

# MEMO



**To:** Town Council

**From:** Sarah Nurmela, Planning and Development Director  
Luke Bolinger, Director of Parks & Recreation  
David Pasic, Public Works Director  
Sara Hancock, Finance Director  
MJ Adams, Affordable Housing Manager  
Aly Burkhalter, Senior Planner

**Date:** March 25, 2025

**Subject:** Village at Coal Creek Project Financing

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This memo provides additional detail on financing sources and uses for the Village at Coal Creek project. The goals of the project are outlined, along with the site advantages for both a mixed income neighborhood and parks & open space facilities. Also included are specific details on the funding sources and requirements. Finally, potential options for how Council may want to consider moving forward on the project are outlined. The intent of this memo is to inform Council, with discussion and direction to be provided to staff at the April 15 Study Session.

## BACKGROUND AND PROJECT GOALS

The Village at Coal Creek (VCC) project is located on a 46.5-acre site formerly known as the Page Property. A portion of this property was a key acquisition request of the Open Space and Trails Advisory Board (OSTAB) for additional open space to enhance the riparian corridor along Coal Creek and provide trail connectivity in this area of Erie. As a result, Town staff had been in conversation with the property owner on and off over the years to determine willingness to sell. Purchase of the site would not only obtain a key open space connection for the Town but would also allow the Town to annex and address the blighted portions of the site, which included un-permitted storage, soil mitigation, and industrial uses.

In 2022, Weld County initiated code enforcement action, which encouraged the property owner to move forward with a property sale. During this timeframe, the St. Vrain School District and multiple residential developers were interested in and evaluating purchase of the site. The Town continued to pursue its interest in purchasing the site, which would meet multiple Town goals, including:

- Addressing blight and concerns from surrounding residents on the condition of the site;
- Expanding open space, habitat, and recreational trail opportunities along Coal Creek, as prioritized by OSTAB;

- Cost-effectively providing additional space for the Parks & Open Space Division offices and equipment storage. (Currently, the Division employs 20 full-time staff and 30 seasonal employees. The long-range staffing plan estimates that the Division will add seven more full-time staff members by 2030. To maintain current levels of service and accommodate future needs, the Division requires use of the existing 3,400-square-foot barn—that is currently storing seasonal equipment—construction of a new 5,000-square-foot climate-controlled maintenance building, and allocation of 100,000 square feet for outdoor storage); and
- Creating opportunities for the development of a mixed-income neighborhood that could include affordable housing.

The site is advantageously located to serve these goals for the following reasons:

1. The site is located within a developed area and thus has access to existing infrastructure, making it less costly to develop.
2. The site is located along Coal Creek and is adjacent to Coal Creek Park, trails, and Reliance Park—making it a key site for trail connections as identified by OSTAB.
3. For a neighborhood development, including affordable units, the site not only has parks access but is located adjacent to Downtown and its amenities and is walkable to Erie Elementary and Erie Middle schools. Locating affordable housing within walking distance to amenities is considered best practice.

#### **WORK AND EXPENDITURES COMPLETED TO DATE**

In January 2024, the Council approved an ordinance to annex the parcel into the Town of Erie. Zoning action was not taken with the annexation, and the property is currently zoned as Agricultural Holding (AGH). The AGH zoning allows the existing agricultural-related uses to continue on the land annexed to the Town until the property is redeveloped. The Comprehensive Plan designates the site as Medium Density Residential in anticipation of development of a portion of the site.

Since buying the site, staff have moved forward on both addressing the blight on the site and rezoning efforts to achieve the Town's goals. This includes:

- Completing the RFP process to conduct a facilities feasibility study on the existing house and surrounding buildings for open space and parks facilities (no agreement has been signed);
- Demolishing the warehouse building on the south end of the site;
- Analyzing structural and environmental aspects of the existing pond; and
- Contracting with a consultant team to create a concept plan and zoning (Planned Development, or PD) for the mix of residential and open spaces uses on the site.

