate          |
| Streamlined Development Approvals (6 mos)  |                     | \$0                  |                                   |
| <b>Total Contributions to "Gap"</b>  |                     | <b>\$2,471,200</b>   |                                   |

Source: Leland Consulting Group.

**Downtown Raton Master Plan  
Catalyst Project: Infill Mixed-Use**

| <b>Development Program</b>   |                     | <b>Assumption Factors</b> |                                   |
|--|---------------------|---------------------------|-----------------------------------|
|  | <i>Units/Spaces</i> | <i>Square Feet</i>        |                                   |
| Retail/Restaurant  |                     | 10,000                    |                                   |
| Office/Civic   |                     | 0                         |                                   |
| Residential (Rental)   | 25                  | 20,000                    | 800 SF/Unit                       |
| Residential (For-Sale)   | 0                   | 0                         | 1,500 SF/Unit                     |
| Gross Floor Area   |                     | 30,000                    |                                   |
| Project Land Area  |                     | 43,560                    | 1.00 Acres                        |
| Floor Area Ratio   |                     | 69%                       |                                   |
| Surface Parking  | 71                  | 22,913                    | 325 SF/Space                      |
| Structured Parking   | 0                   | 0                         | 325 SF/Space                      |
| <b>Estimated Project Value (Stabilized Yr)</b>   |                     |                           |                                   |
| Total Retail Rentable SF   |                     | 9,000                     | 90% Bldg. Efficiency Ratio        |
| Rent/SF*   |                     | \$12.00                   |                                   |
| Total Office Rentable SF   |                     | 0                         | 90% Bldg. Efficiency Ratio        |
| Rent/SF*   |                     | \$10.00                   |                                   |
| Total Residential Rentable SF  |                     | 16,000                    | 80% Bldg. Efficiency Ratio        |
| Rent/SF  |                     | \$13.20                   | \$1.10 Monthly Rent/SF            |
| Total Parking Spaces (Structured)  |                     | 0                         |                                   |
| Rent/Space   |                     | \$300                     | \$25 Monthly Income/Space         |
| Gross Income   |                     | \$319,200                 |                                   |
| Occupancy  |                     | 95%                       |                                   |
| Effective Gross Income   |                     | \$303,240                 |                                   |
| Operating Costs  |                     | \$111,000                 | \$3.70 \$/SF (Wtd. Avg. All Uses) |
| Net Operating Income   |                     | \$192,240                 |                                   |
| Capitalization Rate  |                     | 8.0%                      |                                   |
| <b>Project Value -- Office/Retail/Rental Hsg</b>   |                     | <b>\$2,403,000</b>        |                                   |
| Total Housing Units  |                     | 0                         |                                   |
| Sales Price/Unit (Wtd Avg)   |                     | \$200,000                 |                                   |
| Gross Revenue  |                     | \$0                       |                                   |
| Less Marketing Costs   |                     | \$0                       | 7% % of Sales                     |
| Net Sale Proceeds  |                     | \$0                       |                                   |
| <b>Project Value -- For-Sale Housing</b>   |                     | <b>\$0</b>                |                                   |
| <b>Total Project Value</b>   |                     | <b>\$2,403,000</b>        |                                   |
| <i>* Retail and industrial lease rates based on triple net lease; tenant pays portion of taxes, insurance and utilities.</i> |                     |                           |                                   |
| <b>Development Cost Estimate</b>   |                     |                           |                                   |
| Property Purchase (Acquisition/Demolition)   |                     | \$435,600                 | \$10.00 \$/SF Land                |
| On-Site Improvements (Surface Parking)   |                     | \$211,500                 | \$3,000 \$/Space                  |
| On-Site Improvements (Structured Parking)  |                     | \$0                       | \$12,000 \$/Space                 |
| Site Development   |                     | \$65,340                  | \$1.50 \$/SF                      |
| Building Construction (Hard Costs)   |                     | \$1,955,010               | \$65 \$/SF (Wtd. Avg. All Uses)   |
| Construction Contingency   |                     | \$223,185                 | 10% % of Construction Costs       |
| Soft Costs (% of Hard Costs)   |                     | \$223,185                 | 10% % of Hard Costs               |
| Developer Profit   |                     | \$311,382                 | 10% % of Total Costs              |
| <b>Total Project Cost</b>  |                     | <b>\$3,425,202</b>        | <b>\$114.17 \$/SF</b>             |
| <b>Development Economic Summary</b>  |                     |                           |                                   |
| <b>Total Project Cost</b>  |                     | <b>\$3,425,202</b>        |                                   |
| <b>Total Project Value</b>   |                     | <b>\$2,403,000</b>        |                                   |
| <b>Project Margin/"Gap"</b>  |                     | <b>(\$1,022,202)</b>      |                                   |
| <b>% Project Margin/"Gap"</b>  |                     | <b>-30%</b>               |                                   |
| <b>Potential Contributions to "Gap":</b>   |                     |                           |                                   |
| Land Writedown   |                     | \$435,600                 | 100% of Land Cost                 |
| Off-Site Improvements Contribution   |                     | \$0                       | 0% of Total Site Costs            |
| Supportable Property Tax TIF (25 Years)  |                     | \$200,000                 | 0.016000 Total Property Tax       |
| Supportable GRT TIF (25 Years)   |                     | \$600,000                 | 50% % of Local GRT                |
| Special Improvement District (20 Years)  |                     | \$0                       | 0.000000 Assessment Rate          |
| Streamlined Development Approvals (6 mos)  |                     | \$0                       |                                   |
| <b>Total Contributions to "Gap"</b>  |                     | <b>\$1,235,600</b>        |                                   |

Source: Leland Consulting Group.

