PARKER
COLORADO

**TOWN COUNCIL STUDY SESSION AGENDA**
**March 27, 2023**
**5:00 PM**

**I. Staff/Council Updates**

**II. Study Session Items**

1. Cherry Creek Basin Control Regs 72 Revision - Williams/Mestdagh - 10 minutes
2. Parker Economic Playbook - Brad Segal (PUMA)/Feazell - 1 hour
3. Town of Parker Community Outreach & Engagement Plan - Anderson/Dittmer/Sullivan - 45 minutes
4. Community Development Update - Fussa/Matthews/Sale - 45 minutes

**III. Town Council Items**

# MEMORANDUM

**TO:** Honorable Mayor and Councilmembers

**FROM:** Tom Williams, Director Eng/PW
Alex Mestdagh, Engineering Service Manager

**DATE:** March 27, 2023

**SUBJECT:**

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**ISSUE:**
Parker Water and Sanitation District (PWSD) is requesting the Town's support regarding a proposed revision to a water quality regulation imposed by the Water Quality Control Division (the "Division") of the Colorado Department of Public Health and Environment.

**FISCAL/BUDGET IMPACT:**

**BACKGROUND:**
The Town of Parker is subject to the Division's regulations specific to the Cherry Creek Basin, known as Regulation 72. In 2020, the Division began requiring all construction dewatering activities within the Cherry Creek Basin to ensure that releases adhere to a strict level of total phosphorus (TP). The level of TP set forth by the Division is actually higher than the naturally occurring level found in groundwater in this area. It can be difficult and expensive to treat groundwater to this level, only to return it to streams where it is likely to return to background levels of TP. This applies to both Town CIP projects and development projects within the Town, potentially creating complications and extra costs for something that may not have much benefit to overall water quality with the basin.

PWSD is proposing a revision to Regulation 72 that would remove the TP requirements from groundwater. They have requested the Town's support of this proposed revision, which is attached for the Town Council's review.

**RECOMMENDATION:**

**REQUESTED DIRECTION:**
Staff requests Town Council's guidance on this request.

**ATTACHMENT:**
1. Draft Revision to Regulation 72

**BEFORE THE COLORADO WATER QUALITY CONTROL COMMISSION**
**DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, STATE OF COLORADO**

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**NOTICE OF ISSUE PROPOSAL BY PARKER WATER AND SANITATION DISTRICT [SUPPORTED BY: THE TOWN OF CASTLE ROCK, COTTONWOOD WATER AND SANITATION DISTRICT, INVERNESS WATER AND SANITATION DISTRICT, AND STONEGATE VILLAGE METROPOLITAN DISTRICT]**

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**ROUTINE REVIEW INFORMATIONAL HEARING OF THE CHERRY CREEK RESERVOIR CONTROL REGULATION, REGULATION #72, 5 C.C.R. § 1002-72**

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Parker Water and Sanitation District ("Parker Water"), by and through undersigned counsel, hereby recommends that the Water Quality Control Commission ("Commission") modify the Cherry Creek Reservoir Control Regulation, Regulation 72, and submits the following Notice of Issue Proposal concerning requested revisions.

Specifically, Parker Water requests that the Commission set a Regulation 72 rulemaking hearing for December 2023 or early 2024 and define the scope of the hearing to include Parker Water's proposed revisions to Regulation 72.4(4) regarding total phosphorus ("TP") limits for construction dewatering activities in the Cherry Creek watershed.

## I. SUMMARY OF PARKER WATER'S PROPOSAL

Based on dewatering general permits issued by the Water Quality Control Division ("Division") in 2020, nearly all construction dewatering activities in the Cherry Creek Basin must be subject to a TP effluent limit of 0.05 mg/L, even though background levels of TP in the watershed are approximately 0.2 mg/L. Therefore, whenever a governmental entity or private party requires dewatering to construct a road or bridge, or to maintain critical facilities, the release of that groundwater must comply with a 0.05 mg/L TP limit. Wastewater treatment facilities often cannot provide treatment for such construction dewatering because they are often not located proximate to the dewatering site, facility operations preclude the introduction of these flows, and the additional flows can cause exceedances of wastewater treatment capacities. The 0.05 mg/L TP limit is extremely challenging for construction projects—even those initiated by wastewater utilities—because they would need to employ alternatives to treatment such as storage, hauling and remote discharge – but those options are untenable for a variety of reasons, including impacts to water rights.

Parker Water proposes modest revisions to Regulation 72 to align it with Regulation 85 and other control regulations by clarifying that naturally occurring groundwater within the Cherry Creek Watershed, to which no nutrients or other pollutants are added, is not subject to the TP limit of 0.05 mg/L.

## II. BACKGROUND

### A. Regulation 72 Overview

The Cherry Creek Reservoir Control Regulation, Regulation 72, is a watershed-scale implementation plan that seeks to limit algal biomass, measured as chlorophyll *a*, in Cherry Creek Reservoir by reducing TP inflows through various restrictions:

- Regulation 72.4 specifies effluent limits for point source discharges.
- Regulation 72.6 specifies nonpoint source and individual sewage disposal system nutrient controls.
- Regulation 72.7 specifies stormwater permit requirements.
- Regulation 72.8 requires nutrient monitoring requirements for covered facilities and the Cherry Creek Basin Water Quality Authority ("CCBWQA").
- Regulation 72.9 specifies CCBWQA annual reporting requirements to the Division and Commission.
- Regulation 72.10 establishes the Commission's routine review of the regulation.

Regulation No. 72 applies to the Cherry Creek reservoir and the watershed upstream from the reservoir, as specified at Regulation 72.2(4).

### B. Total Phosphorus in the Cherry Creek Basin

A benefit of Regulation 72 is that there has been longstanding, ongoing monitoring of water quality by CCBWQA and individual dischargers in the basin. Based on such monitoring, phosphorus concentrations are well documented. As Parker Water indicated in its 2020 Responsive Prehearing Statement in the Regulation 38 proceeding, extensive sampling and studies show that the average TP concentrations in Cherry Creek are approximately 0.2 mg/L at the Cherry Creek pump station and total phosphorus concentrations in Newlin Gulch upstream of the Reservoir are approximately 0.405 mg/L.

- The Cherry Creek Basin Water Quality Authority's "Summary of Activities to Comply with Phased TMAL Requirements" (Jan. 4, 2009) concluded that the average background concentration in Cherry Creek is 0.19 mg/L.
- Flows in the Cherry Creek basin trend toward 0.2 mg/L total phosphorus based on data from 2000-2018 in the CCBWQA online database, as illustrated in the graph of average concentrations along Cherry Creek. The sampling location closest to Parker Water's Cherry Creek Pump Station (which diverts Cherry Creek water into Rueter-Hess Reservoir) exceeds 0.2 mg/L.
- At Parker Water's Cherry Creek Pump Station, total phosphorus concentrations generally range from 0.2 mg/L to 0.3 mg/L.
- Within Newlin Gulch, the average total phosphors concentrations is 0.405 mg/L based on 2018 sampling. With approximately 1,251 acre-ft/year flowing into the Reservoir via Newlin Gulch, the total annual load of phosphorus coming from Newlin Gulch into Rueter-Hess Reservoir is approximately 1,378 lbs.

- Concentrations in Rueter-Hess Reservoir itself exceed the interim total phosphorus standard, 0.083 mg/L, that the Division proposes to apply to the Reservoir.[1]

More recently, as part of the lakes nutrients rulemaking proceeding the CCBWQA has also extensively discussed the elevated background TP concentrations in the basin.[2] It summarized that "[a]verage TP concentrations in alluvial groundwater are approximately 200 µg/L [0.2 mg/L]. Cherry Creek in Castlewood Canyon, near the USGS Franktown site, is the monitoring location furthest upstream in the Cherry Creek Basin and is considered by CCBWQA to represent background conditions due to limited development upstream of this site" and concentrations at that site averaged "182 µg/L [0.182 mg/L] from 1992-2021." *Id*. at 8-9.

### C. <u>Discharge Permits for Dewatering Within the Cherry Creek Basin</u>

As stated above, Regulation 72.4 specifies effluent limits for point source discharges. Discharges from drinking water treatment facilities are subject to a 0.2 mg/L TP limit (applied as a 30-day average limit, unless the permittee requests and the Division applies the limit as a 90-day average). 5 C.C.R. § 1002-72.4(2). On the other hand, "industrial process wastewater sources" are subject to a 0.05 mg/L TP limit (also applied as a 30-day average limit, unless the permittee requests and the Division applies the limit as a 90-day average). 5 C.C.R. § 1002-72.4(4). The definition of "industrial process wastewater sources" explicitly include, and exclude, certain activities:

> "Industrial process wastewater sources" include, but are not limited to, facilities, or activities that discharge non-domestic process wastewater, such as effluent from construction dewatering and sand and gravel mining or any water that, during manufacturing or processing, comes into direct contact with or results from the production or use of any raw material, intermediate product, finished product, byproduct, or waste product. "Industrial process wastewater sources" do not include facilities or activities that discharge into a wastewater facility, as defined in this section. For the purpose of this regulation only, such sources also do not include such activities as hydrostatic testing operations, hydrant flushing, water main repairs, drinking water treatment facilities, dewatering or foundation draining, and swimming pool drainage.

5 C.C.R. § 1002-72.2(13).

Relevant here is the extent to which dewatering activities are included in the definition of "industrial process wastewater sources," and thus whether they are subject to the 0.05 mg/L TP

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[1] Parker Water and Sanitation District, Regulation 38 Responsive Prehearing Statement at 13 (Apr. 15, 2020), https://drive.google.com/drive/folders/1qLESSSLODVXLq8N0ghqT-GV8oTbRvwn1 (exhibit references and citations omitted).

[2] CCBWQA, Regulations 31, 32-38, 85 Responsive Prehearing Statement at 8-13 (Dec. 21, 2022), https://drive.google.com/drive/folders/1EPTIg7NjoAu5QBTJQw-_h264isb31VBU

limit under Regulation 72.4(4). The definition above specifically covers "effluent from construction dewatering" but also excludes "dewatering or foundation draining."[3]

This issue came to prominence in 2020, when the Division issued five new dewatering general permits that sought to implement Regulation 72, including the 0.05 mg/L TP limit and the exceptions thereto, depending on the type of permit and activity. The scope, availability, and TP requirements of the five dewatering permits are summarized as follows:

- <u>The COG603000 permit covers subterranean dewatering (e.g., foundation dewatering)</u>. The permit does not provide coverage for discharges where constituents are present in source water at concentrations that have reasonable potential to cause or contribute to an exceedance of a water quality standard in the receiving stream, regardless of project duration. COG603000 Fact Sheet at 3-4, 9. This restriction would normally prevent coverage in the Cherry Creek basin if source water (*i.e.*, groundwater) TP concentrations equal to or exceed 0.025 mg/L. *Id*. at 16-17 ("a qualitative determination of RP may be made where the maximum detected concentration of a constituent in the source water exceeds one-half the applicable screening criteria (e.g. water quality standard, numeric limitation provided in a Watershed Control Regulation, or other applicable regulatory standard) of the receiving water for the discharge."). However, the COG603000 permit requires only monitoring of TP in the Cherry Creek basin because Regulation 72.2(13) "specifically excludes dewatering and foundation draining activities from requirements for phosphorus limitations" (based on the definition of "industrial process wastewater sources"). *Id*. at 12.
- <u>The COG608000 permit covers well development and pumping test activities</u>. The permit "is targeted for areas where constituents in the source water do not have reasonable potential (RP) to cause or contribute to an exceedance of a water quality standard in the receiving stream." COG608000 Fact Sheet at 2-3. This restriction would normally prevent coverage in the Cherry Creek basin if source water (*i.e.*, groundwater) TP concentrations equal to or exceed 0.025 mg/L. *See id*. at 13. However, the COG608000 permit requires only monitoring of TP in the Cherry Creek basin because Regulation 72.2(13) excludes these activities from the definition of "industrial process wastewater sources." *See id.* at 16.
- <u>The COG080000 permit covers discharges from short-term construction dewatering (authorizing discharges of groundwater, surface water, and/or commingled stormwater)</u>. This permit "provides coverage for discharges to state waters where phosphorus concentrations in source water do not have reasonable potential to exceed applicable phosphorous limitations provided in the Cherry Creek Watershed Control Regulation (Regulation 72) . . ." COG080000 Fact Sheet at 3; *see also id.* at 4, 11-12. It is therefore unavailable to applicants where source water (*i.e.*, ground water) TP concentrations equal to or exceed 0.025 mg/L. In such cases, an applicant must obtain a COG317000 permit, discussed below, and treat water to meet 0.05 mg/L TP. However, the permit features an

[3] Previously, the definition both explicitly included and excluded "construction dewatering." *See* 5 C.C.R. § 1002-72.26 (2004 Statement of Basis and Purpose); *see also Imported Permanent Rule* (2001), https://www.sos.state.co.us/CCR/DisplayRule.do?action=ruleinfo&ruleId=2383&deptID=16&agencyID=132&deptName=Department%20of%20Public%20Health%20and%20Environment&agencyName=Water%20Quality%20Control%20Commission%20(1002%20Series)&seriesNum=5%20CCR%201002-72.

exception for in-stream dewatering discharges. Based on allocation of intake credits, the Division determined “that there is not reasonable potential[,] and effluent limitations do not need to be applied for discharges” where dewatering occurs entirely within the high-water mark of a stream. *Id*. at 23-24.

- The COG317000 and COG318000 permits cover discharges from short-term and long-term “remediation activities” and acts as a catch-all for discharges of groundwater, surface water, and/or commingled stormwater). In contrast to all three prior general permits, the COG317000 and COG318000 permits cover discharges “where constituents in the source water have reasonable potential to cause or contribute to an exceedance of a water quality standard in the receiving stream.” COG317000 Fact Sheet at 3; COG318000 Fact Sheet at 3. Both permits impose a TP numeric limit of 0.05 mg/L where source water has reasonable potential to exceed 0.05 mg/L (e.g., where source water exceeds 0.025 mg/L TP). COG317000 Fact Sheet at 12-13, 22; COG318000 Fact Sheet at 11, 20. The rationale for requiring this permit limit is that Regulation 72 “applies phosphorus limitations only to select activities identified in the regulation as being industrial process sources (e.g. construction dewatering).” COG317000 Fact Sheet at 13; COG318000 Fact Sheet at 11.

In short, dewatering activities covered under an exception—like well development and pumping test activities—only require TP monitoring. In contrast, construction dewatering in the Cherry Creek basin will almost always be subject to a 0.05 mg/L limit, even if the dewatering does not add nutrients, because ambient TP concentrations in the basin are approximately 0.2 mg/L—eight times the concentration on which the Division bases its “reasonable potential” analysis (0.25 mg/).

Based on the differences in how TP limits are imposed, and on the specific TP limit that is imposed on construction dewatering, Regulation 72 stands in contrast to the statewide nutrient control regulation and all other watershed control regulations, which either explicitly exempt construction dewatering from TP levels or impose a more modest numeric limit of 1.0 mg/L (under Regulation 73). Most notably, Regulation 72 directly conflicts with an express exemption for dewatering activities under the statewide nutrient control regulation, Regulation 85:

> The numerical effluent limitations set forth in sections 85.5(1)(a)(iii), 85.5(1)(b), and 85.5(2) shall not apply under the following circumstances: . . . Where discharges consist solely of ground water that is pumped for the purpose of dewatering a construction site or for building sumps so long as no phosphorus or nitrogen is added to the ground water being discharged.

5 C.C.R. § 1002-85.5(3)(b)(iii).

An ultralow 0.05 mg/L TP limit presents significant challenges for any entity that encounters groundwater while undergoing a construction activity. An entity could attempt to impound and transport the groundwater to a wastewater treatment facility, but wastewater utilities routinely reject such requests due to concerns over relatively clean groundwater consuming expensive hydraulic capacity that should otherwise be devoted to domestic and industrial wastewater. Such capture and transport requires storage, is untenable at the scale of most dewatering activities, and presents severe economic challenges. It also creates water rights challenges, particularly if the groundwater is stored for any amount of time, consumptively used, and/or transported to a different location from which it was withdrawn. Alternatively, an entity could attempt to treat the groundwater, but it is expensive and technically difficult to treat to 0.05 mg/L on a dispersed basis outside of a wastewater collection and treatment system. Such treatment also creates a collateral water quality impact because it is chemical-intensive and energy-intensive. Commonly used chemicals like aluminum sulfate and ferric chloride produce iron, chloride, and sulfate residuals that contribute to increased loading in Cherry Creek.

### D. Routine Review

The Commission held a Triennial Review Informational Hearing ("TRIH") for Regulation 72 on May 10, 2021.[4] For that hearing, Parker Water requested a future rulemaking to address the applicability of Regulation 72's 0.05 mg/L TP limit to dewatering operations.[5] CCBWQA sought a rulemaking hearing to address "general cleanup and reorganization; clarifications based on communications and actions since the last formal RMH in 2012; and alignment with the CCBWQA Statute, the Colorado Water Quality Control Act, state regulations, and Colorado Discharge Permit System (CDPS) documents."[6] The Division discussed several topics for rulemaking, broadly categorized as permitting issues, design criteria, and general housekeeping.[7] However, the Division recommended that the Commission schedule two rulemaking hearings: (1) a limited-scope hearing to address issues related to municipal separate stormwater sewer systems ("MS4s") in mid-2022, and (2) a second, more comprehensive rulemaking hearing in November or December 2023.

At the TRIH, the Commission agreed to set a "limited scope rulemaking hearing in April 2022 to consider revisions to Section 72.7 concerning Municipal Separate Storm Sewer Systems (MS4) permit requirements."[8] The Commission held the rulemaking hearing on April 11, 2022 and adopted revisions focused on stormwater management for MS4-permitted areas. 5 C.C.R. § 1002-72.29. The Commission deferred the prospect of a rulemaking for all other topics, such as Parker Water's, to a future informational hearing.

