



AECOM
1717 17th Street
Suite 2600
Denver CO 80202
www.aecom.com

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To: Gretchen Hollrah, Deputy CFO, Department of Finance, City & County of Denver
From: Scott A. Russell, Senior Vice President, AECOM Technical Services, Inc.
Re: Proposed NWC Economic Study Purpose and Approach

The following memorandum summarizes the purpose and approach to the National Western Center Economic Study.

Overview and Purpose of the Study

This study is intended to accomplish the following:

- 1) Place the National Western Center re-development in market context.
 - a. Conduct a market and competitive analysis of the NWC as re-development within the city and region. The study will provide context for an evaluation of competitive and complementary business and economic development opportunities. Findings will be expressed in broad terms sufficient to establish a regional context.
 - b. Identify sector and end-market opportunities that (a) build on the inherent strengths and comparative advantage of the concept and site, and (b) provide perspective regarding order of magnitude revenue potential.
 - c. Complete case studies, trends analysis and summarize best practices associated with other agricultural and natural resource research and innovation districts and planned infill developments for innovation clusters.
- 2) Establish high level understanding of financial impact of commercial and private sector activity at the site.
 - a. Using the case studies and analysis of potential development concepts, identify and summarize at a strategic level potential revenue sources that might be available.
 - b. Qualitatively explore potential for public-private partnerships in the delivery of various components of the project with a recommended implementation timeframe.
- 3) Develop preliminary framework for business and economic developments tools, programs and policies for advancement of re-development efforts.

These services will be delivered through the following tasks and will be concluded in May 2016.

Task 1. Stakeholder Engagement

AECOM will complete interviews with up to 20 key stakeholders associated with the project. Comments will be aggregated by topic and documented in a white paper.

Task 2. Regional Real Estate Reconnaissance

This task will provide an overview of commercial real estate market opportunities relevant to the NWC concept, as well as identification of generalized real estate performance metrics associated with new construction (lease rates, land values, building values, etc.). This task will analyze available data to estimate change in the past decade in demand for development new retail, office, flex, and wholesale space in metro Denver, as well as associated performance metrics.

Outputs:

- Summary of city and regional real estate markets
- Summary of core real estate performance metrics relevant to the future of NWC, including framework residual values for land based on use.

Task 3. Case Studies and Global/National Trends Analysis

AECOM will identify national and global trends in agri-business, ag-innovation and venture capital in the agricultural and natural resources economy. Trends analysis will be based on primary and secondary research, including stakeholder interviews, as well as case studies of up to four comparable institutions.

Outputs:

- Complete case studies and summarize best practices associated with other agricultural innovation districts and planned infill research and development projects to provide context for local policy development.
- White paper summarizing national and global industry trends related to the potential innovation clusters identified in the CSU study.
- Based in part on case study input and review of development opportunities, AECOM will provide a high level summary of potential sources of revenue streams that could support NWC.

Task 4. Private Sector Development Opportunities

AECOM will evaluate and qualify the extent of private sector market opportunities in the agricultural value chain as defined CSU in their 2014 report titled, "The Emergence of an Innovation Cluster in the Agriculture Value Chain along Colorado's Front Range. Our analysis will focus on three levels:

- Level 1: Analysis of food-related sectors at a statewide level, to identify the sectors (4-digit NAICS) that align with CSU research. The intent will be twofold: (a) evaluate sectors across the state that have location quotients well above 1.0 (and are therefore presumed to be more mature anchor sectors) and (b) identify sectors where the location quotient is around 1.0, but where the sector has clear opportunities for future growth. The analysis will include a review of which states lead in terms of employment and location quotient.

- Level 2: A Shift-Share analysis that compares changes in locations quotients in at the statewide and front-range region compared to national industry trends.
- Level 3: A comparable analysis of the agricultural value chain will be completed for the Front Range, including major metropolitan areas from Fort Collins to Colorado Springs. The intent will be to get more granular, linking “sectors of opportunity” with specific employers in the region who are either in mature sectors (stable employers) or in “sectors of the future” (i.e. sectors where job creation is more significant). This analysis will require access to more detailed employment data, including analysis of employment growth by firm employment-size categories, and names of firms by selected NAICS codes. We would work with City staff to acquire appropriate databases, ideally at the 4-digit NAICS level.

Outputs:

- Summary of statewide context for agriculture broken down at the 4-digit sector level
- Analysis and summary of comparable trends for the Front Range, identifying sectors and functions as well as companies within the agriculture value chain that offer near term or future opportunities to target as part of future NWC planning.
- Develop a framework to “value” sector opportunities, including possible real estate requirements.
- Assess potential impact on existing local business growth and retention as well as new business start-ups from within the metro region.

Task 5. End Market Opportunities

The effort will include high level summaries of “end markets” that align with food related sectors. The simple intent is to frame sectors that we believe over the next 10-20 years will be a focus of future opportunity; i.e. sectors that local companies will be positioning to compete for in the future. As possible examples, we could consider sectors such as “local food”, renewable energy, district energy, and related “end markets.” For each category, we will summarize salient trends, growth potentials, and local companies that already align with opportunities.

Task 6. Site Analysis (Capacity and Availability)

Conduct an analysis of site constraints and opportunities and review adjacencies relative to private sector and public-private development. Purpose of this task will be to determine describe the physical space available for development under the current master plan and vision for the site.

Task 7. Preliminary Toolkit and Next Steps

AECOM will prepare a preliminary framework of policies, programs and tools likely to be required for advancement of the NWC’s intent. This framework will be based on the tasks described above as well as current best practices and preliminary analysis of alternative or supplementary funding and programming opportunities. Potential policies, programs and tools will be developed to a conceptual level and framed for future analysis and development.

Output:

- Inventory of and requirements for USDA and state grant programs.

- Preliminary identification of P3 opportunities and likely industry perspectives on NWC infrastructure and venues.
- Framework of policies, programs and tools likely to be required for advancement of the project within the defined market, industry and regulatory environment.