**Downtown Raton Master Plan  
Catalyst Project: Artisan Live/Work**

| <b>Development Program</b>  |                     |                      | <b>Assumption Factors</b>         |  |
|---|---------------------|----------------------|-----------------------------------|--|
|   | <i>Units/Spaces</i> | <i>Square Feet</i>   |                                   |  |
| Retail/Restaurant   |                     | 0                    |                                   |  |
| Office/Civic  |                     | 12,000               |                                   |  |
| Residential (Rental)  | 0                   | 0                    | 800 SF/Unit                       |  |
| Residential (For-Sale)  | 12                  | 24,000               | 2,000 SF/Unit                     |  |
| Gross Floor Area  |                     | 36,000               |                                   |  |
| Project Land Area   |                     | 54,450               | 1.25 Acres                        |  |
| Floor Area Ratio  |                     | 66%                  |                                   |  |
| Surface Parking   | 58                  | 18,850               | 325 SF/Space                      |  |
| Structured Parking  | 0                   | 0                    | 325 SF/Space                      |  |
| <b>Estimated Project Value (Stabilized Yr)</b>  |                     |                      |                                   |  |
| Total Retail Rentable SF  |                     | 0                    | 90% Bldg. Efficiency Ratio        |  |
| Rent/SF*  |                     | \$12.00              |                                   |  |
| Total Office Rentable SF  |                     | 10,800               | 90% Bldg. Efficiency Ratio        |  |
| Rent/SF*  |                     | \$10.00              |                                   |  |
| Total Residential Rentable SF   |                     | 0                    | 80% Bldg. Efficiency Ratio        |  |
| Rent/SF   |                     | \$13.20              | \$1.10 Monthly Rent/SF            |  |
| Total Parking Spaces (Structured)   |                     | 0                    |                                   |  |
| Rent/Space  |                     | \$300                | \$25 Monthly Income/Space         |  |
| Gross Income  |                     | \$108,000            |                                   |  |
| Occupancy   |                     | 95%                  |                                   |  |
| Effective Gross Income  |                     | \$102,600            |                                   |  |
| Operating Costs   |                     | \$6,000              | \$0.50 \$/SF (Wtd. Avg. All Uses) |  |
| Net Operating Income  |                     | \$96,600             |                                   |  |
| Capitalization Rate   |                     | 8.0%                 |                                   |  |
| <b>Project Value -- Office/Retail/Rental Hsg</b>  |                     | <b>\$1,207,500</b>   |                                   |  |
| Total Housing Units   |                     | 12                   |                                   |  |
| Sales Price/Unit (Wtd Avg)  |                     | \$200,000            |                                   |  |
| Gross Revenue   |                     | \$2,400,000          |                                   |  |
| Less Marketing Costs  |                     | (\$168,000)          | 7% % of Sales                     |  |
| Net Sale Proceeds   |                     | \$2,232,000          |                                   |  |
| <b>Project Value -- For-Sale Housing</b>  |                     | <b>\$2,232,000</b>   |                                   |  |
| <b>Total Project Value</b>  |                     | <b>\$3,439,500</b>   |                                   |  |
| * Retail and industrial lease rates based on triple net lease; tenant pays portion of taxes, insurance and utilities. |                     |                      |                                   |  |
| <b>Development Cost Estimate</b>  |                     |                      |                                   |  |
| Property Purchase (Acquisition/Demolition)  | \$435,600           |                      | \$8.00 \$/SF Land                 |  |
| On-Site Improvements (Surface Parking)  | \$174,000           |                      | \$3,000 \$/Space                  |  |
| On-Site Improvements (Structured Parking)   | \$0                 |                      | \$12,000 \$/Space                 |  |
| Site Development  | \$81,675            |                      | \$1.50 \$/SF                      |  |
| Building Construction (Hard Costs)  | \$2,754,000         |                      | \$77 \$/SF (Wtd. Avg. All Uses)   |  |
| Construction Contingency  | \$300,967           |                      | 10% % of Construction Costs       |  |
| Soft Costs (% of Hard Costs)  | \$300,967           |                      | 10% % of Hard Costs               |  |
| Developer Profit  | \$404,721           |                      | 10% % of Total Costs              |  |
| <b>Total Project Cost</b>   |                     | <b>\$4,451,931</b>   | <b>\$123.66 \$/SF</b>             |  |
| <b>Development Economic Summary</b>   |                     |                      |                                   |  |
| <b>Total Project Cost</b>   |                     | <b>\$4,451,931</b>   |                                   |  |
| <b>Total Project Value</b>  |                     | <b>\$3,439,500</b>   |                                   |  |
| <b>Project Margin/"Gap"</b>   |                     | <b>(\$1,012,431)</b> |                                   |  |
| <b>% Project Margin/"Gap"</b>   |                     | <b>-23%</b>          |                                   |  |
| <b>Potential Contributions to "Gap":</b>  |                     |                      |                                   |  |
| Land Writedown  | \$435,600           |                      | 100% of Land Cost                 |  |
| Off-Site Improvements Contribution  | \$255,675           |                      | 100% of Total Site Costs          |  |
| Supportable Property Tax TIF (25 Years)   | \$400,000           |                      | 0.016000 Total Property Tax       |  |
| Supportable GRT TIF (25 Years)  | \$0                 |                      | 50% % of Local GRT                |  |
| Special Improvement District (20 Years)   | \$0                 |                      | 0.000000 Assessment Rate          |  |
| Streamlined Development Approvals (6 mos)   | \$0                 |                      |                                   |  |
| <b>Total Contributions to "Gap"</b>   |                     | <b>\$1,091,275</b>   |                                   |  |

Source: Leland Consulting Group.