## III. PARKER WATER'S PRELIMINARY PROPOSAL

Parker Water has considered several alternatives for regulatory revisions to align Regulation 72 with the state's nutrients control regulation, to align the regulation with other watershed

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[4] Notice of Public Informational Hearing Before the Colorado Water Quality Control Commission (Mar. 9, 2021), https://drive.google.com/file/d/15To9KVF2ioYu44_Jee9TFXhLxmOyvJNw/view.
[5] Notice of Issue Proposal by Parker Water and Sanitation District (Apr. 28, 2021), https://drive.google.com/file/d/1TJvOE5R2XidOsd0q6smzZLNqQ1AyQHL7/view.
[6] Letter from Cherry Creek Basin Water Quality Authority to Trisha Oeth (Apr. 19, 2021), https://drive.google.com/file/d/1YGIJJ8QhpSYgPKMSWPbgtTb7sV9S_uD5/view.
[7] Letter from Water Quality Control Division to Trisha Oeth (Apr. 28, 2021), https://drive.google.com/file/d/1E4mt8dlhtS9ktduOJJxwJprfkiW8uSQK/view.
[8] Notice of Public Rulemaking Hearing before the Colorado Water Quality Control Commission (Dec. 13, 2021), https://drive.google.com/file/d/1buZz6vo4elszOVcOagFK3xjOTxFs7mRQ/view.

regulations, and to address significant feasibility issues associated with a 0.05 mg/L TP limit being applied to construction dewatering.[9]

At present, Parker Water proposes a narrowly tailored provision incorporated from Regulation 85 into Regulation 72.4, as follows (in red):

> 4. No industrial process wastewater source or wastewater facility within the Cherry Creek watershed shall discharge an effluent with a total phosphorus concentration greater than 0.05 mg/l total phosphorus as a 30-day average except that, at the request of a permittee, the Division is authorized to allow up to a 90-day averaging period for this limit in the discharge permit or in the notice of authorization issued pursuant to Commission Regulation #84. . . .
>
> > a. Consistent with Regulation 85.5(3)(b)(iii), the numerical effluent limitations set forth in section 72.4 shall not apply where discharges consist solely of ground water that is pumped for the purpose of dewatering a construction site or for building sumps so long as no phosphorus or nitrogen is added to the ground water being discharged.

The proposal would allow the Division to modify the dewatering permits by requiring only monitoring of TP in the Cherry Creek basin for construction dewatering, identical to how foundation dewatering, well development and pumping test activities, and in-stream construction dewatering projects are treated.

The proposal would not disturb the definition of "industrial process wastewater sources" and would not alter any other permit requirement for construction dewatering, including all other effluent limits applied in a dewatering permit. It would also continue to require the Division to apply a 0.05 mg/L TP limit for any construction dewatering activity that adds nutrients to source water prior to discharge. Since background TP levels in the Cherry Creek basin are approximately 0.2 mg/L, the status quo will be maintained.

## IV. RIPENESS OF PROPOSAL

### A. Adequate Data and Information Is or Will be Available

All information is or will be available to support the proposal prior to a future rulemaking hearing, and Parker Water will be fully prepared to meet any deadlines. While the proposal does not involve the extensive use of data, information regarding the rationale for the proposal, including relevant legal and technical references, is or will be available.

### B. Stakeholder Outreach

Parker Water has made a good faith effort toward exploring the above proposal and engaging with stakeholders. Parker Water first presented the proposal to the CCBWQA Technical Advisory Committee ("TAC") on February 4, 2021, after which the CCBWQA Board and TAC continued to discuss the proposal in the context of whether to include it in the CCBWQA's Triennial Review Informational Hearing letter. Parker Water also provided a memorandum on

[9] These include refining the definition of "industrial process wastewater sources" at Regulation 72.2(13) or incorporating by reference the dewatering exclusion at Regulation 85.5(3)(b)(iii).

the proposal to Cherry Creek basin stakeholders in February and April, 2021, and again presented the proposal to a CCBWQA subgroup on April 8, 2021. Based in part on the CCBWQA's composition, relevant discussions have included representatives of Mile High Flood District, Colorado Parks and Wildlife, the Division, various municipalities in the basin, and Governor's appointees representing certain interest groups.

Parker Water prepared a notice of proposal on April 28, 2021 and presented the proposal to the Commission at the Regulation 72 TRIH on May 10, 2021. After the Commission determined to narrow the scope of the 2022 rulemaking proceeding, Parker Water obtained party status and focused on addressing issues in that proceeding. After the rulemaking proceeding concluded, Parker Water again presented its proposal to the CCBWQA TAC on July 7, 2022 followed by the CCBWQA board on August 18, 2022. Parker Water has also continued discussions with the Division concerning its proposal and the scope of a Regulation 72 rulemaking proceeding, including on October 24, 2022 and January 24, February 13, and February 23, 2023.

At this time, Parker Water's proposal is supported by the [Town of Castle Rock, Cottonwood Water and Sanitation District, Inverness Water and Sanitation District, and Stonegate Village Metropolitan District]. Additional stakeholders have expressed interest in the proposal. Going forward, Parker Water intends to gather additional information and data, assess potential impacts, and continue to engage stakeholders.

## V. NEED FOR EXPEDITIOUS RESOLUTION OF THE ISSUE

It is important that the Commission set a hearing to consider the proposed Regulation 72 revisions within a practical period of time. Among other reasons, application of the current TP limit of 0.05 mg/L to dewatering operations will prevent, discourage, or inhibit the timely installation of important infrastructure in the watershed, such as new water distribution lines, roads and bridges, and even stormwater infrastructure. It will also delay critical maintenance of facilities, such as dewatering systems supporting aeration basis. And as existing dewatering general permit certifications expire and new projects apply for dewatering general permit coverage, a greater number of projects requiring dewatering will become subject to the 0.05 mg/L TP limit, though project proponents may be unaware of and unprepared for the new limits, which risks operational delays, municipal budget exceedances, and potentially noncompliance.

## VI. PROPER PROCEEDING FOR THE PROPOSAL

The Regulation 72 rulemaking hearing is the proper proceeding for Parker Water's proposal. Parker Water's proposal is germane to the subject matter of the hearing given that dewatering general permits establish TP requirements based on reservoir control regulations. Other stakeholders in the Cherry Creek Basin are also interested in Parker Water's proposal.

## VII. RECOMMENDED COMMISSION ACTIONS

Parker Water respectfully requests that the Commission schedule a rulemaking proceeding in December 2023 or early 2024, as may be suitable for the Commission's long range planning and scheduling. Parker Water anticipates that additional outreach is needed with all interested stakeholders based on past discussions with the CCBWQA TAC, board, and member entities. A December 2023 or early 2024 will accommodate 3-4 stakeholder meetings to discuss pending questions and concerns, based on the following approximate timeline:

| Action | Date |
|---|---|
| Routine Review Informational Hearing | April 10, 2023 |
| Stakeholder Meeting #1 | May 2023 |
| Stakeholder Meeting #2 | July 2023 |
| Notice of Public Rulemaking Hearing | August 2023 |
| Stakeholder Meeting #3 | September 2023 |
| Proponent's Prehearing Statement | September 2023 |
| Stakeholder Meeting #4 (as needed) | October 2023 |
| Rulemaking Hearing | December 2023 |

Should the Commission schedule the rulemaking hearing in December 2023 or early 2024, Parker Water will work closely with the Division and stakeholders to collaborate on the proposal for the rulemaking hearing.

Respectfully submitted this _____ day of March, 2023.

Brownstein Hyatt Farber Schreck, LLP

*/s/ Michael P. Smith*
Ronda L. Sandquist, Colo. Atty. Reg. No. 9944
Michael P. Smith, Colo. Atty. Reg. No. 48730

**COUNSEL FOR PARKER WATER AND SANITATION DISTRICT**

## CERTIFICATE OF SERVICE

The undersigned certifies that on [___], March, 2023 a true and correct copy of the foregoing **NOTICE OF ISSUE PROPOSAL BY PARKER WATER AND SANITATION DISTRICT** was served via email as follows:

Water Quality Control Commission: cdphe.wqcc@state.co.us

*/s/ Patricia Davis*
Patricia Davis, Paralegal
Brownstein Hyatt Farber Schreck, LLP

25244871

# MEMORANDUM

**TO:** Honorable Mayor and Councilmembers

**FROM:** Weldy Feazell, Redevelopment Manager

**DATE:** March 27, 2023

**SUBJECT:** Parker's Economic Playbook Update

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**ISSUE:**

Progressive Urban Management Associates (PUMA) will give a presentation to the Town Council updating the status of Parker's Economic Playbook.

The update will cover the following:
- Review of the Market Analysis/External Assessment
- Results of the Economic Development Survey
- Next Steps

**FISCAL/BUDGET IMPACT:**

None.

**BACKGROUND:**

In the fall of 2022, PUMA was hired as the consultant to develop a comprehensive economic development strategic plan. Over the past six months, PUMA has been working on the external assessment of the Town of Parker and its economic development. This external assessment included a market assessment, past plan review, community priorities, stakeholder interviews, and a community survey. This information and its key findings will be discussed with the Town Council.

**RECOMMENDATION:**

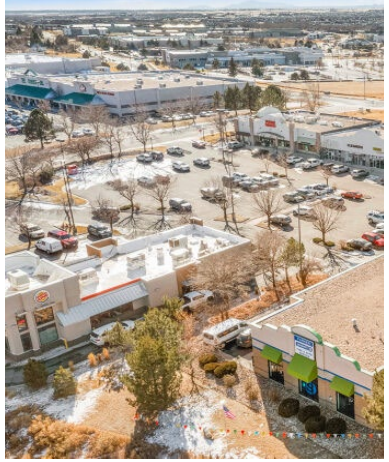
No action is needed at this time.

**REQUESTED DIRECTION:**

No action is needed at this time.

**ATTACHMENT:**

1. PUMA presentation - Parker Town Council Study Session 3.27.23
2. PUMA Parker Market Assessment_DRAFT 3.7.23




# **PARKER'S ECONOMIC PLAYBOOK:** MOVING PARKER TOWARDS A THRIVING ECONOMIC FUTURE

**Town Council Study Session - March 27, 2023**

Progressive Urban Management Associates

P.U.M.A.

# AGENDA

I. Project Overview

II. Stakeholder Outreach Themes

III. Market Assessment Findings

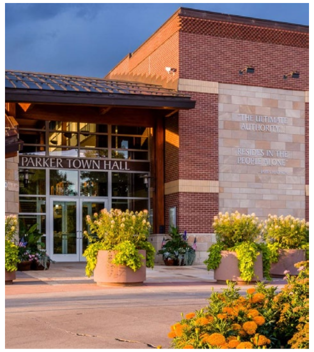
IV. Discussion

# PROGRESSIVE URBAN MANAGEMENT ASSOCIATES

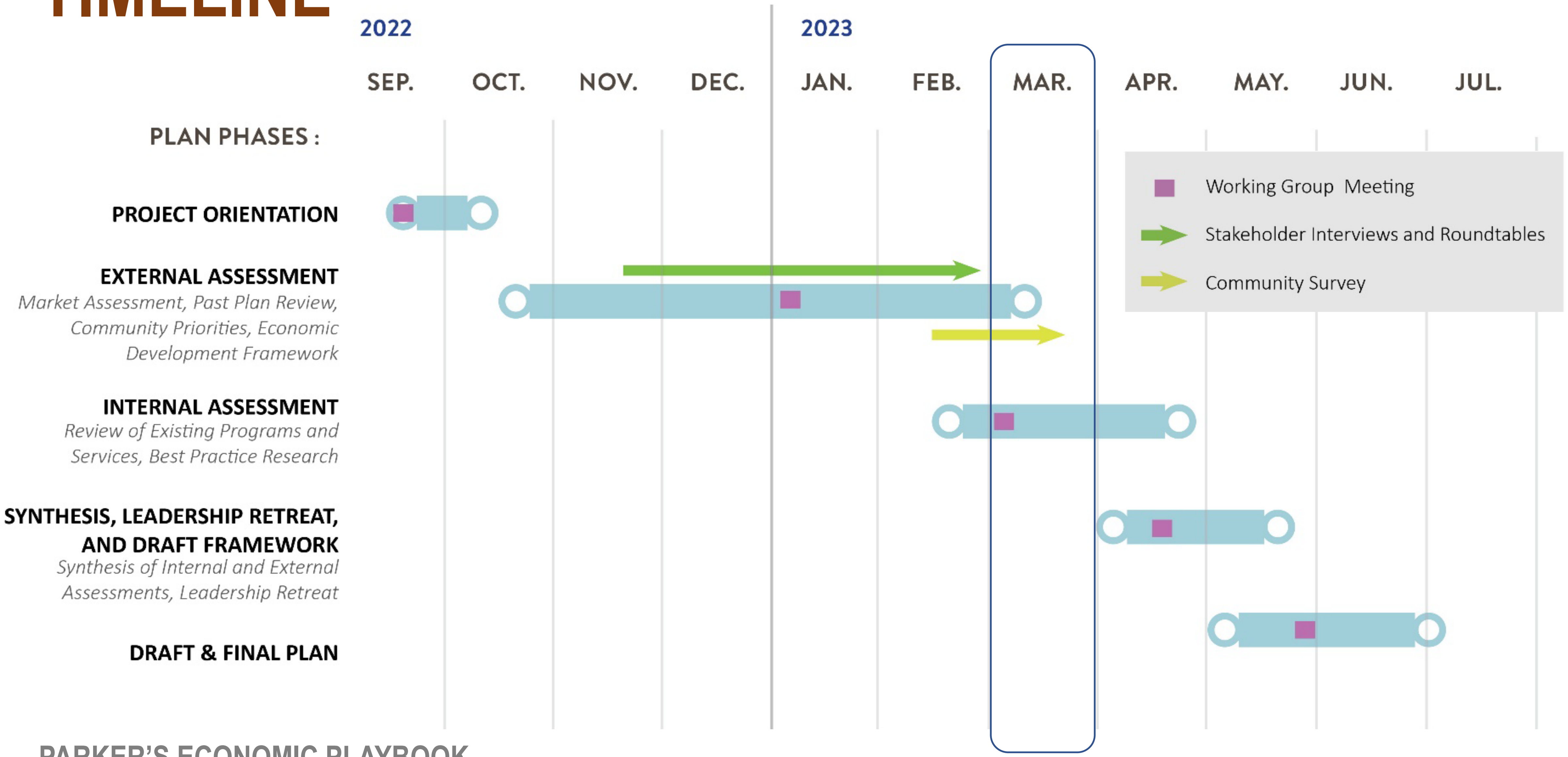
- Denver-based real estate economics and planning firm
- 30 years, 37 states, 300+ communities
- Parker P3 Strategic Plan
- Recent work in Arvada, Broomfield, Castle Rock, Denver, Englewood, Greeley, Littleton, and all along the Front Range
- Also working on Downtown Parker BID feasibility

# PROJECT OBJECTIVES

- Create a forward-thinking strategy to guide economic development in Parker
- Promote economic resiliency, diversification, fortify Town's revenue base and create local job opportunities
- Refresh the mission and structure of Parker's economic development services
- Engage elected officials, town staff, business and civic leaders, and other community stakeholders in a participatory process to inform the plan



# TIMELINE


2022
2023
SEP.
OCT.
NOV.
DEC.
JAN.
FEB.
MAR.
APR.
MAY.
JUN.
JUL.
PLAN PHASES :
PROJECT ORIENTATION
EXTERNAL ASSESSMENT
Market Assessment, Past Plan Review, Community Priorities, Economic Development Framework
INTERNAL ASSESSMENT
Review of Existing Programs and Services, Best Practice Research
SYNTHESIS, LEADERSHIP RETREAT, AND DRAFT FRAMEWORK
Synthesis of Internal and External Assessments, Leadership Retreat
DRAFT & FINAL PLAN
Working Group Meeting
Stakeholder Interviews and Roundtables
Community Survey

# INTERVIEWS + ROUNDTABLES

**Interviews:**

- Town Council (all members), Mayor, and Town Manager
- Town Departments: Public Works/Engineering and Community Development
- Economic development partners: Aurora South SBDC, Arapahoe/Douglas Works, Parker Chamber of Commerce,
- Private sector: Centura Parker Adventist Hospital, Rocky Vista University, Confluence

**Roundtables:**

- Downtown Business Association (DBA)
- Developers
- Commercial Real Estate

# OUTREACH: KEY THEMES

- Widespread satisfaction with Parker’s quality of life, amenities
- Small business and entrepreneurs: cultivate homegrown talent, support existing businesses, affordable spaces needed
- Enthusiasm for downtown redevelopment and desire for more unique developments (sense of place), more walkable commercial areas near residential areas for neighborhood services.
- Diversify dining, retail, and entertainment experiences
- Expand tourism draws
- Opportunity for a conference center

# OUTREACH: KEY THEMES

- Concerns about traffic congestion, transit limitations
- Environmental sustainability emerging as an important value
- Desire to attract primary employment and diversify job base (and recognition of limitations: land availability, housing and transportation costs, competitive disadvantages geographically)
- Many businesses, large and small, are struggling to recruit talent due to housing and transportation costs -- a growing challenge to expansion, retention, and quality of service delivery.
- Development review and permitting processes are viewed by many developers and business owners as cumbersome.