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The following table outlines funds expended and the remaining funds committed to the project. It should be noted that the project is currently on “pause” with consultants. Additionally, no commitments to developers have been made for development of the site.

<b>Village at Coal Creek Expenditures</b>				
<i>Activity</i>	<i>Fund Source</i>	<i>Budget Year</i>	<i>Amount Expended/ Encumbered</i>	<i>Committed, Not Spent</i>
Land Acquisition – OSTAB Share	TNACC	2023	\$3,404,697	-
Land Acquisition – Affordable Housing Share	ARPA	2023	\$3,352,341	-
Pre-Development – Environmental Assessment	ARPA	2024	\$13,310	-
Pre-Development – Pond Evaluation	ARPA	2024	\$34,757	\$11,429
Pre-Development – Warehouse Demolition	ARPA	2024	\$84,313	-
Pre-Development – Conceptual Plan/PD	ARPA	2024	\$65,648	\$133,133
<b>Subtotals by Year</b>				
	TNACC	2023	\$3,404,697	
	ARPA	2023	\$3,352,341	
	ARPA	2024	\$198,028	\$141,925
<b>Total Expenditures &amp; Committed</b>			<b>\$6,955,066</b>	<b>\$141,925</b>

## FUNDING AND ASSOCIATED CONSTRAINTS

The \$6.7m purchase was funded using equal amounts of approximately \$3.4m from the Trails, Natural Areas, and Community Character (TNACC) and American Rescue Plan Act (ARPA) funds. Additional ARPA funds were committed to this site and must be spent by the end of 2026.

### TNACC

The Trails, Natural Areas, and Community Character (TNACC) is a 4 mill property tax that plays a vital role in preserving local ecosystems and promoting outdoor recreation for residents and visitors. The mill levy ensures that scenic lands are safeguarded for future generations, while maintaining the Town’s distinct character. Funds from the tax must be used exclusively to:

- protect natural areas along Coal Creek and Boulder Creek,
- conserve scenic landscapes and views,
- create and enhance hiking, biking, and walking trails,
- protect wildlife habitat,
- acquire natural areas to separate Erie from other communities, and
- construct, improve, and maintain trails, parks, parkland infrastructure, and open space.

In order to use the VCC site for any of these uses, **the site must be rezoned** to either Agricultural/Open Space or Public Lands and Institutions.

## *ARPA – Implications for Development*

The use of ARPA funds for purchase of the VCC site was intended to support a mixed-income residential neighborhood that included affordable and market-rate housing. The use of ARPA funds for this purpose does not require the entirety of the residential units to be affordable; the total development cost of the VCC project would far exceed the ARPA funds invested in the site. **Only a portion of the units would be required to be affordable** to meet the intent of the ARPA investment on the site.

## *ARPA Constraints*

### Background:

The Town purchased the 49-acre Page Property in 2023, using both ARPA funds and Town open space funds.

### Issue:

Town staff has been asked to determine whether it is possible to "repay" to the federal government the ARPA funds used for the purchase of the Page Property, if the Town Council no longer wishes to use any of the Page Property for affordable housing.

### Analysis:

The ARPA Final Rule required the Town to identify the use of all ARPA funds to the federal government no later than December 31, 2024. In April 2024, the Town identified the use of funds as follows:

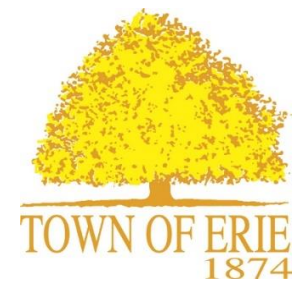
“In 2023, the Town acquired a 2-acre parcel for a 35 affordable homeownership development and another parcel (about 25 acres of land (50% of a 49-acre parcel) for future affordable housing. In addition to land acquisition, the Town has also used ARPA funds to site prep on the 2-acre site and also fund impact/development fees.”