**Depot Conceptual Plan  
Engineer's Estimates**

| <b>Description</b>  | <b>Quantity</b> | <b>Unit</b>                   | <b>Unit Price</b> | <b>Item Cost</b>      |
|---|-----------------|-------------------------------|-------------------|-----------------------|
| Tree Removal  | 0               | Ea                            | \$200.00          | \$0.00                |
| Removal of Inlet  | 2               | EA                            | \$860.00          | \$1,720.00            |
| Removal of Street Signs   | 6               | EA                            | \$100.00          | \$600.00              |
| Removal of Sidewalk   | 95              | SY                            | \$20.00           | \$1,900.00            |
| Removal of Curb and Gutter  | 600             | LF                            | \$10.00           | \$6,000.00            |
| Removal of Asphalt Pavement   | 1400            | SY                            | \$15.00           | \$21,000.00           |
| Removal of Shed   | 1               | LS                            | \$8,000.00        | \$8,000.00            |
| Modify Sidewalk Vault   | 0               | LS                            | \$25,000.00       | \$0.00                |
| Sawing Asphalt Material (6 inch)                                    | 600             | LF                            | \$2.10            | \$1,260.00            |
| Structural Soil-Import, Place & Compact (Include Geotextile Fabric) | 530             | CY                            | \$100.00          | \$53,000.00           |
| Amended Soil : Turf Mix   | 3150            | SF                            | \$3.20            | \$10,080.00           |
| Amended Soil : Planter Mix  | 340             | CY                            | \$86.00           | \$29,240.00           |
| Storm Drain Inlet Protection  | 3               | EA                            | \$270.00          | \$810.00              |
| Sediment Removal and Disposal                                       | 1               | LS                            | \$3,000.00        | \$3,000.00            |
| Adjust Manhole  | 0               | EA                            | \$610.00          | \$0.00                |
| Sod   | 1000            | SF                            | \$3.00            | \$3,000.00            |
| Mulching (Wood Chip) (4")   | 3090            | CF                            | \$2.50            | \$7,725.00            |
| Landscape Weed Barrier Fabric                                       | 9360            | SF                            | \$0.50            | \$4,680.00            |
| Tree Grate  | 23              | EA                            | \$2,500.00        | \$57,500.00           |
| Sculpture Base (Planters)   | 2               | EA                            | \$1,750.00        | \$3,500.00            |
| Sculpture Base (Front of Depot)                                     | 1               | EA                            | \$2,000.00        | \$2,000.00            |
| Fountain  | 0               | LS                            | \$175,000.00      | \$0.00                |
| Landscape Boulder   | 0               | EA                            | \$220.00          | \$0.00                |
| Deciduous Tree (1.5" Caliper)                                       | 35              | EA                            | \$500.00          | \$17,500.00           |
| Deciduous Tree (2.5" Caliper)                                       | 41              | EA                            | \$675.00          | \$27,675.00           |
| Evergreen Tree (6')   | 41              | EA                            | \$675.00          | \$27,675.00           |
| Deciduous Shrub (5 Gallon Container)                                | 433             | EA                            | \$43.00           | \$18,619.00           |
| Evergreen Shrub (5 Gallon Container)                                | 127             | EA                            | \$100.00          | \$12,700.00           |
| Perennials (1 Gallon Container)                                     | 985             | EA                            | \$18.50           | \$18,222.50           |
| Hot Mix Asphalt (Patching)  | 135             | SY                            | \$45.00           | \$6,075.00            |
| Asphalt Paving (Parking)  | 28750           | SF                            | \$2.10            | \$60,375.00           |
| Concrete Alleyway (8 inch Grey Concrete)                            | 0               | SY                            | \$80.00           | \$0.00                |
| Planter Wall  | 350             | LF                            | \$195.00          | \$68,250.00           |
| Planter Wall Pilaster w/ Fascia & Cap                               | 70              | EA                            | \$650.00          | \$45,500.00           |
| Concrete Band (24" x 18")   | 760             | LF                            | \$60.00           | \$45,600.00           |
| Concrete Curbwall (24"x18")   | 0               | LF                            | \$60.00           | \$0.00                |
| Concrete Curbwall (12"x18")   | 440             | LF                            | \$30.00           | \$13,200.00           |
| 24 Inch Reinforced Concrete Pipe (Complete In Place)                | 450             | LF                            | \$89.00           | \$40,050.00           |
| 24 Inch 22.5° Elbow Reinforced Concrete Pipe (Complete In Place)    | 3               | EA                            | \$1,850.00        | \$5,550.00            |
| 6.0' Modified Inlet Type D (Special)                                | 3               | EA                            | \$6,000.00        | \$18,000.00           |
| Manhole Box Base (5 Foot)   | 3               | EA                            | \$8,900.00        | \$26,700.00           |
| Concrete Curb Pad   | 60              | SY                            | \$75.00           | \$4,500.00            |
| Concrete Curb Ramp  | 72              | SY                            | \$75.00           | \$5,400.00            |
| Truncated Domes   | 70              | SF                            | \$16.00           | \$1,120.00            |
| Concrete Pavers (12"x12")   | 360             | SY                            | \$115.00          | \$41,400.00           |
| Concrete Pavers (4"x4")   | 225             | SY                            | \$120.00          | \$27,000.00           |
| Concrete Sidewalk (Natural) (4 Inch)                                | 1695            | SY                            | \$42.00           | \$71,190.00           |
| Curb and Gutter   | 1030            | LF                            | \$25.00           | \$25,750.00           |
| Electric Meter  | 1               | EA                            | \$1,650.00        | \$1,650.00            |
| 2 Inch Electrical Conduit   | 540             | LF                            | \$8.50            | \$4,590.00            |
| Electric Wiring (for Weatherproof Outlets at Tree Grates)           | 540             | LF                            | \$3.60            | \$1,944.00            |
| Weatherproof Electric Outlets (for Tree Grates)                     | 23              | EA                            | \$230.00          | \$5,290.00            |
| Uplighting  | 4               | EA                            | \$600.00          | \$2,400.00            |
| Steel Sign Support (2-Inch Round)(Post & Socket)                    | 20              | LF                            | \$22.00           | \$440.00              |
| Bicycle Rack  | 4               | EA                            | \$1,350.00        | \$5,400.00            |
| Bench   | 8               | EA                            | \$1,500.00        | \$12,000.00           |
| Trash Receptacle  | 8               | EA                            | \$750.00          | \$6,000.00            |
| Ash Urn   | 4               | EA                            | \$600.00          | \$2,400.00            |
| Sprinkler System (Includes 4" Sleeving & Repair of Existing System) | 1               | LS                            | \$60,000.00       | \$60,000.00           |
| Construction Surveying  | 1               | LS                            | \$16,000.00       | \$16,000.00           |
| Mobilization  | 1               | LS                            | \$36,000.00       | \$36,000.00           |
| Pavement Marking and New Signs                                      | 1               | LS                            | \$12,500.00       | \$12,500.00           |
| Traffic Control   | 1               | LS                            | \$30,000.00       | \$30,000.00           |
|   |                 |                               |                   |                       |
|   |                 | <b>Subtotal=</b>              |                   | <b>\$1,039,680.50</b> |
|   |                 |                               |                   |                       |
| Inflation Factor (6%)   |                 |                               |                   | \$62,380.83           |
| Force Account (10%)   |                 |                               |                   | \$110,206.13          |
|   |                 |                               |                   |                       |
|   |                 | <b>Construction Subtotal=</b> |                   | <b>\$1,212,267.46</b> |
|   |                 |                               |                   |                       |
| Contingency (20%)   |                 |                               |                   | \$207,936.10          |
|   |                 |                               |                   |                       |
|   |                 | <b>PROJECT TOTAL=</b>         |                   | <b>\$1,420,203.56</b> |

## Appendix E

### Grant and Funding Resources

Following is a synopsis of potential grant and funding sources that might be used to advance select elements of the RATON DOWNTOWN MASTER PLAN.

#### **Certified Local Government Program (CLG)**

The Federal Historic Preservation Fund (HPF) provides funds for various historic preservation projects. Only certified local governments are eligible for funding from this program. Candidate projects must have a clear historic preservation agenda. Some of the projects which have been completed under this program include historic markers, surveys, national register nominations, design guidelines, etc. Actual renovation projects are not precluded but the available funds are limited. These funds require a 40% match, preferably in cash, to be eligible. The deadline for submission of grant requests is mid December. Awarded projects need to start by July of the following year and be completed by June 30<sup>th</sup> of the next following.

#### **“Small Cities” Community Development Block Grant Program (CDGB)**

The Federal Community Development Block Grant (CDBG) program was established by the Housing and Community Development Act of 1974. The program is designed to help communities meet their greatest community development and redevelopment needs, with particular emphasis on assisting persons of low and moderate income. The overall program consists of two major elements: the “entitlement” program and “non-entitlement”, or so-called “Small Cities” program.