# SURVEY FINDINGS – SO FAR

- Open through late March
- 350 responses as of 3/20
- Demographics:
  - 89% live in Parker
  - 30% living in Parker 20+ years
  - Highest response rate from 45-64 year-olds
  - 2/3 female respondents
  - 42% from households w/ kids (under age 21)

# SURVEY FINDINGS – SO FAR

## Q1: How have the following changed in Parker during the past 10 years or since you moved or began working here?

| | Much Better | Getting Better | Stayed the Same | Getting Worse | Much Worse |
|---|---|---|---|---|---|
| Art, culture, entertainment | 17% | 40% | 39% | 2% | 1% |
| Restaurant offerings | 12% | 52% | 24% | 12% | 1% |
| Retail options | 9% | 40% | 37% | 11% | 4% |
| Family-friendly activities | 6% | 36% | 48% | 10% | 0% |
| Ease of walking, biking | 5% | 35% | 43% | 13% | 4% |
| Housing variety | 4% | 27% | 28% | 26% | 14% |
| Local employment opportunities | 4% | 26% | 58% | 11% | 1% |
| Sense of community | 3% | 19% | 33% | 36% | 10% |
| Public safety | 2% | 15% | 40% | 31% | 11% |
| Access to transit | 1% | 7% | 60% | 26% | 6% |
| Traffic congestion | 1% | 1% | 7% | 42% | 49% |

# SURVEY FINDINGS – SO FAR

**Q2: Where do you go for retail shopping?**
% = “frequently” + “occasionally” responses.

- Online (94%)
- Parker Pavilions/FlatAcres (69%)
- Downtown Parker (68%)
- Park Meadows (63%)
- Stroh Ranch (53%)
- Southlands (Aurora) (48%)
- Crossing at Stonegate (46%)
- Parker Valley Center (44%)
- Lincoln Commons (43%)
- Outlets in Castle Rock (41%)

**Q3: Dining and entertainment?**

- Other areas in Parker (85%)
- Downtown Parker (68%)
- Lone Tree (53%)
- Castle Rock (46%)
- Littleton/Centennial/Highlands Ranch (40%)
- Denver (36%)
- Aurora (29%)

# SURVEY FINDINGS – SO FAR

**Q7: Of the improvements listed in question 6, which ONE action will be MOST IMPORTANT?** (top answers from 11 options listed below)

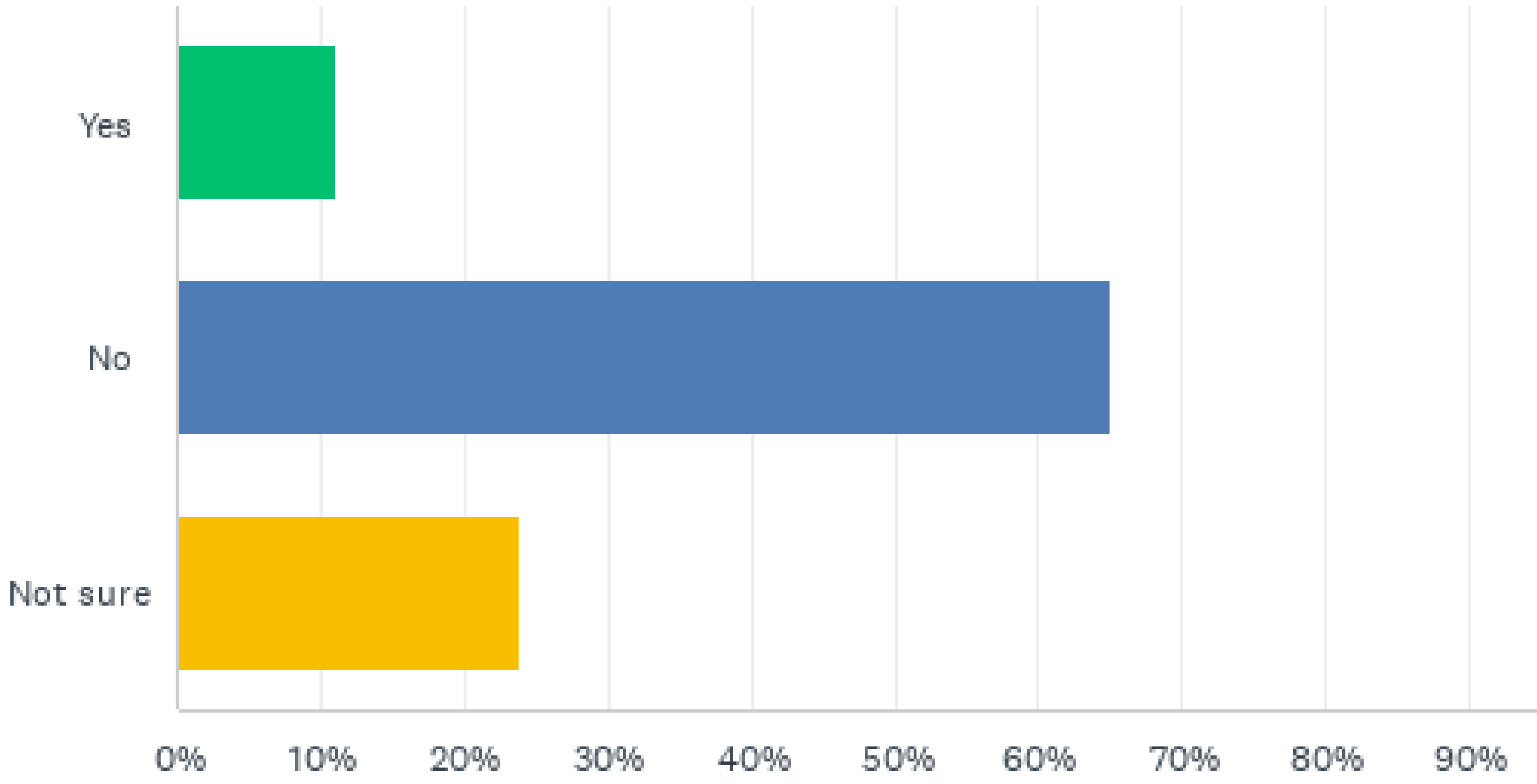
1. Improve the variety of retail and restaurants (27%)
2. More accessible parks and open space (13%)
3. Invest in sustainability and environmental quality (e.g., solar energy, water reuse) (9%)
4. Recruit more employers and new jobs (8%)
5. Increase variety of housing choices (e.g., sizes and price points) (8%)
6. More community gathering places and opportunities for community connection (7%)

# SURVEY FINDINGS – SO FAR

**Q8: Most important types of new employment opportunities:**

- Scientific and technical services (e.g., engineering, tech) (21%)
- Healthcare and social services (e.g., medical, wellness, personal care) (13%)

**Q11: Interest in starting a business in Parker:**



# MARKET ASSESSMENT – KEY FINDINGS

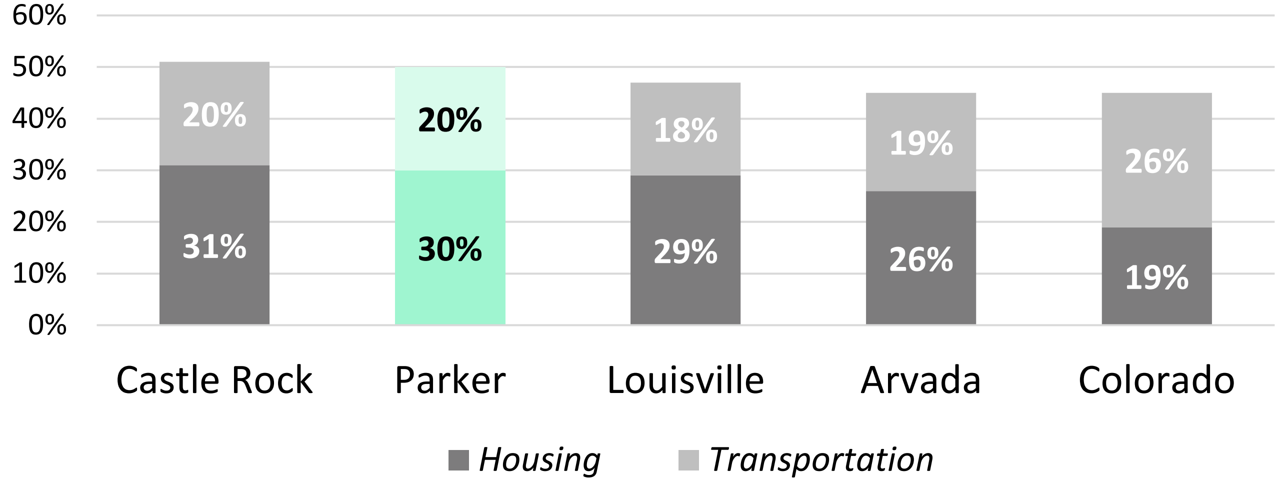
## Residential

- Population growing, diversifying
- Relatively low density residential land use patterns
- Highest growth in multi-family development occurred 2000-2010
- Median home price and rents have risen dramatically

*Source: Zillow*

| Home Values, 2019-2022 | | |
|---|---|---|
| | Zillow: Home Value Index, 2022 | Home Value % Change, 2019-2022 |
| **Louisville** | $853,945 | 40% |
| **Parker** | $734,692 | 45% |
| **Castle Rock** | $706,893 | 47% |
| **Arvada** | $645,894 | 45% |

**Housing & Transportation Costs (% of Income),**

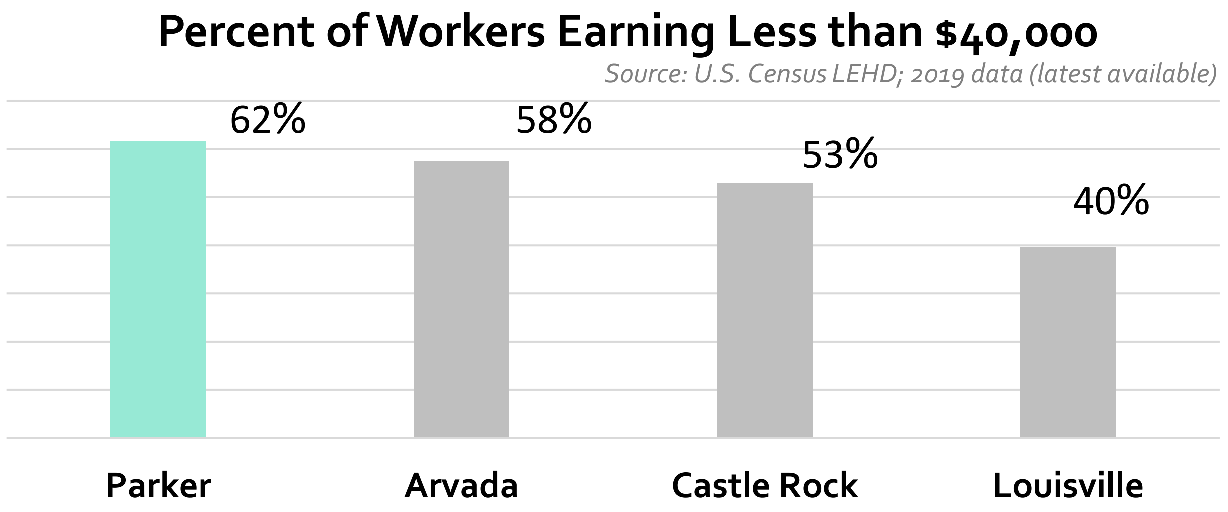


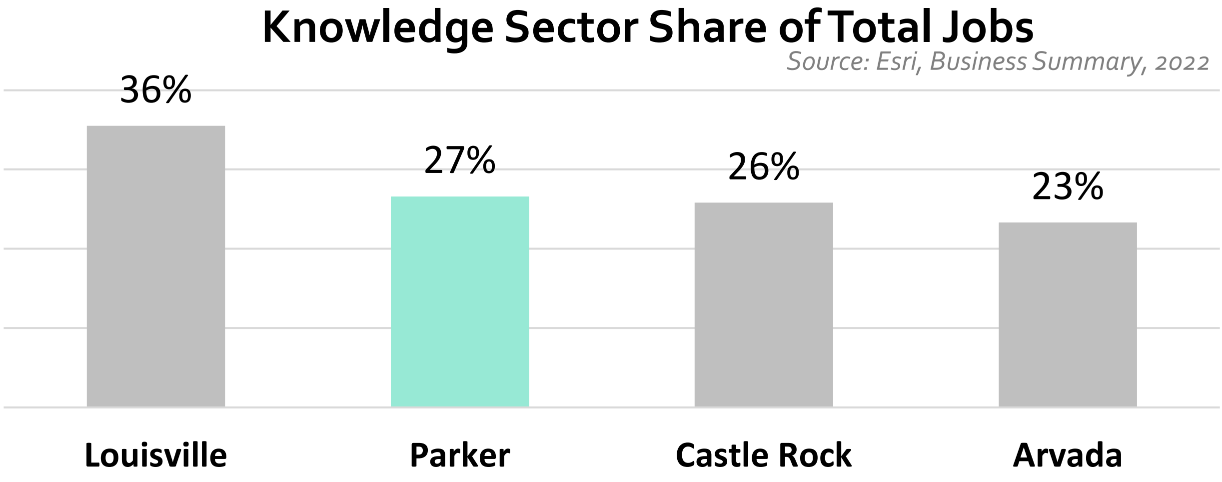

*Source: Housing and Transportation (H+T®) Affordability Index, 2022*

# MARKET ASSESSMENT – KEY FINDINGS

## Employment

- Prevalence of retail and lower-wage jobs (62% earning less than $40K)
- Examples of lower-wage jobs include retail, food services, and healthcare
- 90% of Parker residents commute elsewhere for work
- “Knowledge sector” opportunity (build on highly educated resident base)

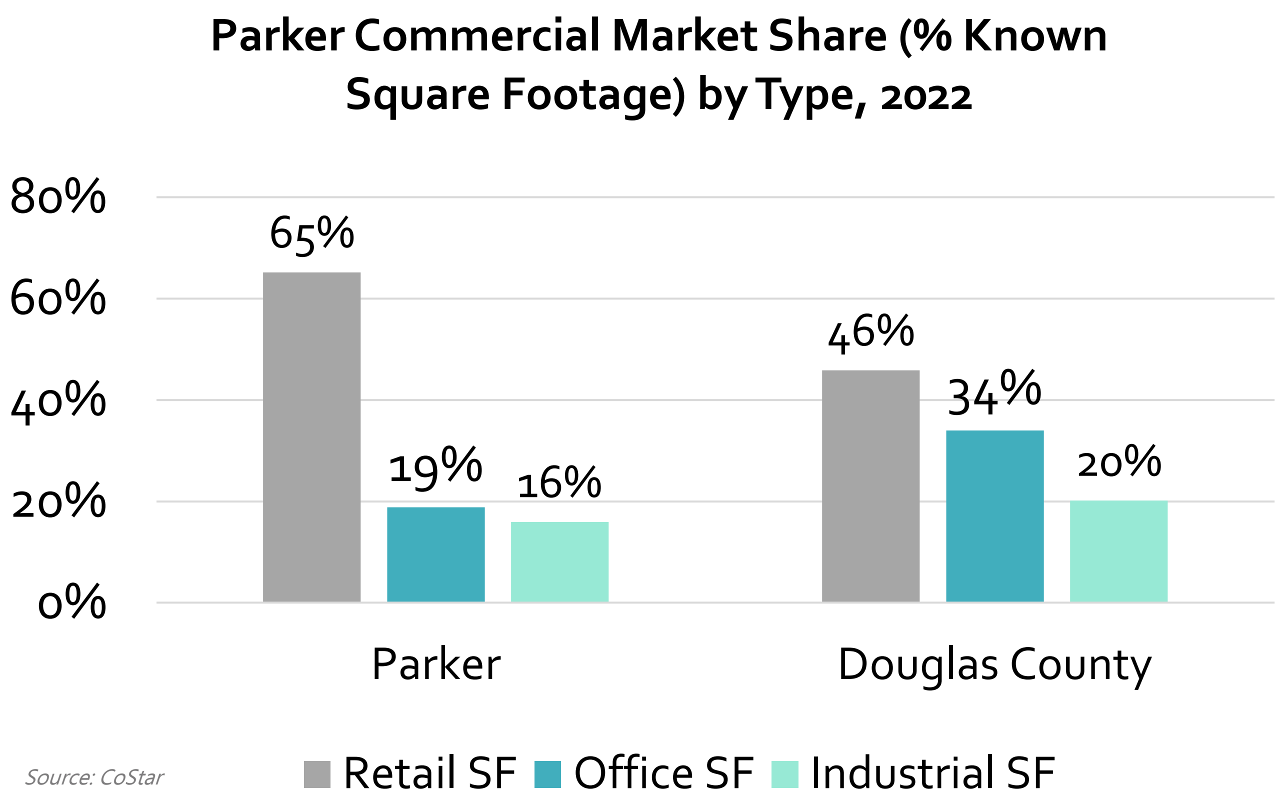


# MARKET ASSESSMENT – KEY FINDINGS

## Retail

- 4.5 million square feet (well above peer cities)
- Retail destination - sales tax doubled since 2010, consistent through pandemic
- Vacancy is at 1.1%, an all-time low
- Anticipate challenges ahead for attracting and retaining retail workers



# MARKET ASSESSMENT – KEY FINDINGS

## Office

- 1.3 million square feet (lower end among peer cities)
- Vacancy is higher than pre-pandemic (10.4% vs. 6.3%); rents increasing
- Potential for growth in medical, bio-tech, wellness industries
- Market demand for flex, coworking spaces to accommodate remote workers

| Peer Cities Comparison: Total Office Square Footage (2022) | |
|---|---|
| Lone Tree | 3,231,855 |
| Highlands Ranch | 1,992,362 |
| Castle Rock | 1,299,529 |
| Parker | 1,278,850 |

*Source: Douglas County Q2 2022 Eco Devo Report*

# MARKET ASSESSMENT – KEY FINDINGS

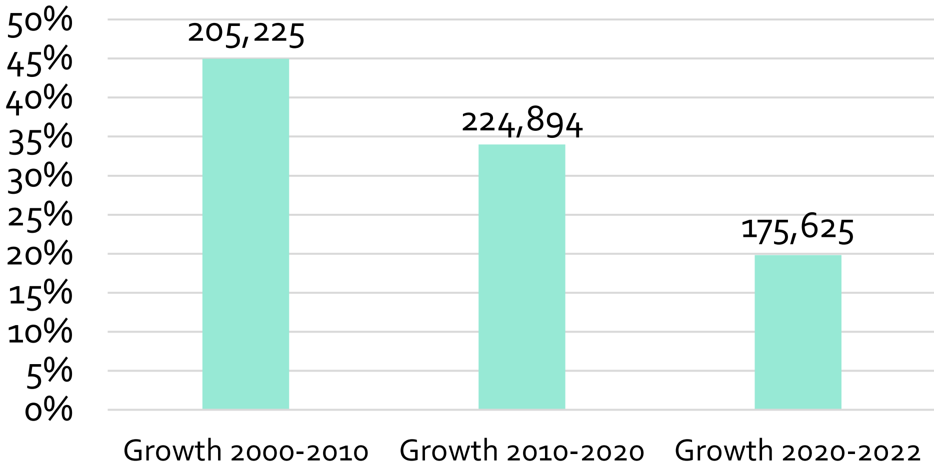
## Industrial

- 1.1 million square feet (slightly less than Castle Rock)
- Significant opportunities for smaller-scale, flex space (office and manufacturing), as well as distribution
- Focus on small- and mid- size industries that complement the concentration of medical uses (i.e., E-470 corridor).