ARPA does not allow the Town to reallocate ARPA funds to different projects once those ARPA funds have been expended (as they have been here). However, ARPA does not impose any deadline for using the Page Property as described in the Town's 2024 report. As such, there is no need for the Town to repay these ARPA funds, even if the Town Council wishes to delay the use of the Page Property for affordable housing. In other words, the purpose of the ARPA funds was fulfilled the moment the Town closed on the Page Property.

If the Town Council wishes to repay these ARPA funds anyway, the federal government will clearly take the money back, but such a repayment would cause other consequences.

The most impactful consequences relate to the Town's required financial reporting to the State. In December 2023, the Town reported the purchase of the Page Property and the use of ARPA funds on the Town's financial statements to the State. Any change to an expenditure, especially at that dollar threshold, would require a re-issuance, a material audit finding, and could trigger a federal audit of the ARPA funds. In the world of Finance, a re-issuance is only utilized when a true mistake was made. ARPA

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funding was also subject to a single audit for 2023 financials, which has been completed and reported. Therefore, we do not recommend that the Town Council repay the ARPA funds already expended to purchase the Page Property.

There are also other ARPA funds (\$141,925) that have not yet been expended by the Town. These funds may lawfully be reallocated to any other eligible ARPA project, so long as they are expended by the 12/31/2026 deadline. As such, as long as they are reallocated to an eligible project, none of the \$141,925 would need to be repaid to the federal government (even if none of these funds are used for affordable housing).

## OPTIONS FOR MOVING FORWARD

Given the combination of goals, opportunities, and constraints on funding sources, the following options could be considered by Council.

Options	Description	Zoning			Parks facilities	Required Actions**
		AGH for Developable Area	AG/OS and/or PLI	Full PD*		
1	Planned Project	Neighborhood; Complete trails; parks facilities				None
2	Reduced Scope - A	Neighborhood; Complete trails; NO parks facilities				No bldg feasibility analysis
3	Reduced Scope - B	DELAY neighborhood; Complete trails; parks facilities				Modify DIG scope/ Council approval
4	Minimum Action	DELAY neighborhood; Complete trails; NO parks facs.				Modify DIG scope/Council approval & no bldg. feasibility

\* Full PD would include development standards, uses and building typologies, circulation, and trails.

\*\* Modify scope of contract with DIG Studios. Cancel unsigned professional services agreement for park facility building feasibility study.

AGH – Agricultural Holding

PLI – Public Lands and Institutional

PD – Planned Development zoning

## ADDITIONAL ARPA DETAIL & TIMELINE OF DECISIONS

### Appropriation and Use of ARPA Funds

As noted in Director Hancock's February 10, 2023 Confidential Memo, staff explained that acquiring the Page property would further the Town's goals including providing land for affordable housing and providing much needed office and storage space for field staff and maintenance equipment. It also noted that ARPA funds were available if the Board desired affordable housing, and Public Facility Impact Fees can be used to cover expenses associated with the warehouse and office area. The Council approved ARPA funding to purchase the Page property in the 2024 Budget. However, negotiations to close the purchase proceed faster than anticipated, thus it was necessary for the Council to amend the 2023 Budget to appropriate the ARPA funding. The Council took this action approving the 3<sup>rd</sup> supplemental appropriation on [November 28, 2023](#).

### Timeline

1. Approvals Related to Village at Coal Creek Project
  - June 13, 2023 – [Agenda item 23-322](#) (resolution authorizing acquisition of Page property)
  - Nov 15, 2023 – [Agenda item 23-550](#) Ordinance 27-2023 – updating the 2023 budget to reflect the actual timing of ARPA expenditures for land acquisition for affordable housing
  - Dec 10, 2024 – [Agenda 24-543](#) DIG Studios – Contract for consultant to develop conceptual plan and PD for parks/rec facility; open space, trails & mixed-income/affordable housing neighborhood.
2. Dec 10, 2024 - [Agenda 24-551](#) Supplemental Budget Request: \$85K supplemental budget to use ARPA funds for the asbestos abatement and demolition of the warehouse on the Village at Coal Creek property.