#### **State Historic Fund**

State historic funds can be used for acquisition, restoration, and repair historic properties. The property must be designated on the national or state register or be locally designated. The State Historic Fund will also fund survey, planning and education programs. Application must be made through a governmental entity. Non-profits may apply with a governmental entity as a co-applicant. Funds favor public projects over private projects although they have funded many private projects with local government support. Old project grant cap was \$100,000. New policies allow projects to exceed \$100,000 if there is a substantial cash match. Projects exceeding \$100,000 may also be submitted as a multi-year project. It is preferable to develop a multi-year strategy that allows projects to be completed within themselves as separate, but related, components of a larger program. Policy requires a 25% cash match (minimum). Deadlines to submit an application are October and April.

## **Special Districts (Title 32), Including Metropolitan Districts**

These districts are independent, quasi-municipal operations with independently elected boards. They exist in perpetuity unless steps are taken to dissolve them and can be organized for a single purpose (metropolitan districts can provide many municipal services).

## **General Improvement District (GID)**

A GID is a taxing district that can construct certain facilities, operate them, and condemn property. SIDs exist only as administrative subdivisions of the municipality, assessing the costs of public improvements to those who are specially benefited by them (SIDs are usually dissolved once the improvements are completed and debt is retired). The size and scope of downtown improvement plans would indicate that GID would be considerably more appropriate than a SID.

## **Urban Renewal Authority (URA)**

Intended to make improvements in urban areas, a URA can be created by resolution of council upon petition by 25 registered electors of the municipality. A hearing to determine that “slum” and “blight” conditions exist in the urban renewal area must precede the resolution. URA’s generally employ a Tax Increment Financing (TIF) technique.

## **Downtown Development Authority (DDA)**

A DDA is created by a majority vote of qualified electors residing or owning or leasing property in a specified area that must be within the “central business district”. A DDA can be used to prevent as well as correct deteriorated economic or physical conditions. It has a board appointed by municipal governing board. The DDA board must create a plan that specifies improvements to be made subject to council approval. A DDA can assess an ad valorem levy of up to 5 mils for operating purposes.

## **Business Improvement District (BID)**

BIDs are usually created to provide certain services that URAs and DDAs are not authorized to perform; for example, consulting or planning, managing development, marketing activities, business recruitment, etc. BID boundaries may consist of contiguous or noncontiguous parcels of commercial property. No residential or agricultural property can be included in the district.

Because of the flexibility of its financing options and its special focus on commercial property, a BID would be a practical way to finance and implement a downtown

improvement plan. New districts can be overlaid onto an existing special district providing the existing district gives its approval. However, a BID that only encompasses the downtown's commercial properties does not help spread the financing burden community-wide.

### **Sales Tax for Payment of Bonds**

Another option that a City can examine, particularly if it wants to spread the burden of financing the proposed improvement plan city-wide, is an election to increase the sales tax and authorize the issuance of sales tax bonds. If a sales tax is used, the city could stipulate that the tax would sunset as soon as the bonds are paid off.

A sales tax is a solid financing option for a proposed improvement plan because of the flexibility it provides and the fact that it spreads the financing burden city-wide. This may be more palatable than an additional property tax on only those properties in the downtown area. Additional research would be required to estimate how much of a sales tax would be necessary and the likelihood of a sales tax election succeeding in today's political climate.

### **Safetea-Lu Enhancement Program**

Originally created by Congress in 1991 (ISTEA), this program was reauthorized in 1998 (TEA-21), and again in 2005 (SAFETY-LU). It provides funds for alternative modes of travel and historic preservation work associated with Federal Highway projects. Eligible funding categories include; intersection improvements; installation of devices or improvements to improve bicycle, pedestrian and disabled safety; construction of traffic calming features; improvement of highway signage and pavement markings; barriers and crash attenuators; and, improvement projects on any public roadway or publicly owned bicycle or pedestrian pathway or trail.

The program as structured requires a 20% match, and a considerable application process. Applicants submit their proposals through a Regional Planning Organization (RPO) or Metropolitan Planning Organization (MPO). These are forwarded to NMDOT Region's for review by their panel of readers. Successful applicants are notified approximately six weeks from the date of submission.

### **National Scenic Byway Program**

A subprogram of SAFETY-LU, under the National Scenic Byway Program certain roads are recognized as National Scenic Byways or All-American Roads. Second Street is part of the Santa Fe Trail Scenic Byway. The National Scenic Highways Discretionary Grants program provides funding for byway-related projects each year. Projects to support and enhance the National Scenic Byways, All American Roads, and State-

designated byways are eligible. Applications are submitted through the State's byway program agency.

### **Federal Transit (5309) Funds**

Transit 5309 funds are available through discretionary grants from the Federal Transit Administration (FTA). Applications are reviewed on a competitive basis. Funds include grants for bus transit development and "new starts" of Light Rail Transit (LRT) and other high capacity systems. Bus Transit requires a 20 percent local match, while new starts are expected to require a 50 percent local match. These funds are granted at the discretion of the FTA, following a very thorough evaluation process.

### **NMDOT Programs - Miscellaneous**

- Elderly and Persons with Disability Program
- Job Access and Reverse Commute Program
- Safe Routes to Schools Program
- CMAQ

### **Development Impact Fees**

The City can collect developer in-lieu fees and pro-rata share fees to help pay for the construction of new infrastructure improvements. These fees are paid at the time of building permit issuance to help defray the costs for construction of water/sewer system improvements and other infrastructure. The pro-rata share method of fee assessment requires the completion of a Specific Infrastructure Financing Plan. Through this method, new development pays for a portion of the cost of new infrastructure construction.

### **Public – Private Infrastructure Financing Methods**

There are a number of infrastructure financing methods which involve public/private partnerships. These include low interest loans, and government grants for specific projects. The following infrastructure financing sources involving a joint effort of the City and private developers are available: Federal Government (USDA Rural Development and Federal Economic Development Administration) provides grants for water and sewer infrastructure; Federal Aviation Administration provides grants for airport construction; Federal Enterprise Community and Empowerment Zones provide infrastructure improvement grants and Tax incentives for private businesses; and, Tax Increment Financing of Infrastructure Improvements may be an option for infrastructure financing.

## **New Mexico Arts and Culture District Program**

The goal of the New Mexico Arts and Cultural District Program is to help a community turn their vision into commerce, tourism, artistic growth, and civic pride. In technical language: place-based community economic development rooted in a community's dynamic arts and cultural environment.