| Peer Cities - Industrial Square Footage (2022) | |
|---|---|
| **Castle Rock** | 1,242,105 |
| **Parker** | 1,062,088 |
| **Highlands Ranch** | 450,277 |
| **Lone Tree** | 36,686 |

*Source: Douglas County Q2 2022 Eco Devo Report*

**Parker Industrial Growth, 2000-2022**



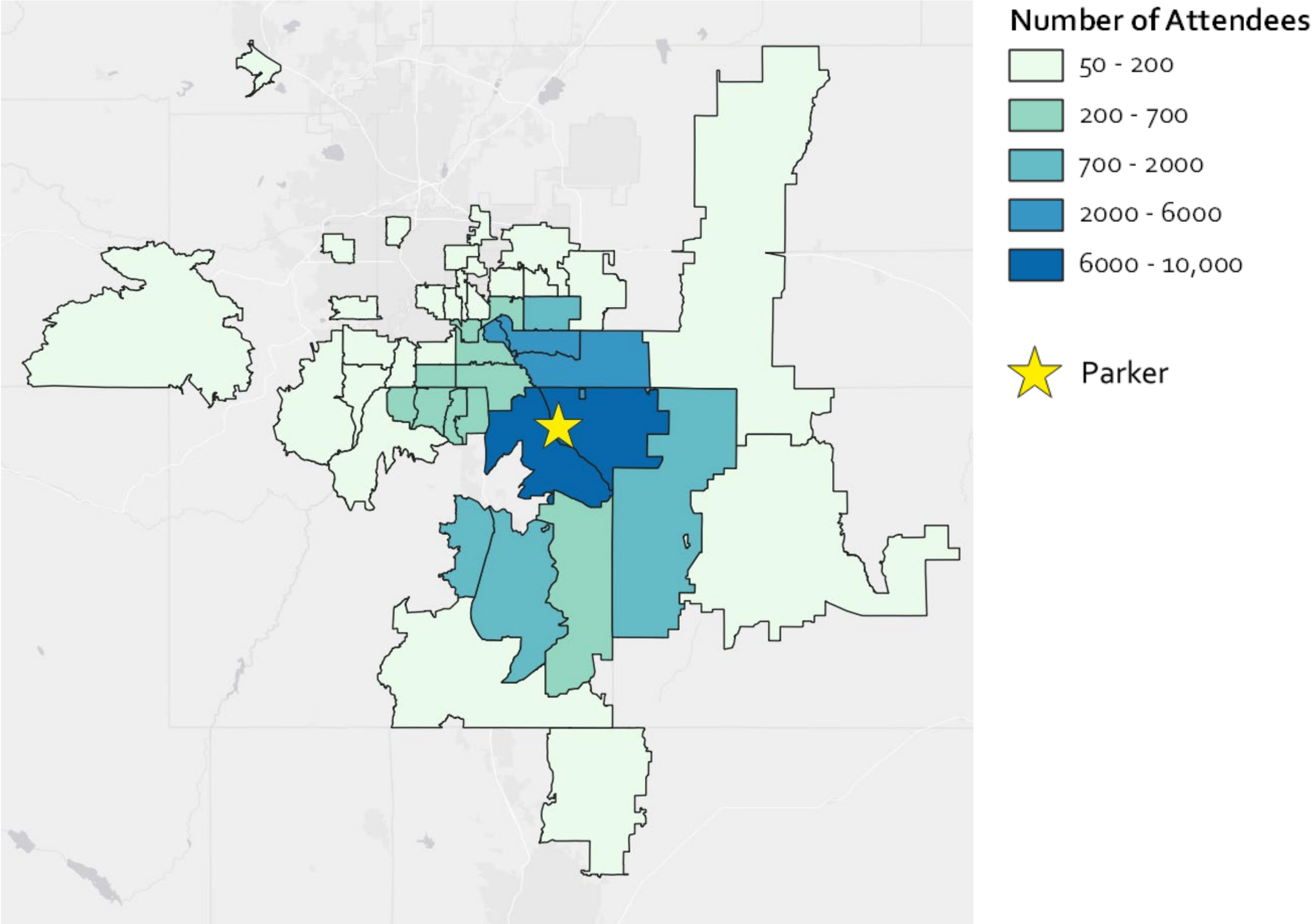

*Source: CoStar; labels represent change in square footage*

# MARKET ASSESSMENT – KEY FINDINGS

## Tourism

- Regional draw for cultural facilities, seasonal events
- Growing competition from nearby communities
- Lodging occupancy rates just below optimal 70-90% range.

**Parker SCFD Events: Attendees by Zip Code**



# Implications

- Nearly all stakeholders in the community value Parker's quality of life.
- Economic vitality must balance supporting prosperity, while preserving Parker's unique lifestyle.
- Prosperity is fundamental -- Provides the means (tax base, jobs, and opportunity) to deliver the services that support the town's quality of life.
- Moving forward, economic vitality should focus on creating primary jobs, distinctive and unique retail and restaurants, and supporting quality development.

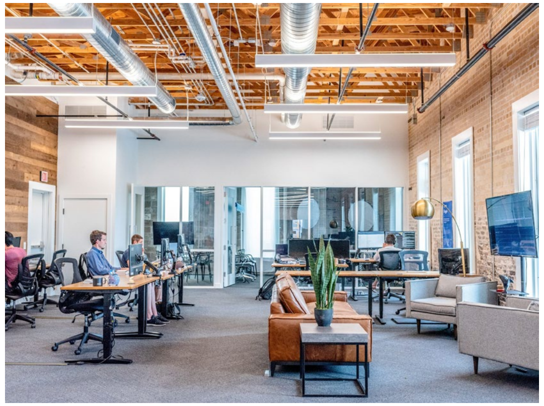
# Direction of Plan

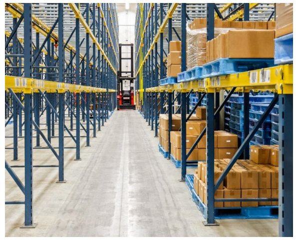
**Key vulnerabilities**:

- Access and location create natural limitations on commercial growth
- Imbalance between job base and costs of housing and transportation impacts ability to recruit and retain labor (i.e. service sector plus nurses, teachers, etc.).

**Key opportunities:**

- Niche office and coworking
- Light industrial and maker space
- Unique retail, restaurants, arts and culture





# Direction of Plan

**Anticipate:**

- Reinvestment in aging commercial areas (retail and light industrial)
- New investment in downtown
- New employment generating opportunities in remaining vacant commercial areas
- Opportunity to align development review process in order to generate more desirable outcomes

# Questions & Discussion

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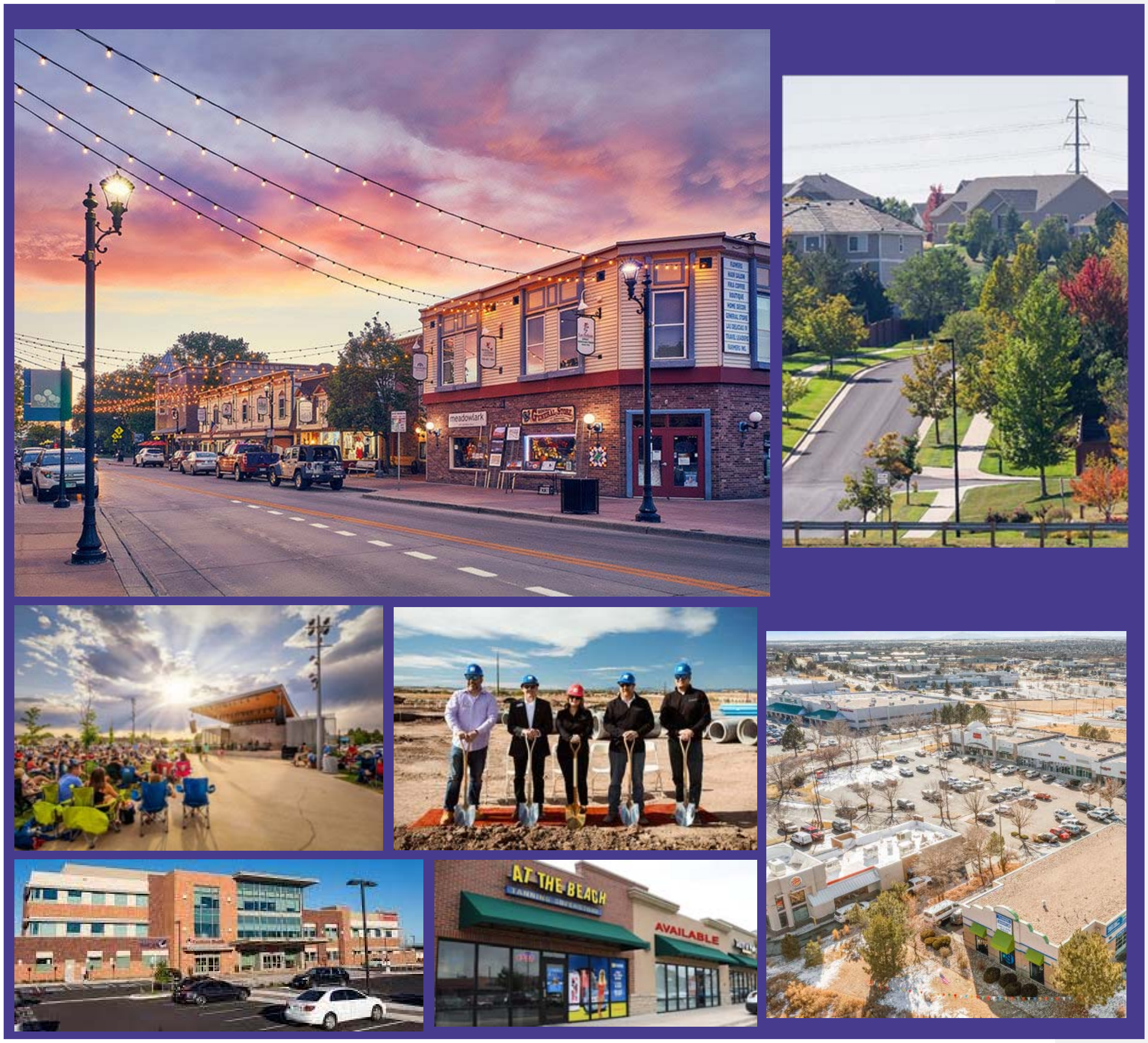


Parker, Colorado

# 2023 MARKET ASSESSMENT

Prepared by: Progressive Urban Management Associates

A component of the *Parker Economic Playbook* plan

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**Parker Market Assessment**
February 2023

# CONTENTS

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# 1. INTRODUCTION

## Overview

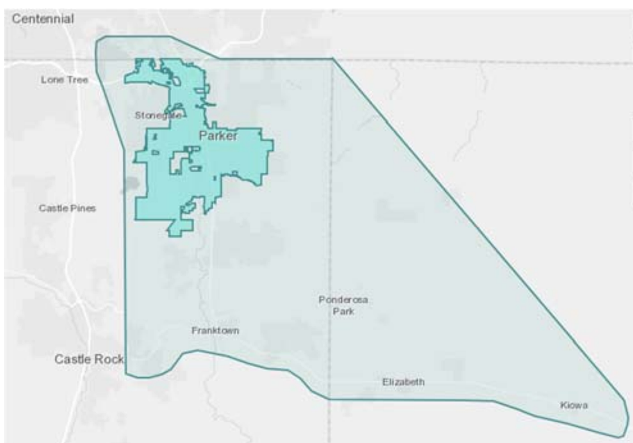
This market assessment was completed in Q1 2023 to help inform the "Parker Economic Playbook: Moving Parker Towards a Thriving Economic Future" strategic planning effort. The report provides an overview of a range of existing conditions related to the town's demographics and employment trends, along with detailed assessments of its residential, retail, office, and industrial sectors, as well as tourism & visitation. It also highlights some of the strengths and vulnerabilities expected to impact Parker over the next five years and beyond.

Data was compiled using primary and secondary sources, including the Town of Parker, Esri Business Analyst, the U.S. Census Bureau, real estate research, interviews with local real estate experts and Parker stakeholders, and other available sources. Pre- and post-Covid conditions are discussed when available, and then brief insights are offered into what the future may hold for various segments.

## Market Areas and Peer Cities

### Market Areas

Data was collected, when available, for the Town of Parker (Town) and a Primary Market Area (PMA). The Town of Parker is 22.21 square miles, while the surrounding Primary Market Area, a broader area that is used to better understand market opportunities and demand for offerings from within the Town of Parker boundaries, is 232.4 square miles. Both areas are shown in the map below, with the darker green representing the Town and the more transparent green representing the larger Primary Market Area. The PMA includes Elizabeth, Kiowa, Franktown, and Ponderosa Park.




*Parker within Primary Market Area*

### Peer Cities

Several Colorado Front Range peer cities were used as comparisons for this market assessment. They include Castle Rock, Arvada, and Louisville. These communities were selected due to their similarities in size and other characteristics. Overall, these peers share many of the same market dynamics that exist in Parker today. Data for Douglas County was also frequently analyzed where available.

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# 2. EXECUTIVE SUMMARY – KEY FINDINGS

The following section highlights key findings and takeaways from the market assessment. For reference, data sources are cited in the full analysis chapters.

## Residential

### Parker at a Glance

Parker, Colorado is a suburban community situated in the southeastern Denver metro area, with a population of 61,785 (2022). The town is known for its growing residential population, high relative incomes, and overall high quality of life.

- **Parker is an economically prosperous community**. At over 14,000 acres, the Town has seen significant growth and investment over the past couple of decades. Per acre, Parker land generates five times more assessed value than Douglas County and about 30% more than its peer city of Castle Rock.
- **Parker is considered a desirable place to live** with its small-town feel, relatively low levels of crime, cultural amenities, parks and open space, and proximity to popular regional trail systems.

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- **Parker's total population increased substantially in the last decade, with a growth rate that outpaced its peer cities, except for Castle Rock.** The Town of Parker grew by 33% between 2010 and 2022, adding more than 15,000 people to its previous total of 46,000. This growth rate was steeper than most other Front Range communities and Parker's peer cities, except for Castle Rock, which grew by 61%.
- **Since 2010, Parker's population has become slightly more diverse, with 11% fewer people identifying as White Alone on the US Census.** There has been an increase in the proportion of residents who identify as Hispanic, Two or More Races, Asian, and Black/African American.
- **With the lowest median age among its peer cities, Parker is a comparatively young town, although its population over age 65 is its fastest growing cohort.** The Town will need to consider the future needs of an increasingly aging community.
- **Parker's residential development, characterized by high-end single-family subdivisions, has continued to proliferate in the last ten or more years.** Parker has one of the lowest density housing patterns among its peer cities. Looking to the future, this low-density development will be constrained by the increasingly limited availability of raw land.
- **Despite the characterizations about Parker's single-family dominated housing typology, Parker's housing stock has been diversifying.** Nearly half of Parker's 4,869 multifamily units were built between 2000 and 2010.
- **Parker's median home price skyrocketed during the pandemic, with home values increasing 45% between 2019 and 2022.** Prices grew statewide at nearly the same rate (43%), but Colorado's median home value at the end of 2022 was $575,000, compared to Parker's median home value of $735,000.
- **While rental rates have not risen quite as dramatically, Parker's average rents increased 22% since the pandemic started,** which is double the increases seen in Boulder and Jefferson counties.
- **Parker's housing prices and overall cost of living have effectively excluded lower and moderate-income homeowners and renters.** Cost of living indicators suggest that existing residents are more cost burdened than the statewide average.

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## Employment

- **Parker's three largest industries by employment are retail, healthcare, and food services.** Jobs in these sectors tend to be lower paying. 62% of jobs located in Parker make under $40,000 annually.
- **As of 2019 (the most recently available data), only about 10% of Parker's workers also live in Parker, with the rest commuting to other jurisdictions for work**. Roughly 1 in 5 employed Parker residents travel to the City of Denver for employment.
- **The town's employment sector is somewhat dependent upon the continued success of its ten largest employers (five of which are healthcare or retail establishments) that provide nearly 40% of the town's total jobs**. Data indicates a lack of primary employers in higher-paying, higher-growth industries relative to some of Parker's peers.
- **There may be opportunities to recruit more primary employers in higher-paying, higher-growth industries, that can benefit from the town's highly educated population.** Nearly 60% of Parker residents hold a Bachelor's or Graduate/Professional degree, which is a higher percentage than two of its peers as well as the Primary Market Area.
- **There is a mismatch between jobs and housing, with most employees in Parker's retail and services economy earning wages that are inadequate to fit in with the town's high cost of living, coupled by limited public transportation options.** Parker may struggle to retain retail and restaurant options as it may become increasingly difficult to staff these kinds of establishments. In addition to high housing costs, the town is not well served by public transit, vehicle transportation costs are high, the labor market is very tight, and thus Parker may lose service workers that find opportunities to work closer to where they live.
- **Remaining developable land that could be used to house new primary employment in Parker is dwindling**. Much of the developable land within town limits has been allocated to single-family home construction. Current zoning regulations are flexible enough to allow for a plethora of uses, such as gas stations and personal storage, that continue to be attractive as low hanging fruit opportunities. Consideration should be given to preserving land for employment centers such as potential satellite offices, coworking spaces for remote workers, and spaces that can incubate startup and small businesses.
- **Part of Parker's primary employment strategy could be attracting remote workers, especially those recently laid off in tech.** This feeds into market demand for co-working spaces, and could spur new entrepreneurial energy and businesses within the community.