A unique joint effort between the New Mexico Department of Economic Development's Main Street Program, the Department of Tourism's Scenic Byways Program, and the Department of Cultural Affairs' Divisions of New Mexico Arts and Historic Preservation, the New Mexico Arts and Cultural District Program was established to help communities preserve their heritage while providing support to cultural entrepreneurs and institutions, while capitalizing on the potential economic opportunity for the District as well as the town. From playwriting to photography, theater to sculpture, film and digital media, graphic arts to culinary arts, the New Mexico Arts and Cultural District Program embraces the full spectrum of the creative economy. In 2007, the legislature passed enabling legislation to establish New Mexico's Arts and Cultural District Program. They designated the State's Main Street Program Director as the State Coordinator of the Program and the New Mexico Arts Commission as its "authorizing" governing body.

### **NEW MEXICO MAINSTREET PROGRAM – GRANTS AND TECHNICAL ASSISTANCE**

The New Mexico Main Street program fosters economic activity and vitality of small downtowns within the context of historic preservation. New Mexico Main Street Communities can receive assistance with a wide range of needs including organizational formation and start-up, work plan preparation, economic feasibility assessment, structural assessment, marketing plan development and implementation in addition to business assistance workshops, resource materials and grants. Communities must match 10%-30% and leverage funds from other programs. Applications are accepted annually

Main Street's program associates provide free training sessions on town design, promotion and publicity, organization, and economic restructuring. Main Street also sponsors architecture projects through the University of New Mexico Design Planning and Assistance Center (DPAC). In spring of 2008, New Mexico Main Street, EDD, and the New Mexico Tourism Department joined forces to re-launch the travel website [Off the Road](#). The redesigned web site shows travelers where to shop and dine on main streets, town squares, and plazas in member communities. When the site was originally launched in early 2006, it received national attention on CNN.com, USAToday.com and many others.

New Mexico Main Street is the local division of the National Main Street Center in Washington, D.C., part of the National Trust for Historic Preservation.

### **Rural Economic Development Partnership (REAP)**

REAP is an informal group of rural community development funding agencies which work together to increase the effectiveness of funding economic and community development projects in New Mexico by enhancing collaboration among the member agencies. Projects seeking funding by REAP should have a business plan that demonstrate financial sustainability and community commitment; and should create new jobs and wealth for the region.

### **Governor Richardson's Investment Partnership (GRIP)**

With enactment of House Bill 15 during the 2003 special legislative session, Governor Richardson's Investment Partnership was created. This partnership - between the Department of Transportation and the New Mexico Finance Authority (NMFA) - is a \$1.6 billion statewide transportation expansion and infrastructure improvement initiative. The financing plan included three bond issuances: the already completed 2004 issuance of \$737 million of new money and \$438 million of refinancing of money; a 2006 issuance of approximately \$400 million and a 2010 issuance of approximately \$485 million.

### **New Mexico Finance Authority Loan Programs**

Following are some of the loan programs managed by the New Mexico Finance Authority that might be used for master plan projects, or portions of projects: GRIP II; Local Transportation Infrastructure Fund Act; ; and, Water and Wastewater Grant Fund.

### **Community Development Revolving Loan Fund (CDRLF)**

Since 1983 the Economic Development Department's Community Development Revolving Loan Fund has made 17 loans to 15 different New Mexico communities totaling more than \$3.5 million. Loans are available for projects, which stimulate job creation and prosperity and may be used for infrastructure improvements, acquisition of real property, construction, rehabilitation, public facilities, and other real property investments.

### **USDA Rural Community Development Program**

The Community Development Program administers rural community development programs within USDA Rural Development. Each program and initiative promotes self-

sustaining, long-term economic and community development in rural areas. The programs demonstrate how every rural community can achieve self-sufficiency through innovative and comprehensive strategic plans developed and implemented at a grassroots level. The programs stress continued local involvement and decision making which is supported by partnerships among private, public and nonprofit entities.

### **Other Funding Strategies and Resources**

- Bricks / Plaques
- Benches
- Trash Cans
- Trees
- Adopt-a-Landscape Area
- Street Light Program
- Water Fountain (Drink)
- Sculptures / Public Art
- Pocket Park
- Playground Equipment
- Historic Restoration
- LOTTERY / Auction / Raffles
- In-Kind Services
- Legacy / Trust funds
- Concession agreements
- Naming Rights
- Ordinances

## Appendix F

### Economic Development Glossary

**Advocacy Entity:** Planning and management entities separate from governmental agencies responsible for designated areas. Entity assumes promotion of area, manages and coordinates its implementation, initiates actions to move area closer to its vision. Specific functions may include: acquire, assemble, hold and convey land to permit new forms of infill development; facilitate targeted home rehabilitation loans; coordinate and participate in real estate development and infrastructure financing; facilitate actions of public agencies responsible for government services; monitor traffic issues and manage parking efficiently; monitor security matters; coordinate the dissemination of market information; establish fees, rates and charges for use of property; and direct marketing and promotion.

**Affordable Housing Demonstration Project:** Public-private effort whereby public sector contributes land, financing, or the like, and private sector (developer) contributes their expertise and money to joint development of an affordable housing project; program is designed to educate delivery system (property owners, developers, lenders, public officials, community at-large, etc.) on “value” of developing product in the market.

**Brownfields:** Contaminated former industrial and commercial lands – comprising a portion of a site that could be redeveloped.

**Business Recruitment /Retention:** Program, frequently administered by an economic development entity, which assists with the recruitment (attraction) or retention of business either into or within a designated area; program elements, might include financial assistance, regulatory assistance, and/or marketing.

**Capital Access Fund (State):** Established to increase the availability of financing for businesses and nonprofit organizations that face barriers in accessing capital; guidelines are generally more permissive than conventional lending criteria. A reserve account is established at the lending institution and fund acts as a credit enhancement, inducing financial institution to make a loan.

**Capital Improvement Plan (CIP):** Dollars earmarked for improvement and extension of infrastructure in municipalities.

**Community Development Assistance (CDA) (State):** Authorizes up to certain percent of state tax credits to eligible contributors investing in approved community projects; in certain instances applicants must meet economic distress criteria; non-profit developers subject to limitations on per project tax credits.

**Community Development Block Grants (CDBG) (Federal):** Federal grants, administered through local or regional offices, designed to lower the overall cost of a project; projects must demonstrate the ability to improve the economic conditions of an area.

**Community Development Corporation (CDC):** Nonprofit organizations based in specific neighborhoods and subject to local governance. CDCs may rehabilitate and build affordable housing for neighborhood residents, foster local economic development, and provide an array of related social services.

**CDFIs - Community Development Financial Institutions:** Networks of federal banks, credit unions, and CDCs that target loans to redlined areas.

**Community Reinvestment Act (CRA):** Program under which federally-insured lending institutions are provided incentives to offer assistance with development financing for local projects (particularly those in economically-distressed areas); assistance usually offered at a favorable rate; institutions earmark a percent of their lending dollars for this program.

**Concentrated Public Facilities:** City investment in identified areas by locating both facilities and publicly-sponsored developments and amenities in places where infill development is desired; result is a greater leverage of public dollars through strategic investment, and ability to assist developer with financial pre-leasing requirements.

**Cultural Arts Activities:** Activities and programs which encourage use of the arts in a designated area by a variety of participants.

**Cultural Tourism:** Cultural and historic community elements of interest to visitors to an area; a thriving industry for many areas of the east and south. Cultural tourism efforts generally originate at a grass-roots level, but quickly require the assistance and coordination of municipal and state entities.

**Density Bonuses:** Incentive offered to developers of projects that meet specified goals (i.e., affordable housing, public spaces, transit, etc).

**Design Guidelines:** Formal set of guidelines (with over-sight by a board comprised of area stakeholders, neighborhood representatives, and design professionals) for use by investors doing projects within priority areas. Guidelines address character and quality levels and frame discussions with staff.

**Design Standards:** Formal set of standards (either administered through an appointed design-review committee and/or municipal staff) for development which requires certain development character and quality levels for the built and natural environment.

**Developer RFPs:** Request-for-Proposals from potential developers of projects in designated areas. Selection of developer based on dollar amount of bid; quality of design; developer's track record; and preferences of issuing entity.

**Development Fee Waivers:** Monetary charges on development designed to recoup a portion of the capital and operating costs required to accommodate a project and encourage infill projects. Note: Fees for sewer/water hook-ups, building permits, processing fee, etc. can be waived or delayed until the developer sees a positive cash flow.

**Development Standard Waivers:** During approvals process, City can grant waivers or variances for items including height limits, setbacks, density, lot coverage, rear access, etc.

**Economic Development Administration (EDA) (Federal):** Public entity which provides assistance in form of planning grants and construction financing - for the development of projects in rural and urban locations which will result in the creation of jobs for the community.

**Educational Seminars:** Programs hosted by a variety of entities (i.e., lender, developer, municipal, etc.) which promote an open dialogue among those individuals and organizations which represent delivery system; can occur in a variety of forums; purpose is to provide participants with various perspectives and an understanding of initiatives designed to facilitate development process.

**Empowerment Zone (Neighborhood or Federal):** Allows businesses that construct or rehabilitate commercial property to deduct a portion of "qualifying revitalization expenditures up to a certain amount;" within neighborhoods (local), -- located entirely or partially within a CDBG-eligible area designed to promote the creation or rehabilitation of affordable housing; increase economic development; or increase the quality of social service, education or public safety provided to residents in the zone through a waiver of fees combined with other municipal incentives.

**Engage Elected Officials:** Variety of methods by which elected officials are engaged in planning and implementation efforts; improved communication between staff and elected officials. Note: This should be a common practice, not project-specific.

**Enterprise Zone:** State-designated area where businesses located within them that make capital investments, hire new employees, contribute to economic development plans, rehabilitate old buildings and/or do research and development are provided a tax credit. An approach to revitalizing distressed areas by offering tax incentives, regulatory relief and improved government services.

**Environmental Impact Reports (EIR)s:** Used to assess environmental impacts and determine mitigation measures needed for building a redevelopment plan, specific plan, or community plan. As projects are identified, the City may be asked to conduct additional environmental reviews or focus on few identified areas.

**Façade Maintenance Program:** Any program – local, state or federal – including low interest loans and/or grants – which encourages investment in, and improvement to, building facades within a planning area. May also be designed as a matching funds program, within a district, for building façade maintenance.

**Foreign Trade Zone:** Also known as Free Trade Zone, parts designated by the government for the duty-free entry of non-prohibitive goods; merchandise may be stored, displayed, assembled, packaged, or used for manufacture within the zone and re-exported without duties being levied.

**Government Liaison:** Individual or committee charged with establishing and maintaining a dialogue between various branches of government (local, county, regional) regarding issues such as – intergovernmental agreements, regulatory reform, facilities planning, etc.

**Historic Preservation Easement:** A mechanism which permanently protects historic properties; a private legal interest conveyed by a property owner to a preservation organization or to a government entity. Once in place, it binds both the current owner and future owners to protect the historic character of the property subject to the easement. While some easements are for a period of years, in most instances easements are created as permanent restrictions.

**Historic Preservation Investment Tax Credits (Federal):** Percent of rehabilitation costs of income-producing properties can be used as a tax credit which can be sold on the market.

**Historic Preservation Revolving Loan Fund:** Available to provide low interest loans to property owners at any income level in historic districts. The loans are usually available on a competitive basis to all property owners at any income level for exterior rehabilitation projects.

**HOME:** HOME Investment Partnership Program, whereby HUD allocates funds by formula among eligible state and local governments to strengthen public-private partnerships and to expand the supply of decent, safe, sanitary and affordable housing for very low-income families.

**Improvement District:** Both an organizing and financing technique for area revitalization. District provides stable stream of income for activities and projects

considered special to area or in addition to general municipal services. Districts are vehicle for providing additional services for a fee and not a substitute for services funded through traditional tax revenues.

**Infill Development:** Development of new homes, commercial and/or retail buildings, and public facilities on unused or underused land in existing area.

**Infrastructure Cost Participation:** Cost of infrastructure (either on-site or off-site) shared by developer and/or property owner with an entity (public (city/county), private (developer co-op), or semi-private organization which will benefit from its availability – can be offered through a formal program or on a case-by-case basis.

**Land Assembly:** Land assembled by public, private or non-profit entity in effort to position it for development of a larger projects. Assembly can happen through purchases of properties, vacating and/or rerouting streets, alleys, etc.

**Land Donation/Write-Down:** Property owner -- public (city/county), private (developer), or semi-private organization – contributes land to a project either as a donation without an expected return, or at a reduced price. City-acquired property through fee simple transactions and foreclosures are an obvious source for a land contribution.

**Land Swap:** To develop specific infill site in specified way cities can offer an exchange of city-owned land of similar value in alternate location.

**Level-of-Service:** Roads within a community are designed to meet specified goals regarding mobility, connectivity, regional planning and land use development. Level-of-service is a measure used to describe street standards necessary to address the role of the street. By adjusting level-of-service you address the tension between through-trips and access to activities and services along the road (corridor).

**Leverage Infrastructure Funding to Support Private Money:** Within a predefined area, public investment for infrastructure located strategically to leverage private investment.

**Limitations on Infrastructure Extensions:** Method used in regional growth management whereby efficient development patterns are rewarded.