## Retail

- **Parker has the most retail square footage (and 1.5 times the average) among Douglas County municipalities, boasting 4.5 million retail square feet** (or 24% of Douglas County's total retail space).
- **Sales and use tax revenues in the Town of Parker have more than doubled since 2010, increasing 122%, from $25 million to over $58 million.** Most communities, nationally and regionally, experienced a dip in sales tax revenues at some point during the pandemic, but Parker's kept climbing and even saw its biggest increase since 2010 in 2021.
- **While most of Parker's market sectors have experienced volatility in vacancy rates, Parker's retail vacancy rates have consistently decreased since 2006 and are currently at 1.1% – an all-time low.** Low vacancy has implications for the availability of commercial space within Parker for prospective and emerging businesses.
- **Parker is a destination for many of those residing outside its boundaries.** As sales tax revenues show, Parker draws in many non-resident patrons. The anticipated downtown development projects are poised to enhance Parker's draw for residents and non-residents alike. There is a long-term opportunity to

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develop Downtown Parker as the central gathering place where people can shop, work, and live, and a catalyst for revenue generation, economic development, creativity, sense of place.

- **Parker Road is the arterial with the highest concentration of retail uses, and it also contains a number of redevelopment opportunity sites,** either for non-retail uses or to re-envision aging shopping centers.
- **As new residential subdivisions are built in the southern portion of town, there may be opportunities for smaller commercial nodes that provides neighborhood services (groceries, etc.)**

## Office

- **Parker has 1.3 million square feet of office space (or 9% of Douglas County's total office space),** which is in line with the average for Douglas County municipalities but about 2 million square feet less than Lone Tree.
- **Rental prices for office spaces have steadily risen, despite relatively high vacancy rates**. Office rents increased by 22% between 2012 and 2022, from $23 per square foot to $32 per square foot. The current office vacancy rate is 10.4%, compared to 6.3% before the pandemic. Overall, Parker's office occupancy rates are higher than the southeast metro as a whole.
- **The majority of Parker's workforce is employed in jobs that are not office-based**, and those that are in office-based jobs are largely employed by small professional, medical, and business service firms that only require small spaces.
- **The Town of Parker should embrace strategies to accommodate more diverse office uses, such as different types of office or startup incubation space, which will likely need to happen as a result of redevelopment,** as there's little remaining land to build spaces to accommodate them and the post-pandemic future of the office market is still relatively unknown.
- **Parker residents are highly educated**—a characteristic that is always attractive to businesses looking to relocate or open satellite offices. A highly educated population is also one that incubates entrepreneurial minds that might, with ample support, be convinced to start their own businesses and create more home-grown primary jobs for Parker.
- **The Covid-19 pandemic transformed the office sector into the real estate sector with the most uncertainty.** Parker's office sector is relatively untapped, and was thus protected from being overleveraged in this sector unlike many communities were. More flexible work environments and post-Covid work trends are still evolving, and the long-term impact – and demand for new office real estate product -- remains to be seen.
- **In a post-Covid era, a great number of people have more autonomy in where they live and work, and Parker is well-positioned as an attractive workplace location.** Remote workers don't need much in the way of conventional office space, providing a convenient solution for a town like Parker that is in need of more primary jobs but does not have much undeveloped land to offer up for new office spaces.

## Industrial

- **Parker's industrial/flex square footage has maintained steady growth over the last two decades, but feedback from commercial real estate developers who work in Parker suggest there are significant opportunities for smaller scale and flex office and manufacturing product, as well as small distribution centers.** New industrial and warehousing development should be flexible to accommodate a variety of uses and intensity.
- **Due to Parker's competitive locational disadvantages (limited highway access and far relative distance to Denver) and limited availability of large developable parcels, it may be unrealistic for**

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**Parker to attract larger-scale manufacturing companies.** Instead, the focus should be on attracting second tier, small- and mid-sized firms and distribution centers.

- **Healthcare uses are well established in Parker, with potential for growth in complementary medical, biotech, wellness industries.** Healthcare is one of the fastest growing industries in the country, due in part to an aging population that needs proper care, and Parker will have ample opportunities to expand its offerings if it can find the space to accommodate them. Smaller manufacturing and warehousing spaces could be ideal.
- **There may be opportunities to nurture more home-grown small businesses and industries by tapping into the highly educated residential population.** For example, there could be interest from people stepping off corporate ladder with ideas and resources to start a new venture. These individuals may benefit from temporary incubator spaces to help reduce barriers.

## Tourism

- **Parker benefits from renowned arts and cultural facilities at a wide range of sizes, and has several larger-scale events throughout the year that draw in visitors from across the metro area.** As the Primary Market Area grows in population, demand and attendance of events in Parker has increased.
- **Parker faces competition from performing arts venues, cultural facilities, and events in nearby communities.** Notably, there is minimal draw from highly populated areas to the northwest. Moreover, as peer communities like Castle Rock continue to invest in and expand their appeal as destinations, Parker will face increased competition.
- **As recognized in the Parker Arts Strategic Plan, demographic changes and rising production costs put additional pressure on Parker to adapt its programming and increase its market capture.** There is a need to adjust cultural offerings to a younger and more diverse audience. In addition, Parker's high housing costs may contribute to difficulties in staffing lower-wage positions that are essential to operating venues, events, and lodging. In turn, this can impact the ability to provide the level of service customers and attendees expect.
- **Lodging occupancy rates are just below the optimal 70%-90% range, meaning there is adequate lodging for current needs and a bit of wiggle room as Parker attracts more visitors.** There is additional capacity in the short-term rental market. As Parker seeks to attract larger employers to the area, there has been multiple mentions of the need for conference center (and additional lodging). The Parker Adventist Hospital has particularly called for a conference center.
- **Parker short term rentals have an average occupancy rate of 70%. However, there is considerable seasonal fluctuation in this rate: occupancy peaks in July at 92% and drops to only 42% in January.** While this peak is similar to peer cities Castle Rock and Louisville, the dip is considerably lower (Castle Rock and Louisville drop to only 56% and 67% respectively). Further study is needed to understand why occupancy rates drop so much lower than peer cities in the winter.

The following sections provide detailed data for each market sector summarized above, along with an assessment of relevant population and real estate conditions, strengths, and vulnerabilities. Where data was available and relevant, pre- and post-pandemic conditions are compared.

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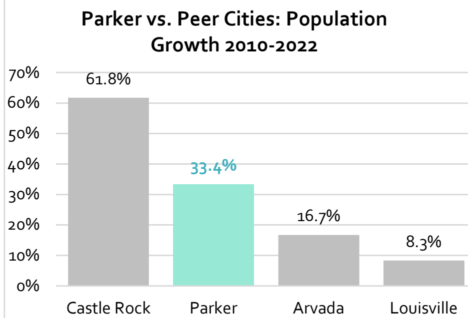
# 3. RESIDENTIAL

## Population Trends and Resident Characteristics

### Population Growth

**The Town of Parker grew by 33.4% between 2010 and 2022**. Parker's growth rate was higher than two of its peer cities (Arvada and Louisville), but Castle Rock's population growth was almost double that of Parker's. The Primary Market Area (PMA) also outpaced the town's growth, by 10%.[1]

Overall, there appear to be only slight differences in the demographic characteristics of those residing in Parker versus the PMA. The table on the following page summarizes key demographic indicators for Parker and the Primary Market Area. Unless otherwise indicated, data was obtained using Esri and US Census estimates.



*Source: Esri, Community Profile*

### Race & Ethnicity

**While Parker has a higher proportion of white residents compared to the rest of the state, the community is beginning to diversify.**

- Both market areas have significantly diversified in the last twelve years, having over 11% more residents identifying with a race/ethnicity other than "White Alone" since 2010.
- Nearly 11% of Parker residents identified as of Hispanic Origin.
- Other increases were seen among residents identifying as Black, Asian, and Two or More Races.

### Population By Age

- **Parker has the youngest median age among its peer cities** (see "Median Age" table).
- **68% of Parker's population is currently under the age of 45,** although that portion has decreased by 5% since 2010.
- **Residents over age 55 make up almost 20%** of the current population, which is an increase of 5% since 2010 and suggests that this **portion of the population will become increasingly important to adequately serve** (the 65+ category grew the most of any category since 2010 at 3.5%).

**Median Age**

| | 2010 | 2022 |
|---|---|---|
| Parker | 33.7 | 35.0 |
| Castle Rock | 34.4 | 36.0 |
| Arvada | 40.6 | 42.8 |
| Louisville | 41.0 | 43.3 |

*Source: Esri, Community Profile*

### Household Income

- **The median household income in Parker is roughly $120,000, compared to the statewide median household income of approximately $80,000.**

[1] Esri Community Profile, 2010 and 2022 estimates.

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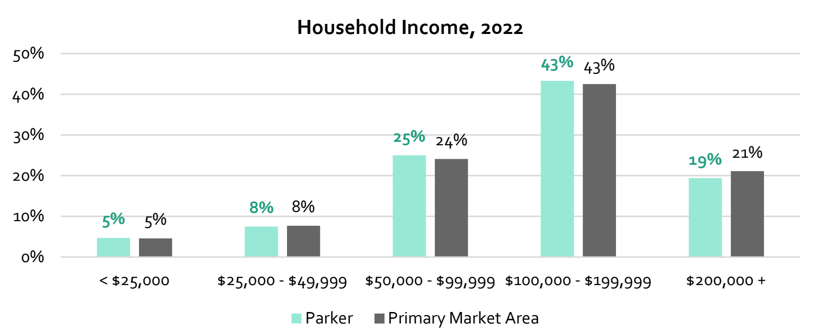
- Both the Town of Parker and the PMA have **highly educated residents** employed in white collar jobs earning **high incomes.**

**Demographic Snapshot, 2022**

| | Parker | PMA |
|---|---|---|
| Population | 61,785 | 154,112 |
| Residents per acre | 4.3 | 1.0 |
| Households | 21,962 | 54,409 |
| Avg. Household Size | 2.8 | 2.8 |
| One-Person Households* | 18.9% | 17.3% |
| Median Age | 35.0 | 37.0 |
| Children (17 & Younger) | 29.1% | 26.7% |
| Households with Children* | 45.6% | 41.7% |
| Households with 65+* | 16.9% | 20.8% |
| **Race/Ethnicity:** | | |
| White Alone | 78.7% | 79.3% |
| % Change White Alone Since 2010 | -11.4% | -11.5% |
| American Indian | 0.6% | 0.5% |
| Some Other Race | 2.3% | 2.3% |
| Two or More Races | 10.7% | 10.1% |
| Black | 2.0% | 1.9% |
| Asian | 5.6% | 5.8% |
| Hispanic Origin | 10.8% | 10.0% |
| **Income & Education** | | |
| Median Household Income | $120,564 | $122,267 |
| Bachelor's Degree or Higher | 58.1% | 56.6% |
| **Employed Pop. By Occupation:** | | |
| White Collar | 78.6% | 77.4% |
| Blue Collar | 9.6% | 11.5% |
| Services | 11.8% | 11.0% |

**2016-2020 Estimates. Source: Esri, Community Profile & Population Summary; P.U.M.A.*




*Source: Esri, Community Profile*

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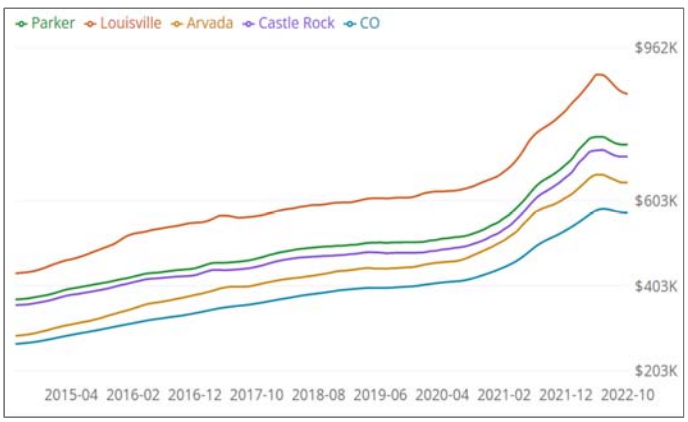
## Housing Market and Cost of Living

### Median Home Value

**Parker's median home value was $734,692 in late 2022**, according to Zillow estimates. This is the second highest among its peer cities and well above the Colorado median home value (which is below $600K). Parker's median home value increased 45% since the pandemic started (see "Home Values" table and chart below). Housing prices rose to record highs in communities across the country during this time.

| Home Values | | |
|---|---|---|
| | Zillow: Home Value Index, 2022 | Zillow: Home Value Index % Change, 2019-2022 |
| Louisville | $853,945 | 40% |
| Parker | $734,692 | 45% |
| Castle Rock | $706,893 | 47% |
| Arvada | $645,894 | 45% |
| *Source: Zillow* | | |




### Rental Market

**While rental rates have not risen quite as dramatically, Parker's average rents increased 22% since the pandemic started,** according to the Washington Post. This growth rate is almost 10% more than Jefferson and Bounder counties (see "Rental Rates" table).

**Rental Rates**

| | Apartments.com: Average Rent, 2022 | Zumper: Median Rent, 2022 (1 BR) | WashPo: Average Rent (county level), 2022 | WashPo: % increase since 2019 |
|---|---|---|---|---|
| Castle Rock | $1,623 | $1,759 | $1,887 | 22% |
| Louisville | $1,483 | $1,700 | $1,930 | 13% |
| **Parker** | **$1,377** | **$1,642** | **$1,887** | **22%** |
| Arvada | $1,151 | $1,446 | $1,687 | 14% |

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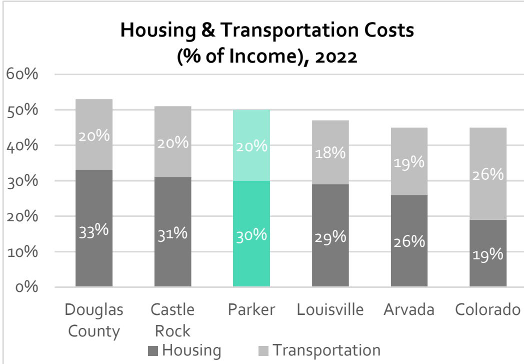
## Cost Of Living

87% of Parker households (and 88% of PMA households) earn more than $50,000, with **more than 60% of households earning more than $100,000** in both areas (see "Household Income" chart). For the most part, only high-income earners, or those making a lot more than service workers tend to (typically less than $50K), can afford to live within Parker or the Primary Market Area.



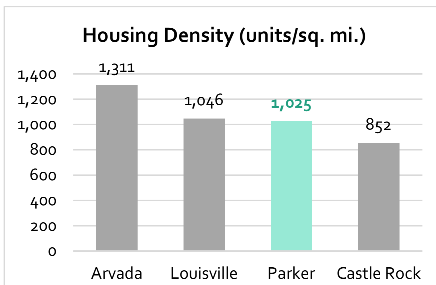
*Source: Housing and Trasnporation (H+T®) Affordability Index*

Even those that can afford to live in Parker are feeling **cost-burdened** when factoring in both **housing and transportation costs—a more comprehensive way of thinking about affordability**. To be considered affordable, these costs should remain below 45% of income, but Parker residents pay 50% of their income toward these costs, making Parker residents more cost-burdened than most of its peers and Colorado residents as a whole.

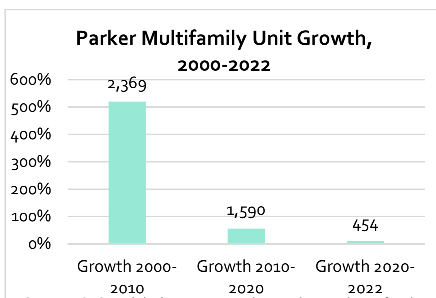
There are several **dynamics contributing to housing affordability issues** in Parker and in communities across the country, including: rising construction and labor costs, wages that have not kept pace with the climbing cost of housing, low density development patterns, and the demand for housing far exceeding the supply. Many of these dynamics were in play before the pandemic but have been magnified.

## Housing Inventory and Development Patterns

**Approximately 14,230 housing units** were built in Parker since 2000, **the majority of which were built between 2000 and 2010.** The Town of Parker has traditionally developed in a **low-density** manner, with most residential development being single-family homes (see "Percent of Total Residential Permits by Type"). While Parker has added the second highest percentage of housing units among its peers and the PMA – and is four times denser than the surrounding PMA – Parker remains on the low end of housing density (see "Housing Snapshot" table, "Housing Density" chart and "Housing Inventory Growth" chart).



*Source: Esri, Community Profile*



*Source: CoStar; labels represent change in number of units*

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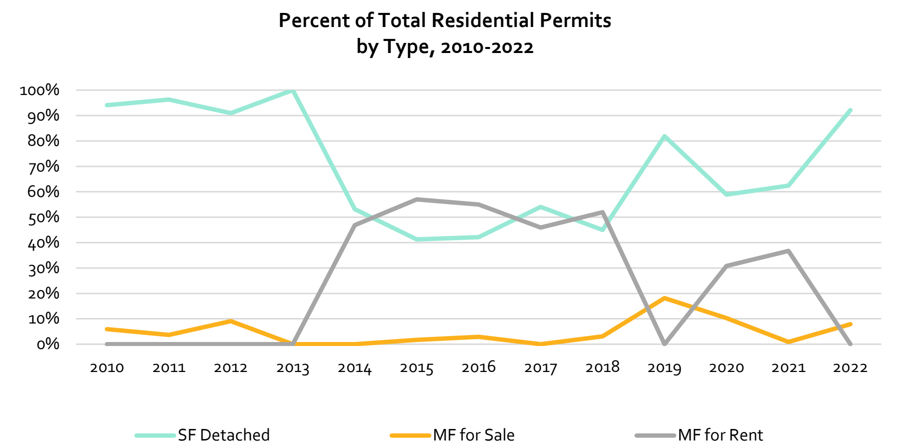
Despite the characterizations about Parker's single-family dominated housing typology, **Parker's housing stock has been diversifying.** Nearly half of Parker's **4,869 multifamily** units were **built between 2000 and 2010.** Another 1,590 units were built in the following decade (2010-2020). This shift in development pattern has impacted the town's home ownership rates—while the percentage of Parker's housing units that are renter-occupied is still low (25%), renter-occupied housing units have increased by 16% since 2000 and owner-occupied units have decreased 14% (see "Housing Snapshot" table).