**Linked Deposits:** Local development agencies and downtown development organizations use their bank deposits to leverage bank lending for activities supported in the area. City or development agency deposits its funds in one or several banks with the provision that the bank make loans in support of identified community objective.

Note: In select instances, cities have foregone interest on these deposits so that the bank can make loans at below market rates.

**Liquor License Restrictions:** Limit on the number of liquor licenses which are issued in a designated area. Restrictions are generally tied to businesses which generate a certain percent of their revenue from liquor sales. The purpose of this action is not to eliminate restaurants, but concentrations of bars.

**Loan Pool (Lending Pools):** Several lending organizations contributing financing to a project or projects, thus sharing risk. An amount of capital pledged by several entities businesses based on some agreed upon goals or other criteria. Pledges can be in the form of loans, letters of commitment and stock purchases. Pool can be either organized formally or on a case-by-case basis.

**Low Income Housing Tax Credits (State):** Dollar for dollar reduction or credit against an investor's federal income tax liability on salary, wages, business, etc.; credit is treated like a cash payment or as a reduction against the amount of tax owed; sale of tax credits by the developer contributes to project equity, thereby reducing developer's out-of-pocket investment.

**Low Interest Loans/Subordination:** Loans for construction, acquisition, operation, etc. are offered to qualifying individuals or organizations at a preferred interest rate; subordination by a public (city/county), private (lender), or semi-private organization of a loan in order to provide a guarantee to the lending organization that in the event of default, the debt service will be paid.

**Main Street Program:** Financial and advisory assistance for downtowns and neighborhood commercial districts including the use of preservation and economic development strategies affiliated with the National Trust for Historic Preservation.

**Management District:** Both an organizing and financing technique for area revitalization. District provides stable stream of income for activities and projects considered special to an area or in addition to general municipal services. Districts are vehicle for providing additional services for a fee and not a substitute for services funded through traditional tax revenues. Similar to Improvement District, but emphasis on marketing, management and promotion.

**Micro Loan Program:** Offers small amounts of capital to very small businesses for a wide range of capital needs including façade improvements, working capital and personal needs; provide loan guarantees. Downside: Excessive credit analysis and underwriting costs.

**New Market Tax Credits:** Designed to stimulate investment in low-income qualifying areas by providing financing assistance to qualified projects; investors receive a federal income tax credit equal to 39 percent over seven years. The project, in turn, received an equity contribution equal to 25 percent of the amount of tax credits sold; assuming

the project has access to up to \$20 million of tax credits that can be sold to investors, then 25 percent of that amount, or \$5 million could be put directly into the project. Note: A non-profit corporation, known as Community Development Entity acquires and sells the credits for eligible projects.

**Non-Profit Developer Support:** Variety of financial and regulatory tools and programs which streamline and reduce costs for “eligible projects” by “eligible developers.”

**Overlay Zone (i.e., historic, parking):** Designated area superimposed on one or more existing zoning districts; designed to protect or enhance an area’s special qualities; governmental review of all developments, with the power to approve design according to standards contained in the ordinance or in a district plan or design guidelines; program elements include “bonuses” and “requirement adjustments.”

**Park-in-a-Park:** Creative method by which parking is secondary to design and landscaping, giving visual appearance of cars in a park rather than trees in a parking lot.

**Parking District:** Designated area wherein parking design, development and management issues among multiple facilities are controlled by select entity beyond that provided for by standard municipal levels of service and control.

**Pedestrian Enhancements and Linkages:** Various public, private and non-profit initiatives to improve the pedestrian environment in a designated area, i.e., permanent and temporary streetscape elements, sidewalk widening, reduced speeds, etc. Resulting environment is designed to accommodate needs of pedestrians, as well as through- and destination-traffic, by incorporating select infrastructure improvements, design elements, and traffic management mechanisms. Methods to achieving this include: separating traffic through use of parallel streets; limiting access points; linking parking lots; coordinating traffic signals; adding alternative transportation lanes; widening sidewalks; providing crosswalks; providing street lights and furniture; preventing “deadening” uses without building front; and, incorporating transit stops.

**Predevelopment Funding Grants:** Financing for project expenses incurred prior to construction, i.e., soft costs including consulting, design, engineering, and planning, and marketing, etc. Note: The Economic Development Administration (EDA) has funds for predevelopment and construction costs (hard and soft).

**Project Thresholds:** Project size thresholds, predetermined and designed to allow smaller projects to be rapidly permitted, saving extensive reviews for larger developments and environmentally-sensitive sites.

**Public Subordination:** City/county provides a guarantee to the lending organization that, in the event of default, debt service will be paid.

**Redevelopment:** Restoration of existing buildings and properties that are blighted and/or which diminish the character and function of a neighborhood; includes adaptive use and historic preservation properties.

**Regulatory Reform:** Initiative by a government entity to amend existing regulatory documents to be responsive to prevailing market and economic conditions; examples might include: new or amended zoning designations, planning approval process reform, updated comprehensive plan, etc.

**Revenue or General Obligation Bond:** If a project has a secure revenue stream, such as parking fees resulting from construction of a parking structure, bonds may be issued and amortized by the anticipated revenue which results from the improvement that was funded. Bonds are not secured against the taxing authority of the City, and therefore do not require a public vote.

**Reverse Mortgage:** Low interest loan based on equity in home; particularly relevant for seniors. Use of reverse mortgage dollars are generally restricted to property reinvestment projects.

**Revolving Loan Funds:** Flexible funding in the form of loans, guarantees and interest subsidies to firms which further local development goals; designed to alleviate high costs and short supply of capital for businesses, particularly small ones, or those located in distressed areas. Components include: lower rates, longer terms; many capitalized by/with federal funds combined with private funds.

**Re-Zone Parcels:** Either city-owned and initiated, or petition-based, through an organized effort initiated by the “advocacy entity” to enlist the support of property owners within a designated area – request for a change in property zoning designation (to mixed-use); the objective is to provide landowners the incentive and economic strength to maintain and redevelop a high-quality environment and react more swiftly to market trends.

**Sales Tax Refund:** Refunds on net state sales and use taxes and franchise taxes for paying local school taxes up to a specific amount.

**Sales Tax Sharing:** Future sales from a development can be rebated to a developer to pay for infrastructure - city/county agrees to split sales tax revenue with developer, then developer uses funds to pay for infrastructure.

**School Programs:** Programs (i.e., essays, art, civic participation) which encourage the involvement of students in a designated area.

**Self-Certification Program:** Contractors assume responsibility for inspecting and certifying the correct completion of their own work. Quality is assured by random spot checks; contractors who cheat lose their licenses.