*Source: Town of Parker*

**Housing Snapshot, 2022**

| | Castle Rock | Parker | Primary Market | Arvada | Louisville |
|---|---|---|---|---|---|
| Inventory (Units) | 29,227 | 22,765 | 56,569 | 51,822 | 8,370 |
| % Change 2000-2022 | 262% | **167%** | 154% | 27% | 13% |
| Renter-occupied | 20% | 25% | 18% | 24% | 26% |
| % Change 2000-2022 | -3% | 16% | 11% | 0% | 3% |
| Owner-occupied | 74% | 71% | 78% | 72% | 72% |
| % Change 2000-2022 | 1% | -14% | -11% | -2% | -3% |
| Vacant | 5% | 4% | 4% | 3% | 2% |
| Detached* | 75% | 73% | 80% | 72% | 67% |
| Multifamily* | 25% | 27% | 20% | 29% | 33% |
| Median Year Moved Into Unit* | 2013 | 2013 | 2012 | 2011 | 2011 |
| Median Year Unit Built* | 2003 | 2001 | 2000 | 1978 | 1990 |

**2016-2020 Estimates*
*Source: Esri, Community Profile*

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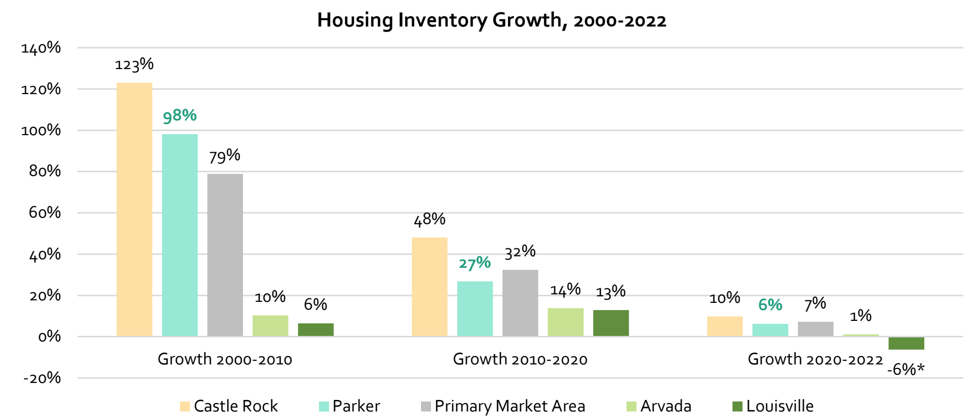
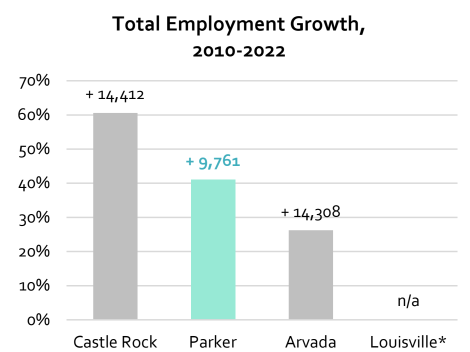


*Source: Esri, Community Profile; *Louisville 2020-2022 decrease due to Marshall Fire*

# 4. EMPLOYMENT

## Key Employment Indicators

- There are an estimated 22,000 jobs in Parker, accounting for 60% of PMA employment.[2]
- **Since 2010, Parker's employment increased by 41%, with nearly 10,000 jobs added.** This is the second-highest job growth rate among Parker's peers (see "Total Employment Growth" chart).
- **Parker and its peers have enjoyed low unemployment rates** since 2010, averaging between 4.4% (Parker & Castle Rock) and 5.0% (Arvada).[3,4] Rates spiked somewhat due to the Covid-19 pandemic but recovered quickly, although they have not quite dropped to pre-Covid levels.
- **Many of Parker's employees earn lower wages, with 62% earning less than $40K.** Parker has the highest percentage of employees earning low incomes among its peers and the PMA (see "Employee Characteristics" table).



*Source: US Bureau of Labor Statistics; labels represent change in number of employees*

[2] U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics
[3] Source: US Bureau of Labor Statistics
[4] Many economists consider a 3% to 5% unemployment rate to be full employment; peak rates of unemployment occurred in 2010 in the wake of the Great Recession, but reached full employment levels by 2014.

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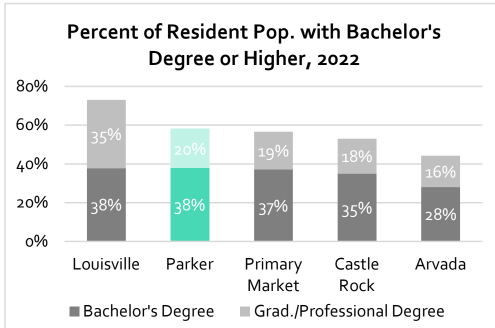
## Employee Characteristics & Talent Pool

- **People employed in Parker are much less educated than Parker residents.** 22% of Parker employees hold Bachelor's or advanced degrees, which is the second lowest percentage among its peers and the Primary Market Area.
- **Nearly 60% of Parker residents hold a Bachelor's or Graduate/Professional degree**, which is a higher percentage than two of its peers as well as the Primary Market Area (see "Percent of Pop. with Bachelor's Degree or Higher" chart).
- **Most of this highly educated residential population commutes outside of Parker for employment.** As of 2019 (the most recently available data), only about 10% of Parker's workers also reside in Parker.
- **61% of Parker residents commute more than ten miles to work** (see "Where Parker Residents Work" table).
- **As of 2020 (the most recently available data), Parker has a slightly lower percentage (13%) of employed residents working from home compared to its peers and the Primary Market Area.** For example, 20% of Louisville and 15% of Castle Rock residents worked from in 2020.[5]



Source: Esri Community Profile

| Where Parker Residents Work | |
|---|---|
| Denver | 20% |
| Parker | 10% |
| Aurora | 9% |
| Centennial | 8% |
| Greenwood Village | 7% |
| Castle Rock | 6% |
| Lone Tree | 3% |
| Highlands Ranch | 2% |
| Lakewood | 2% |
| Colorado Springs | 2% |
| All other locations | 31% |

*Source: U.S. Census, LEHD (2019 data)*

EMPLOYEE CHARACTERISTICS TABLE

| Employee Characteristics, 2019 | | | | | |
|---|---|---|---|---|---|
| **Age** | **Parker** | **Primary Market** | **Castle Rock** | **Arvada** | **Louisville** |
| 29 or younger | 31% | 24% | 24% | 28% | 22% |
| 30 to 54 | 49% | 55% | 54% | 49% | 57% |
| 55 or older | 20% | 21% | 22% | 23% | 21% |
| **Gender** | **Parker** | **Primary Market** | **Castle Rock** | **Arvada** | **Louisville** |
| Female | 53% | 52% | 57% | 46% | 48% |
| Male | 47% | 49% | 43% | 54% | 52% |
| **Race & Ethnicity** | **Parker** | **Primary Market** | **Castle Rock** | **Arvada** | **Louisville** |
| White | 87% | 84% | 92% | 90% | 89% |
| American Indian | 1% | 1% | 1% | 1% | 1% |
| Two or More | 3% | 3% | 2% | 2% | 2% |
| Black or African American | 5% | 8% | 3% | 3% | 3% |
| Asian | 5% | 5% | 3% | 3% | 6% |

[5] *Source: Esri, Population Summary, 2016-2020 estimates*

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| | Parker | Primary Market | Castle Rock | Arvada | Louisville |
|---|---|---|---|---|---|
| Hispanic/Latinx | 16% | 17% | 13% | 20% | 13% |
| **Educational Attainment** | **Parker** | **Primary Market** | **Castle Rock** | **Arvada** | **Louisville** |
| Less than H.S. | 8% | 9% | 7% | 10% | 8% |
| H.S. or equivalent | 17% | 18% | 17% | 20% | 16% |
| Some college/Associate degree | 22% | 23% | 24% | 23% | 23% |
| Bachelor's/Advanced degree | 22% | 25% | 28% | 20% | 30% |
| **Annual Earnings** | **Parker** | **Primary Market** | **Castle Rock** | **Arvada** | **Louisville** |
| $15,000 or less | 29% | 21% | 24% | 26% | 16% |
| $15,000 to $40,000 | 33% | 29% | 29% | 32% | 24% |
| More than $40,000 | 38% | 51% | 47% | 43% | 60% |

*Source: U.S. Census LEHD; 2019 data (latest available)*

## Key Employment Sectors

### Largest Employers

Parker's largest employers include Parker Adventist Hospital (745 employees), the Town of Parker (720 employees), Charter Communications (550), Brightview Landscape Services (250), and national retailers including Walmart Home Depot, and King Soopers. The top ten employers provide nearly 40% of employment in Parker.

**Parker's largest employment sectors** are: **retail, health care & social assistance,** and **accommodation & food service** (see "Jobs by Industry – Top 10" chart on the following page). Together, these three industries make up almost half of the town's jobs, which tend to be service-oriented and lower paying than other industries.

**Largest Parker Employers, 2022**

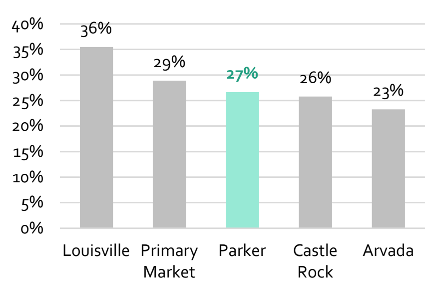
| Employer | Employees |
|---|---|
| 1. Parker Adventist Hospital | 745 |
| 2. Town of Parker | 720 |
| 3. Charter Communications | 550 |
| 4. Walmart Supercenter | 425 |
| 5. Brightview Landscape Services | 250 |
| 6. Home Depot | 200 |
| 7. Cimarron Middle School | 200 |
| 8. King Soopers - Lincoln | 200 |
| 9. Boondocks Food & Fun | 200 |
| 10. Leman Academy of Excellence | 200 |

*Source: Town of Parker*

### Knowledge Sector

**"Knowledge sector" jobs make up about 27% of Parker's job base.** This sector includes jobs within industries that are predominately private sector-based, fast-growing, well-paying, and a magnet for talented and well-educated workers (such as Professional, Scientific & Tech Services; Health Care & Social Assistance; Finance, Insurance & Real Estate; Management of Companies; and Information). Parker's knowledge sector share is on par with its peers, although trailing quite a bit behind Louisville, by about 10% (see "Knowledge Sector Share of Total Jobs" chart). In today's economy, jobs and companies are more likely to follow talent. There may be opportunities to recruit more primary employers in higher-paying, higher-growth industries, that can benefit from the town's highly educated population.

**Knowledge Sector Share of Total Jobs, 2022**




*Source: Esri, Business Summary*

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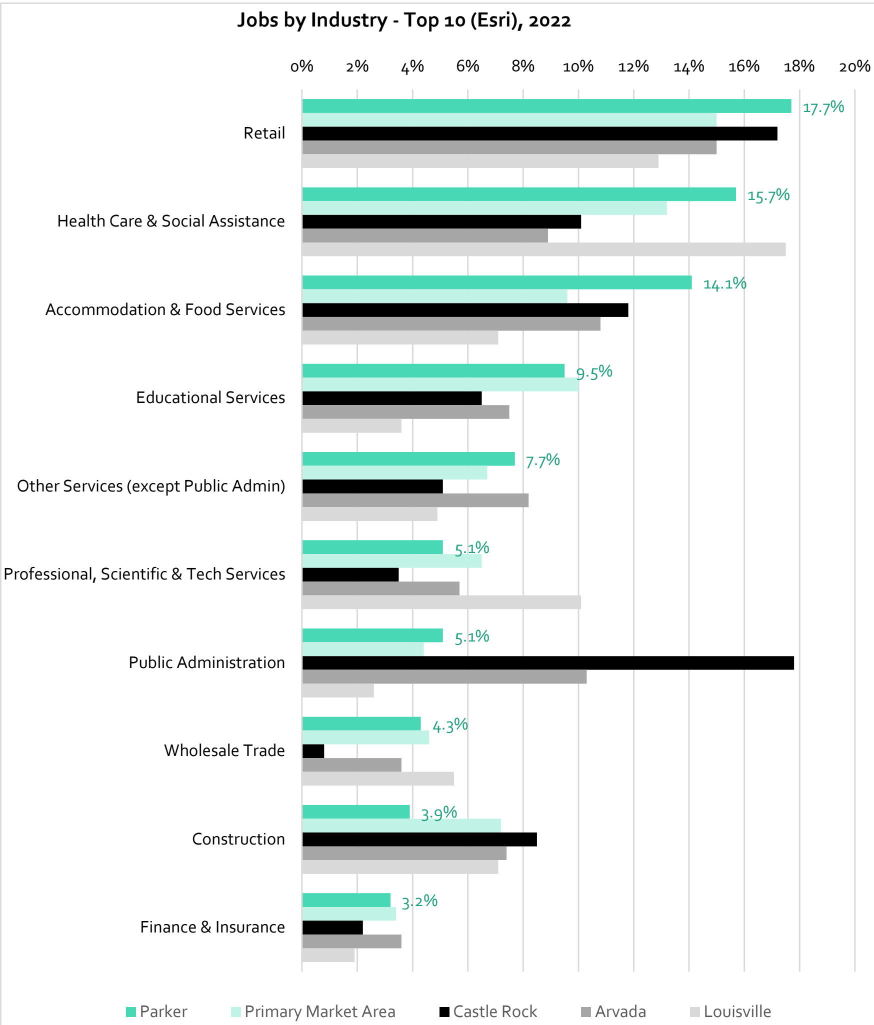
JOBS BY INDUSTRY IN PARKER




*Source: Esri, Business Summary*

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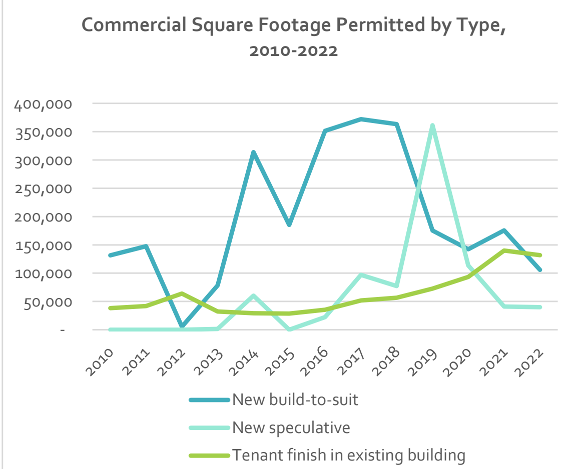
# 5. RETAIL

## Inventory

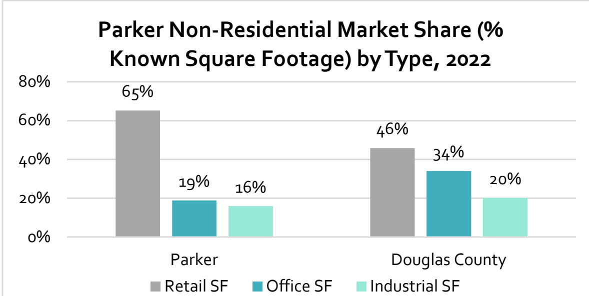
**Commercial land uses have proliferated alongside Parker's residential development boom. Retail is the dominate commercial use**, with significant development of auto-oriented retail centers and big box stores throughout the town's major corridors.




*Source: CoStar*

**Over 200,000 square feet of new built-to-suit commercial space was added each year between 2013 and 2019,** peaking in 2017, according to permitting records. The development of new speculative commercial space also grew from under 100,000 square feet annually between 2010-2018, to 350,000 square feet in 2019. There has been a steady increase in permitting for tenant finishes and upgrades to existing buildings, which increased since 2020.

The **retail market** (which includes food and beverage spaces) **accounts for the vast majority of square footage** amongst the three primary non-residential real estate sectors in Parker (see "Non-Residential Market Share by Type" chart). This is not uncommon, especially for suburban communities, but the degree to which retail dominates is somewhat unique in Parker, accounting for more than three times the square footage of the other two types.




*Source: CoStar*

**Parker has the most retail square footage (and 1.5 times the average) among Douglas County municipalities,** boasting 4.5 million square feet of it (or 24% of Douglas County's total retail space (see "Douglas County Municipalities – Retail Square Footage" table). While the highest percentage of growth occurred between 2006 and 2010, development has continued at similar rates. Parker increased its retail square footage by 31% between 2000 and 2022 (see "Parker Retail Square Footage Growth" chart). Parker is set to substantially increase its retail square footage in Downtown with the upcoming Confluence projects.

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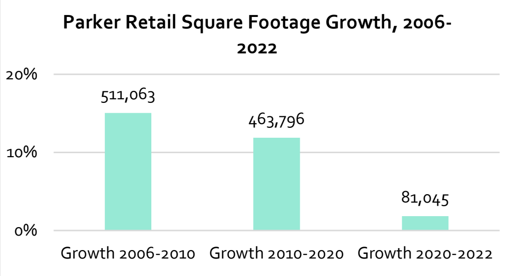


Source: CoStar; labels represent change in square footage

**Assessed Value Per Acre, 2022**

| | Acres | Assessed Value* | Per Acre Value |
|---|---|---|---|
| Parker | 14,214 | $1.1 billion | $74.2 thousand |
| Castle Rock | 21,946 | $1.3 billion | $58.2 thousand |
| Douglas County | 539,520 | $7.6 billion | $14.1 thousand |

**without exempt property. Source: Douglas County Assessor's Office*

Parker land generates more than five times more assessed value than Douglas County and about 30% more than its peer city of Castle Rock (see "Assessed Value Per Acre" table).

## Key Commercial Retail Areas

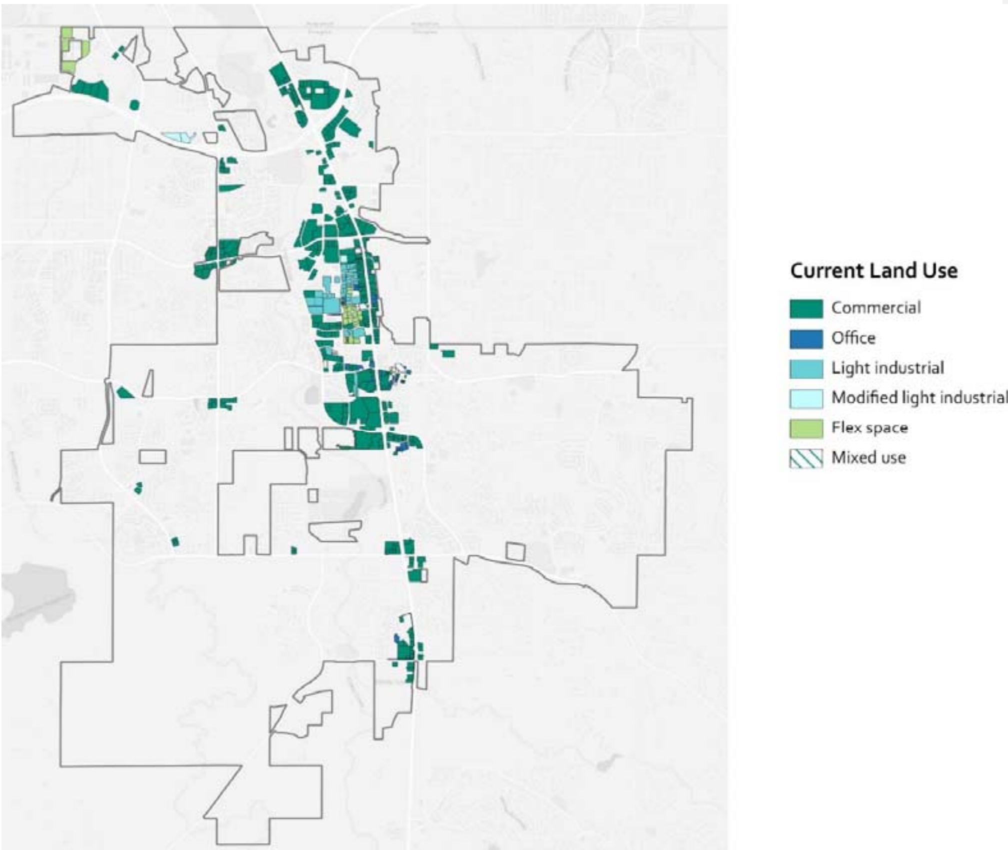
While commercial uses are concentrated all along Parker Road and other major arterials, there are six notable commercial nodes within the Town of Parker. Nearly all of are anchored by a shopping center. These include:

1. E-470 and South Parker Rd.
2. Jordan Rd. and Lincoln Ave. (Crossing at Stonegate)
3. Lincoln Ave. and S. Parker Rd. (Parker Marketplace)
4. E. Main and South Parker Rd. (Old Town, Parker Pavilions)
5. Hess Rd. and S. Parker Rd. (Country Meadows Square)
6. Stroh Rd. and S. Parker Rd. (Stroh Ranch)

In addition, some new planned communities include small mixed use amenity areas.

## COMMERCIAL LAND USES IN PARKER

Commented [AB1]: Note: for the final report, we'd like to build off this to create an illustrative map of the 5 or 6 main commercial districts, existing retail centers, etc., (which would also identify opportunity areas)




*Current land use, with commercial areas shown. Source: Town of Parker GIS, 2-9-23. Map by P.U.M.A.*

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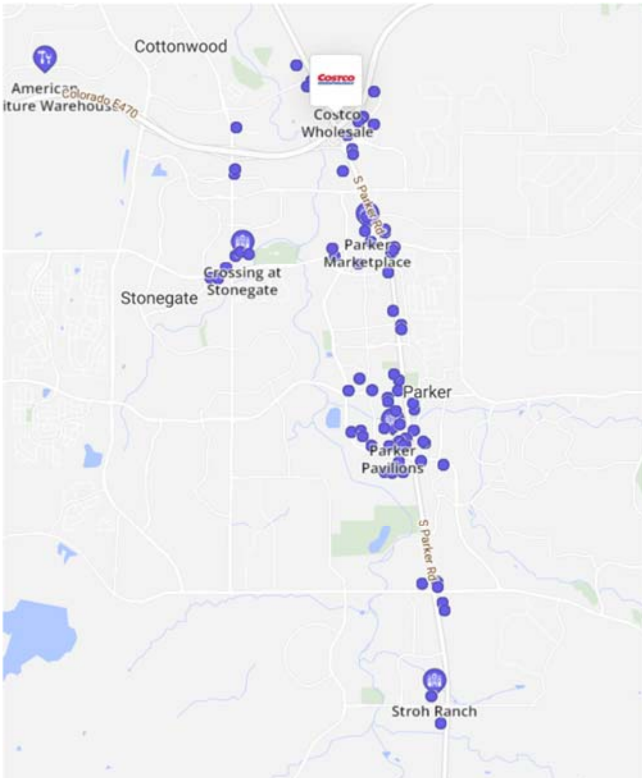
### COMMERCIAL AREA CLUSTERS ALONG PARKER ROAD




*Above: Commercial clusters along Parker Road. Source: Placer.ai*

| Parker Shopping Centers | | | |
|---|---|---|---|
| **Name** | **Class** | **Monthly Visits** | **Visits per sq. ft.** |
| Parker Pavilions | Power Center | 313.7K | n/a |
| Lincoln Commons | Neighborhood Center | 302.1K | 1.2 |
| Parker Valley Center | Community Shopping Center | 206.K | 0.3 |
| FlatAcres MarketCenter | Neighborhood Center | 166.5K | 1.3 |
| Crossing at Stonegate | Neighborhood Center | 144.1K | 1.1 |
| Stroh Ranch | Neighborhood Center | 99.5K | 0.5 |

*Data pulled 1-29-23 Source: Placer.ai*

Parker shopping centers in the "Neighborhood Center" and "Community Shopping Center" classes generally perform better on both metrics compared to surrounding centers. A comparison of monthly visit and visits per square foot with nearby shopping centers, above, shows that Parker Pavilions performs on the lower range of comparable "Power Centers."

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## Retail Economic Indicators and Impact

### Employment

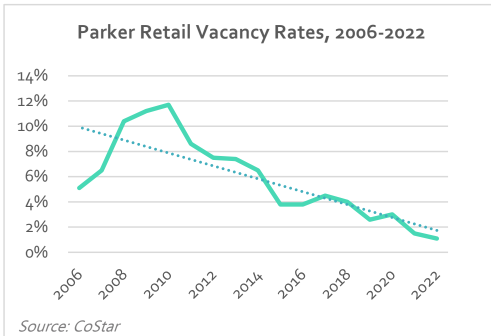
**The retail and food and beverage sectors are the economic engine for the town and are among Parker's top three largest industries in terms of employment.** Together, these industries employ **7,000 workers** at approximately **1,832 businesses** throughout Parker.

18% of Parker's retail establishments are considered national retailers, according to the Town of Parker.

### Vacancy and Lease Rates

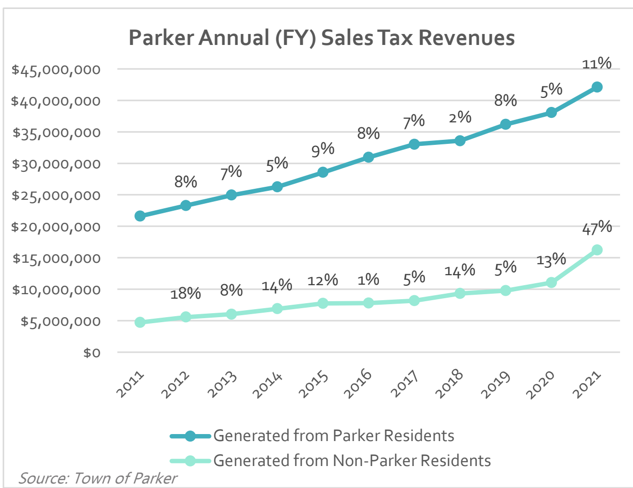
While most of Parker's market sectors have experienced a fair amount of volatility in vacancy rates, **Parker's retail market vacancy rates have consistently decreased since 2006 and are currently at 1.1% – an all-time low.**

Retail lease rates have steadily increased since 2006 (~50% total), rising to $25.90 per square foot in 2022, up from $17.50 in 2006.




### Tax Revenue

**Sales and use tax revenues have more than doubled (increasing 122%) since 2010, from ~$25 million to over $58 million** (see "Parker Annual Sales Tax Revenues" chart). Most communities saw a dip in sales tax revenues at some point during the pandemic, but Parker's kept climbing and even saw its biggest increase since 2010 in 2021. On average, 21% of Parker's revenues have come from patrons living outside of Parker boundaries since 2010, although their share continues to trend upward, reaching 28% in 2021, and their actual revenues have more than tripled.




## Retail Outlook

### Retail Strengths & Opportunities

**Parker has built a strong retail and restaurant foundation that many national brands are eager to be a part of and Parker has had to do little in the way of recruiting such establishments.** While the "Commercial Square Footage Permitted by Type" chart reflects all types of non-residential square footage permitted since 2010,

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retail is known to be the dominate type; build-to-suit projects have typically accounted for the majority of permitted square footage, which indicates that most of permitting activity has centered around market newcomers adding square footage to Parker's retail stock.

**Despite having a plethora of retail square footage, rents keep increasing and vacancy rates keep decreasing,** indicating a market that is poised for even more growth, but that may present continued challenges for small businesses to find commercial space.

**Parker's retail base has proven resilient in the face of the Covid-19**, with sales tax revenues showing a strong increase while most communities lost revenues.

**Parker is a destination for many of those residing outside its boundaries.** As sales tax revenues show, Parker draws in many non-resident patrons. The downtown development projects are poised to enhance Parker's draw for residents and non-residents alike.

**Stakeholder feedback suggests that patrons are satisfied with existing offerings, but are eager for more diversity in options, such as those offering more entertainment experiences serving the full spectrum of age groups, local ownership, ethnic food variety, and high quality and artisanal products and shopping experiences.** The downtown development projects are anticipated to bring more locally owned, diverse shopping and dining experiences, especially with the introduction of the public market and perhaps even some incubation space for startup retailers and artisans.

### Retail Vulnerabilities

While Parker's retail market has proven resilient thus far, current labor market trends suggest that **Parker could experience increasing difficulty in attracting and retaining workers in its restaurant and retail businesses or will have trouble operating at the capacity that customer demand calls for.**

There are plenty of rooftops in Parker to support retail, but **Parker could benefit from enhancing its daytime economy by creating a more diverse and robust employment base**—workers with higher incomes tend to have much more to allocate toward discretionary expenses such as dining and shopping.

# 6. OFFICE

## Inventory

**Parker has 1.3 million square feet of office space (or 9% of Douglas County's total office space), which is in line with the average for Douglas County municipalities but about 2 million square feet less than Lone Tree** (see "Douglas County Municipalities – Office Square Footage" table).

| Douglas County Municipalities - Office Square Footage, 2022 | |
|---|---|
| Lone Tree | 3,231,855 |
| Highlands Ranch | 1,992,362 |
| Castle Rock | 1,299,529 |
| Parker | 1,278,850 |
| Castle Pines | 55,102 |
| Larkspur | 27,953 |

*Source: Douglas County Q2 2022 Eco Devo Report*

Much like Parker's housing development history, **Parker experienced most of its office space development between 2000 and 2010,** increasing its square footage by 127% (see "Parker Office Square Footage Growth" chart). Growth in square footage since then has been modest (total growth between 2000 and 2022 was 159%).

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## Economic Indicators and Impact

### Employment

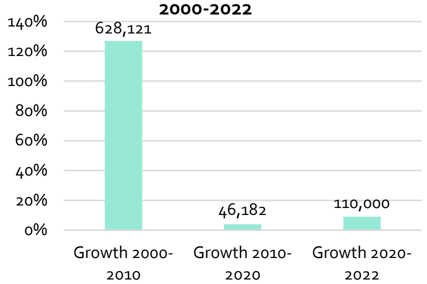
**The majority of Parker's workforce is employed in jobs that are not office-based**, and those that are in office-based jobs are largely employed by **small professional, medical and business service firms that only require smaller footprints.**

### Vacancy and Lease Rates

**The current office vacancy rate in office is 10.4%**, which has not improved since the start of the pandemic. Before the pandemic, the vacancy rate was around 6.3%. Overall, Parker's office occupancy rates are higher than the southeast metro area, which has an estimated 20% total office vacancy rate (Q4 2022).[6]

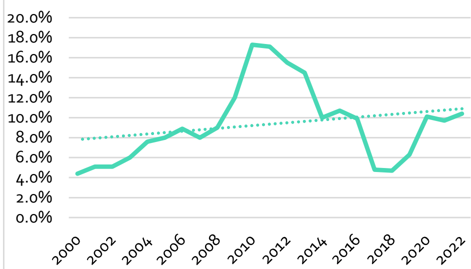
**Rental asking prices have steadily risen, despite any improvement in vacancy rates**. Office rents increased by 22% between 2012 and 2022, from $23 per square foot to $32 per square foot in 2022

Parker Office Square Footage Growth, 2000-2022




*Source: CoStar; labels represent change in square footage*

Parker Office Vacancy Rates, 2000-2022




*Source: CoStar*

## Office Outlook

### Strengths and Opportunities

**There are opportunities to attract mid-size and small office, light industrial and distribution spaces, and the possibility of growing a network of businesses that compliment Parker Adventist Hospital near E-470.** While the Town has expressed interest in attracting a large primary employer such as a corporate or regional headquarters, feedback from the local commercial real estate community suggest that there is not enough available land to develop the size of office campus needed for this use.

**Parker may have an opportunity to capitalize on more companies choosing to add smaller satellite offices in suburban areas as opposed to a centralized (downtown) headquarters.** Satellite office spaces for Denver-based firms could be considered for development and redevelopment opportunities within Parker moving forward.

[6] Denver office market report, Q4 2022. Avison Young.

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**Healthcare uses are well established in Parker, with potential for growth in complementary medical and tech wellness industries.** Healthcare is one of the fastest growing industries in the country, due in part to an aging population that needs proper care, and Parker will have ample opportunities to expand its offerings if it can find the space to accommodate them.

**In a post-Covid era, a great number of people have more autonomy in where they live and work, and Parker is well-positioned as an attractive workplace location.** Remote workers don't need much in the way of conventional office space, providing a convenient solution for a town like Parker that is in need of more primary jobs but does not have much undeveloped land to offer up for new office spaces.

### Vulnerabilities

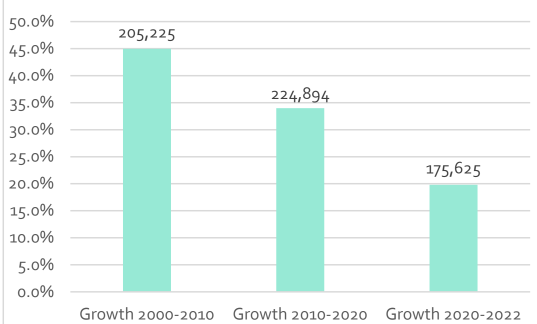
**Covid transformed the office sector into the real estate sector with the most uncertainty.** Parker's office sector is relatively untapped, and was thus protected from being overleveraged in this sector unlike many communities were. More flexible work environments and post-Covid work trends are still evolving, and the long-term impact – and demand for new office real estate product -- remains to be seen. However, data trends such as a significant decrease in remote-based job postings, indicate that most jobs will move back to the office or allow hybrid flexibility.

# 7. INDUSTRIAL

## Inventory

**Parker's light industrial/flex buildings are primarily situated along E-470** between Jordan Rd. and S. Parker Rd. in the northwest **and between S. Twenty Mile Rd. and S. Parker Rd.** in a more central part of Parker and contain uses spanning from retail, to manufacturing and research and development, to office.

**Parker Industrial Square Footage Growth, 2000-2022**




*Source: CoStar; labels represent change in square footage*

**Parker has 1.1 million square feet of industrial space (or 13% of Douglas County's total industrial space).** While the highest percentage of growth in industrial square footage occurred between 2000 and 2010, its development has continued to be strong since then; Parker increased its square footage by 133% between 2000 and 2022 (see "Parker Industrial Square Footage Growth" chart).

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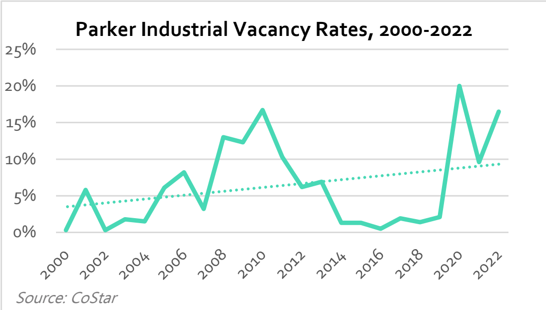
## Economic Indicators and Impact

### Vacancy and Lease Rates

**The current vacancy rate for Parker industrial space is 16.5%**, which does not reflect much change since vacancy rose at the start of the pandemic. Before the pandemic, the vacancy rate had fallen between 1% and 2% since 2014 (see "Parker Industrial Vacancy Rates" chart).

**Industrial rents have doubled since 2012,** currently fetching $16.59 per square foot up from just above $8 in 2012 (an increase of 107%—a growth rate outpacing any other non-residential market sector).




## Outlook

### Strengths and Opportunities

**Feedback from commercial real estate developers suggest there may be significant opportunities for smaller scale and flex office and manufacturing product, as well as small distribution centers in Parker.** New industrial and warehousing development should be flexible to accommodate a variety of uses and intensity.

**Healthcare uses are well established in Parker, with potential for growth in complementary medical, biotech, wellness industries.** Healthcare is one of the fastest growing industries in the country, due in part to an aging population that needs proper care, and Parker will have ample opportunities to expand its offerings if it can find the space to accommodate them. Smaller manufacturing and warehousing spaces could be ideal.

**There may be opportunities to nurture home-grown small businesses and industries by tapping into the highly educated residential population.** For example, there could be interest from people stepping off corporate ladder with ideas and resources to start a new venture. These individuals may benefit from temporary incubator spaces to help reduce barriers.

### Vulnerabilities

**The viability of new light industrial, flex space, and distribution center in Parker may be challenged by factors such as land availability and locational disadvantages compared to other parts of the Denver Metro and Front Range.** Actions should be taken to preserve adequate land for employment and innovation centers such as satellite offices, and small- and mid-scale light industrial uses.