**Self-Supporting Municipal Improvement District (SSMID):** District providing stable stream of income for activities and projects considered special to area or in addition to general municipal services. Districts are a vehicle for providing additional services for a fee and not a substitute for services funded through traditional tax revenues.

**Signature Project:** Public-private effort whereby public sector contributes land, financing, or the like, and private sector (developer) contributes their expertise and money to joint development of a significant project within a designated planning area; program is designed to encourage development of projects which will serve as catalysts for additional investment.

**Smart Growth:** Growth management program which combines incentives, disincentives, and traditional planning techniques to promote a pattern of growth that achieves economic, environmental, and quality-of-life objectives.

**Streamlined Development Approval:** Initiative by government entity to facilitate a timely approvals process for (re)development projects meeting certain criteria. Also referred to as a “green-tape” permitting program. Critical elements of program: 1) streamlined permit and entitlement process; 2) greater predictability; and, 3) fairness in fees and exactions. Components: 1) appointed case manager; 2) consolidated permit process; 3) waived or reduced fees; 4) reduced number of changes to previously approved plans; 5) stoppage to the issuance of conflicting requirements by different departments; 6) a single public hearing; 7) streamlined environmental review process.

**Tax Abatement or Rebate:** Taxing entity (usually the city) abates or rebates a portion of tax burden; this can happen in the form of an adjustment on an individual property basis, or in an abatement zone.

**Tax Exempt Bond Financing:** Method of financing long-term debt issued by government whereby bondholders need not include interest payments on taxable income.

**Tax Increment Financing (TIF):** A district obtains funds from increases in regular tax revenues that arise from new development in the district; incremental increase in tax revenues over designated base year revenues is diverted to a special fund; diversion of regular tax revenues rather than additional fees to generate revenue for district investments. Can be used in conjunction with municipal bond issues whereby increment is pledged to repayment of the bond issue, or actual increase allocated to an administering agency directly to finance redevelopment activities.

**Transfer of Development Rights (TDR):** Ability to transfer property entitlements from one property to another when one of the parcels is located in a designated development area.

**Transit-Supportive Land Use:** Land uses and land use forms supportive of alternative forms of transportation. Typical elements include: high-density residential, employment uses, commercial developments and public spaces.

**Turnkey Facilities:** Buildings, frequently institutional, developed (and some times managed) by a private entity for another entity. Benefits to developer include a developer fee, management fee, position in the project, etc.

**Urban Renewal:** Tool used for the purpose of eliminating slum or blighted areas within a municipality, and positioning area for development or redevelopment. Actions under urban renewal include: demolition of structures; construction of infrastructure and public spaces; sale of property; and, relocation of businesses and residents.

**Underground Utilities:** City works with local utility and cable companies to place all utility lines underground; maintenance, weather-related repairs, and service disruption costs are reduced. City also encourages low-rate programs to assist developers with burying utility infrastructure.

Source: Leland Consulting Group.

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# Appendix G

## Sample Historic Overlay Zoning Regulations

Douglas, Arizona

### **SECTION 513. HISTORIC PRESERVATION OVERLAY ZONE**

#### Section 513.1

##### Purpose

The Historical Preservation Overlay Zone is intended to protect and enhance the distinctive character and historical significance of various sections of the City, to protect and preserve buildings of unique, characteristic architecture and to protect and preserve groups of buildings and street facades of historical significance or unique architectural character. Preservation of historical areas and buildings will be a significant factor contributing to the social and economic welfare of inhabitants. The creation of this district is therefore considered to be in furtherance of the health, safety and general welfare of the City.

The (H-P) Historic Preservations Overlay Zone is a supplemental special district which, when superimposed over other zoning district, requires that the plans for all sites, buildings, structures, or appurtenances thereto, to be erected, constructed, converted, established, altered or enlarged within the district to be reviewed and approved by the Building Inspector prior to any construction, removal or site work. Where the work to be done is patently in keeping with the intent and purpose of the historical preservation district no further review or approval other than that of the Building Inspector disapproves of said plans, then the applicant may appeal his decision to the design review board.

In instances involving major reconstruction or additions to buildings or other structures within the historical preservation district which will affect the character of the structure or building or when new construction is involved, the Building Inspector shall call meeting of the design review board for the purpose of reviewing and approving such plans. The Building Inspectors shall also call a meeting of the siding review board whenever he has reason to believe that the work anticipated will be controversial in nature. The Overlay Zoning will also allow the Design Review Board to override parts of this ordinance when it would be impossible to maintain the historic qualities y enforcing all requirements supplemental to the district's primary zoning. This is particularly the case in the downtown district where setbacks and off-street parking requirement cannot be met and keep the historic and unique character of the district.

## **FIGURE 7.1. POTENTIAL “OLD-TOWN” OVERLAY ZONE**

### 7.4 Historic Preservation Plan

Once historic sites are identified, they can be preserved and enhanced. At the very least they should be kept from falling into disrepair. A key tool to identify and help restore these sites is a historic preservation plan. Such a plan should be developed in order to identify strategies to preserve the Bulverde area’s unique historic resources.

Implementation of the historic preservation plan could include designating historic districts, establishing a historic preservation review board, consistent design standards for historic areas or districts, and designing flexible regulations and incentives for the rehabilitation of historic properties. The plan should also include recommendations for capitalizing on these historic resources as symbols of our heritage.

A historic ordinance should address critical issues that affect historic resources. These can include traffic/automobile dominance, design guidelines, surface parking lots, signage, and street amenities. Related ordinances that can promote historic preservation include tax incentives, a tree and shrub ordinance, and sign and design ordinance. Many Texas communities use historic preservation plans to address the neglect and alteration of historic areas, buildings and the destruction of heritage landscapes with sprawling subdivisions and strip commercial development. A variety of activities can be included in the plan and used to increase public awareness of the value of a community’s historical resources and encourage and assist with preservation efforts. These activities can include developing self-guided tours of historic structures/sites, area ranches and country lanes with rural landscapes, publishing brochures on the history of the community and region, offering advice and incentive programs to those who are restoring historic properties or building structures using the historical vernacular, and spearheading restoration projects.

The preservation plan could include strategies needed to establish the old-town area as an attractive place for both locals and visitors. These strategies could begin with identifying the stakeholders in the old-town area’s revitalization, including merchants, property owners, residents, customers, and government representatives, and bringing them together so that they can express their concerns and discuss them with others. An organization can then be created, either formally or informally, to oversee the continuing development of an implementation plan, and to represent the stakeholders on old-town development issues. The planning process would include conceptualizing the overall design and physical improvements for downtown, conducting a market analysis to be used as a tool in recruiting retail businesses, initiating design guidelines, and generating ideas for special events and promotions. Such a plan should also encourage a mix and variety of land uses as well as a strategy for dealing with parking issues.