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# 8. VISITATION & TOURISM

## Overview

While Parker does not have the robust tourism or overnight economy compared to other peer communities, visitation is growing. New amenities and venues, such as the PACE Center, have elevated Parker's draw to non-residents. The PACE Center features a 536-seat theatre and 250-seat amphitheater that hold theater, dance, comedy, and musical performances. The smaller facilities offer classes, lectures, and exhibits throughout the year.

There are four local entities responsible for most of Parker's arts and cultural programming: the Town of Parker, the Downtown Business Alliance, Parker Arts, and the Parker Chamber of Commerce. These entities commonly work together in varying degrees. Parker Arts operates four venues: the PACE Center, Schoolhouse, Ruth Memorial Chapel, and Discover Park. The Parker Arts 2019-2023 Strategic Plan estimated that, in 2017, local economic activity generated by Parker Arts and their partners totaled $11 million.

### Events & Programming

Historically, the top three most-attended events organized by the Town of Parker are the **Stars and Stripes Fourth of July celebration**, the **Christmas Carriage Parade**, and the **Mayor's Holiday Lighting**. The Chamber of Commerce hosts a summer Wine Walk and **Parker's largest event, Parker Days,** which drew around **300,000 attendees in 2022.** The Downtown Business Alliance holds the annual Halloween Trunk or Treat.

As a requirement for receiving funding from the Scientific Cultural and Facilities District (SCFD), Parker Arts collects the zip codes of those who attend its events and programs. **According to 2022 data, the greatest single source of attendance of Parker events are Parker residents (15,803 attendees, 43%).** The second largest attendee group are residents of southern Aurora (8,176 attendees, 22%). Combined, Parker and Aurora account for two thirds of total attendance. Following far behind are Castle Rock, Highlands Ranch, Centennial and Elizabeth (ranging from 7% to 2%).

Top Sources of Attendees of Parker SCFD Events in 2022

| City | Number of Zip Codes | Number of Attendees | Percentage |
|---|---|---|---|
| Parker | 2 | 15,803 | 43% |
| Aurora | 4 | 8,176 | 22% |
| Castle Rock | 3 | 2,631 | 7% |
| Highlands Ranch | 3 | 1,538 | 4% |
| Centennial | 3 | 1,529 | 4% |
| Elizabeth | 1 | 908 | 2% |
| Franktown | 1 | 520 | 1% |
| Lone Tree | 1 | 411 | 1% |
| Denver | 1 | 201 | 1% |
| Ken Caryl | 1 | 199 | 1% |
| *Other* | *260* | *5,159* | *14%* |
| Total | 280 | 37,075 | 100% |

*Source: Parker Arts.*

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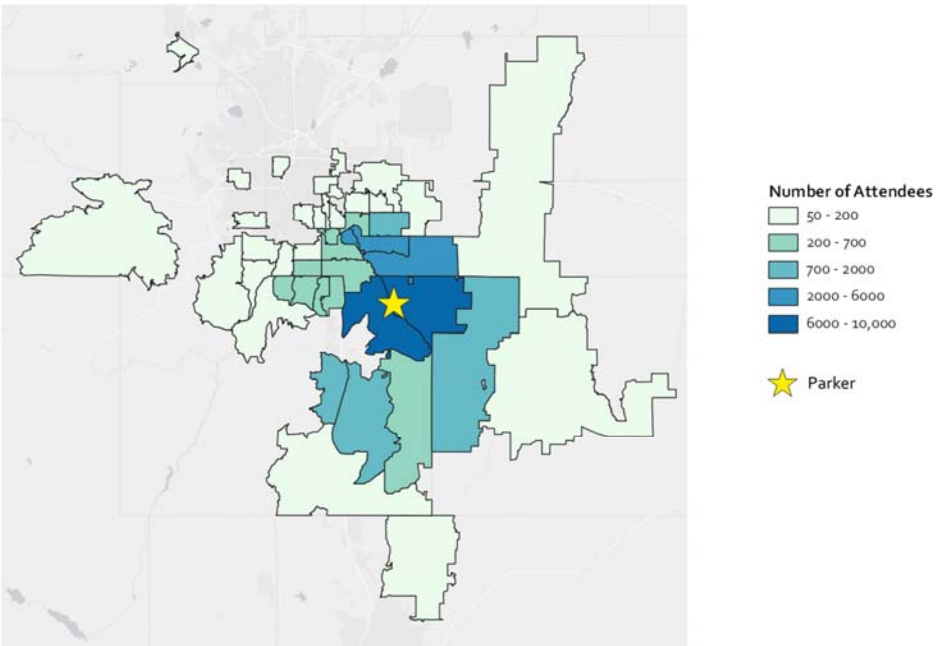
**NUMBER OF ATTENDEES OF PARKER ARTS EVENTS BY ZIP CODE.** *Source: Parker Arts. Map by PUMA.*



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## Lodging and Hospitality

### Hotels

**Currently, Parker's hospitality metrics modestly exceed the averages for Douglas County.** Parker's occupancy rate, average daily room rates (ADR), and revenue per available room (PevPar) grew steadily until 2020, when the industry suffered during the height of COVID. However, ADR and RevPar have since regained and exceeded their pre-pandemic levels, while occupancy is very close to pre-pandemic levels.

| Hospitality Real Estate Market, 2022 YTD | | |
|---|---|---|
| | Parker | Douglas County |
| Inventory (rooms) | 523 | 3446 |
| Under Construction (rooms) | 67 | 67 |
| Occupancy Rate | 67.8% | 65.4% |
| Average Daily Rate (ADR) | $123.49 | $118.00 |
| Revenue Per Available Room (RevPAR) | $83.76 | $77.00 |

*Source: Parker Arts*

**Parker currently has 523 hotel rooms distributed across seven properties**. **All but one hotel are clustered in the northern end of the town around the confluence of E470 and South Parker Road**, near Centura Parker Adventist Hospital. Ascent on Main, the smallest hotel, is located on Main Street west of South Parker Road. The town experienced its first wave of lodging growth between 2002 and 2005, when three new hotels created a total of 258 rooms. Hotel construction then stalled until 2019 heralded another wave of construction that has added four additional hotels and a total of 332 rooms.

| Parker Lodging by Year Built | | |
|---|---|---|
| | Rating | Rooms |
| Super 8 by Wyndham (2002) | 2-star | 74 |
| Hampton Inn & Suites (2005) | 3-star | 84 |
| Holiday Inn by IHG (2005) | 3-star | 100 |
| SpringHill Suites by Marriott (2019) | 2-star | 108 |
| Ascent on Main (2020) | 3-star | 51 |
| LaQuinta by Wyndham (2022) | 2-star | 106 |
| St. John's Extended Stay Hotel (opening 2023) | | (67) |
| Total | | 523 |

*Source:*

### Short-Term Rentals

According to AirDnA short term rental data, there are 488 rentals scattered throughout Parker. Of these, between 91 and 135 are actively listed as available for rent during the year (owners may have a rental registered but periodically choose to not make it available to rent). Parker short term rentals have an average occupancy rate of 70%. **However, there is considerable seasonal fluctuation in this rate: occupancy peaks in July at 92% and drops to only 42% in January.** While this peak is similar to Castle Rock and Louisville, the dip is considerably lower (Castle Rock and Louisville drop to only 56% and 67% respectively). Further study is needed to understand why occupancy rates drop so much lower than peer cities in the winter. AirDnA data also show that Parker homeowners are making less money from their short-term rentals than peer cities.

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## Tourism Outlook

### Strengths & Opportunities

**Parker benefits from renowned arts and cultural facilities at a wide range of sizes, and has several larger-scale events throughout the year.** As the Primary Market Area grows in population, demand and attendance of events in Parker has increased naturally. In addition, the market population is affluent and has disposable income to spend on arts and entertainment.

**Lodging occupancy rates are just below the optimal 70%-90% range, meaning there is adequate lodging for current needs and a bit of wiggle room as Parker attracts more visitors.** There is additional capacity in the short-term rental market. As Parker seeks to attract larger employers to the area, there has been multiple mentions of the need for conference center (and additional lodging). The Parker Adventist Hospital has particularly called for a conference center.

### Vulnerabilities

**Parker faces competition from performing arts venues, cultural facilities, and events in nearby communities.** This effect can be seen in the data: as with the Primary Market Analysis on page two, the Parker Arts market is skewed to the south and east. Notably, there is minimal draw from highly populated areas to the northwest. For example, fewer than 100 people from the 80113 and 80110 zip codes—representing Englewood, Sheridan and Cherry Hills Village—attended a Parker Arts event in 2022.

**As recognized in the Parker Arts Strategic Plan, demographic changes and rising production costs put additional pressure on Parker to adapt its programming and increase its market capture**. There is a need to adjust cultural offerings to a younger and more diverse audience. Performances in the traditional arts such as ballet, classical concerts, and opera have experienced steady audience loss over the past several decades. In addition, Parker's high housing costs may contribute to difficulties in staffing lower-wage positions that are essential to operating venues, events, and lodging. In turn, this can impact the ability to provide the level of service customers and attendees expect.

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# MEMORANDUM

**TO:** Honorable Mayor and Councilmembers

**FROM:** Andy Anderson, Communications Manager
Ryne Dittmer, Engagement Strategist
Cheri Sullivan, Community Relations Liaison

**DATE:** March 27, 2023

**SUBJECT:** Town of Parker Community Outreach & Engagement Plan

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**ISSUE:**
Provide an overview of planned short and long-term community outreach and engagement strategies and methods.

**FISCAL/BUDGET IMPACT:**
Methods referenced in this presentation will utilize the existing budget.

**BACKGROUND:**
Through the Community Outreach and Engagement Plan, we strive to reach Parker residents, community organizations, Town businesses, other governmental agencies, neighborhood associations, school districts, special districts, and other service agencies to achieve the following goals:

- Inform and educate through various informational campaigns
- Provide community relations and engagement programs, so Parker residents can be informed, engaged, and inspired to be active in their community and/or the local government process
- Build relationships and foster partnerships to identify needs and provide opportunities for collaboration
- Seek input/feedback from residents, businesses and other vested partners

**RECOMMENDATION:**
No direction needed at this time.

**REQUESTED DIRECTION:**
No action is needed at this time.

**ATTACHMENT:**
1. Town of Parker Community Outreach and Engagement Plan

# Town of Parker Community Outreach and Engagement Plan

**Audience:**

- Parker residents, community organizations, Town businesses, other governmental agencies, neighborhood associations, school districts, special districts, and other service agencies

**Goals:**

- Inform and educate through various informational campaigns
- Provide community relations and engagement programs so that Parker residents can be informed, engaged, and inspired to be active in their community and/or the local government process
- Build relationships and foster partnerships to identify needs and provide opportunities for collaboration
- Seek input/feedback from residents, businesses and other vested partners

| Strategy | Method | Frequency | Participant | Program Status | Year to Introduce |
|---|---|---|---|---|---|
| Informational/Educational Communication and Marketing | Publications | | | | |
| | o Annual Report | Yearly | Communications Manager and Coordinator | Existing | - |
| | o Talk of the Town | Monthly | Communications Manager and Coordinator | Existing | - |
| | o Youth Activity Book | As needed | Communications Manager and Coordinator | Existing | - |
| | o Informational Brochures | As needed | Communications Manager and Coordinator | Existing | - |
| | Media Relations | | | | |
| | o Press Releases | As needed | Communications Manager and Coordinator | Existing | - |
| | o Media Pitching | As needed | Communications Manager and Coordinator | Existing | - |
| | o Media Request Responses | As needed | Communications Manager and Coordinator | Existing | - |
| | Targeted Mailings | As needed | Communications Manager and Coordinator | Existing | - |
| | Advertisements/Public Service Announcements | As needed | Communications Manager and Coordinator | Existing | - |
| | Industry Magazine Articles and Blogs | As needed | Communications Manager and Coordinator | Existing | - |
| | Digital Communications | | | | |
| | o Town Website | Continuous | Communications Manager and Coordinator | Existing | - |
| | o Electronic Message Boards | As needed | Communications Manager and Coordinator | Existing | - |
| | o Town Council Meeting Recaps (email/ social media) | Twice per month | Communications Manager and Coordinator | Existing | - |
| | o Email Blasts | As needed | Communications Manager and Coordinator | Existing | - |
| | o Videos | | | Existing | |
| | · Live Official TC Meeting Streaming | Twice per month | Town Manager's Office | Existing | - |
| | · Educational and Marketing | Several per year | Engagement Strategist | Existing | - |
| | **· HOA Training Series / Webpage** | **Two per year** | **Communications Manager and Coordinator, Community Relations Liaison, Engagement Strategist** | **New** | **2023** |
| | **Performance Dashboard** | **Quarterly** | **Communications Manager and Coordinator, Engagement Strategist** | **In Development** | **2023** |
| | State of the Town | Annual | Town Manager Staff, Communications Manager, Elected Officials | Existing | - |
| | Youth Programs | | | | |
| | o Pledge of Allegiance | Twice per month | Community Relations Liaison, Customer Service, Elected Officials | Existing | - |
| | **o School Engagement** | **As needed** | **Community Relations Liaison, Mayor, Youth Commission** | **Existing / Reprogramming** | **2023** |
| | o Scout Nights | As needed | Community Relations Liaison, Customer Service, Elected Officials | Existing | - |
| | **o High School AP Government Class Collaboration** | **Annual** | **Community Relations Liaison, Mayor, Youth Commission** | **New** | **2023** |
| | Flagship Community Events (Bike to Work Day, 4th of July, Fall Fest, Hometown Holidays, Mayor's Holiday Lighting) | Several per year | Event Manager | Existing | - |

| | | | | | |
|---|---|---|---|---|---|
| Community Outreach and Engagement | Special Certificates | As needed | Community Relations Liaison, Customer Service, Elected Officials | Existing | - |
| | Official Recognitions/Special Presentations | As needed | Community Relations Liaison, Customer Service, Elected Officials | Existing | - |
| | Proclamations | As needed | Town Clerk, Customer Service, Elected Officials | Existing | - |
| | Dignitary and Community Group Visits/Tours/Presentations | As needed | Community Relations Liaison | Existing | - |
| | Social Media (Facebook, Instagram, Twitter, Nextdoor) | Daily | Engagement Strategist | Existing | - |
| | Let's Talk Parker Online Projects | Several per year | Engagement Strategist | Existing / Reevaluating | - |
| | Promotion for Public Participation Meetings and Events | As needed | Communications Manager and Coordinator, Engagement Strategist | Existing | - |
| | **Civic Academy** | **Annual** | **Community Relations Liaison, Town Staff, Elected Officials** | **Reevaluating** | **TBD** |
| | Citizen Survey | Triennial | Asst. Town Manager, Engagement Strategist | Existing | Next in 2024 |
| | Farmers Market Booths | Two per year | Engagement Strategist, Community Relations Liaison | Existing | - |
| | **Pop-up Events** | **Several per year** | **Engagement Strategist, Community Relations Liaison** | **New** | **2023** |
| | **Neighborhood / HOA Outreach** | **Monthly** | **Community Relations Liaison, Engagement Strategist** | **New** | **2023** |
| | **Local Non-profit Groups and Businesses Events** | **As needed** | **Community Relations Liaison, Engagement Strategist,** | **New** | **2023** |
| | **Community Partnerships** | **As needed** | **Community Relations Liaison, Engagement Strategist,** | **New** | **2023** |
| | Project Collaboration (Eagle Scout projects, etc.) | As needed | Community Relations Liaison | Existing | - |
| Mayor and Town Council Outreach and Engagement | Talk of the Town – Monthly Mayor and Town Council Column | Monthly | Communications Manager and Coordinator | Existing | - |
| | Official Mayor and Town Council Social Media | As needed | Elected Officials | Existing | - |
| | **Town-Produced Videos** | **TBD** | **Engagement Strategist** | **Reevaluating** | **TBD** |
| | **HOA Summit** | **Two per year** | **Elected Officials, Town Staff, Community Relations Liaison** | **Reintroducing** | **2023** |
| | Community Appearances | | | | |
| | o Town Events<br>· Flagship Town Events (Bike to Work Day, 4th of July, Fall Fest, Hometown Holidays, Mayor's Holiday Lighting) | Several per year | Elected Officials, Event Manager, Customer Service | Existing | |
| | · Other Town Departmental Events (Coffee with a Cop, PD Swearing-in ceremonies, etc.) | Several per year | Elected Officials, Town Staff, Customer Service | Existing | - |
| | o Community Events<br>· Ribbon Cuttings, Grand Openings and Open Houses<br>· Special Events/Speaking Engagemnets | Several per year | Elected Officials, Community Relations Liaison, Customer Service | Existing<br>Existing | -<br>- |
| | Farmers Market Booths | Two per summer | Elected Officials, Community Relations Liaison, Engagement Specialist | Existing | - |
| | **Pop-up Events** | **Several per year** | **Elected Officials, Community Relations Liaison, Engagement Specialist** | **New** | **2023** |
| | Collaborative Meetings | | | | |
| | o Parker Water and Sanitation District | As needed | Elected Officials | Existing | - |
| | o Douglas County Commissioners | As needed | Elected Officials | Existing | - |
| | o City of Lone Tree | As needed | Elected Officials | Existing | - |
| | o Town of Castle Rock | As needed | Elected Officials | Existing | - |
| | o City of Castle Pines | As needed | Elected Officials | Existing | - |
| | **o Town Commissions (Planning, Youth, Special Licensing Authority, Investment Advisory Committee)** | **As needed** | **Elected Officials** | **Existing/Reevaluating** | **-** |
| | Agency Liaison Assignments | As needed | Elected Officials | Current | - |

**BOLD Indicates a proposed new program, updating a program or reevaluating a program**

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# MEMORANDUM

**TO:** Honorable Mayor and Councilmembers

**FROM:** John Fussa, Community Development Director
Bryce Matthews, Assistant Director - Planning
Randy Sale, Assistant Director - Building

**DATE:** March 27, 2023

**SUBJECT:** Community Development Update

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**ISSUE:**
The Community Development Department will provide an update to the Town Council.

**FISCAL/BUDGET IMPACT:**
N/A

**BACKGROUND:**
The Community Development Department will provide a general update to the Town Council. The update will address current activities, ongoing and planned projects as well as topics related to building, growth and development.

**RECOMMENDATION:**
None

**REQUESTED DIRECTION:**
None, the presentation is for update purposes only.

**ATTACHMENT:**
None