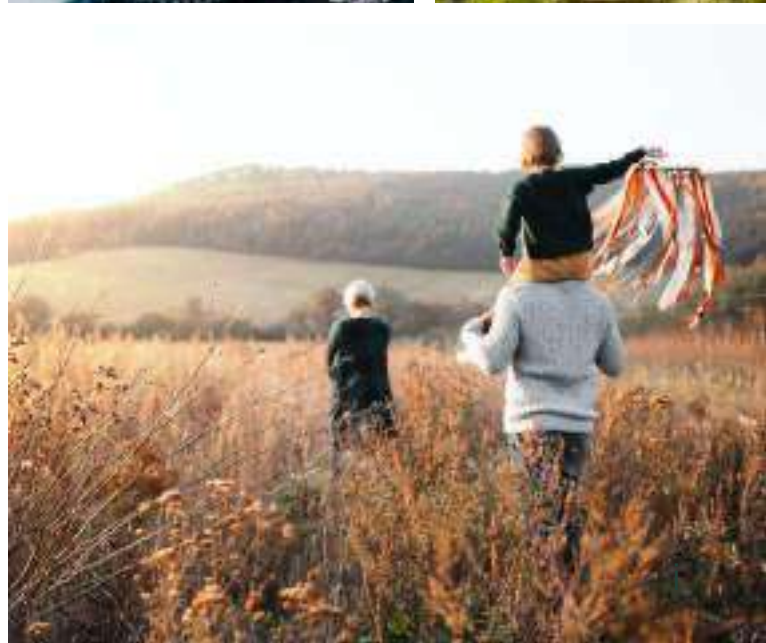


THE WHETSTONE UPDATE

MAY, 2024

TO THE TOWN OF CRESTED BUTTE



SERVITAS
NORRIS DESIGN

PLANNING | LANDSCAPE ARCHITECTURE | BRANDING

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To: Dara MacDonald, Town Manager
Town of Crested Butte
507 Maroon Ave.
Crested Butte, CO 81224

Dear Dara and Members of the Crested Butte Town Council,

Thank you for the opportunity to provide this update on the Whetstone project. We remain grateful for Crested Butte’s assistance and continued commitment to affordable housing. The community’s patience and support has been invaluable as the design advances. Our decisions are guided by community feedback and desire to minimize initial and long-term rental burden on future Whetstone residents.

Servitas and the consulting team began the Preliminary / Final Plan Submittal with the goals of being a great neighbor, maximizing the project’s public benefit, and earnestly serving the interest of all stakeholders. We hope that this Briefing Book will offer additional transparency as we move forward with a best-in-class collaboration between local governments and the private sector to provide a livable, safe and vibrant community at Whetstone.

Some highlights:

1. Multi-modal connectivity opportunities in support of the Town’s Mobility Plan are expected to contribute to reductions in greenhouse emissions. (see “Transportation & utilities” on page 27)
2. Sustainability updates for geothermal, net-zero readiness, and overall architectural enhancements. (see page 10)
3. Off-site infrastructure and utility connection schedule and fee impacts, and requests for tap fee relief. (see pg 33-36)
4. Rent updates based on project costs. (see pg 18-21)

We welcome the community’s continued engagement and please accept our gratitude for the support of so many stakeholders. This update offers the Town another opportunity to weigh in as the Preliminary / Final Plan is prepared for submittal to the County in the next step of the LUR process, and this development team looks forward to receiving your feedback.

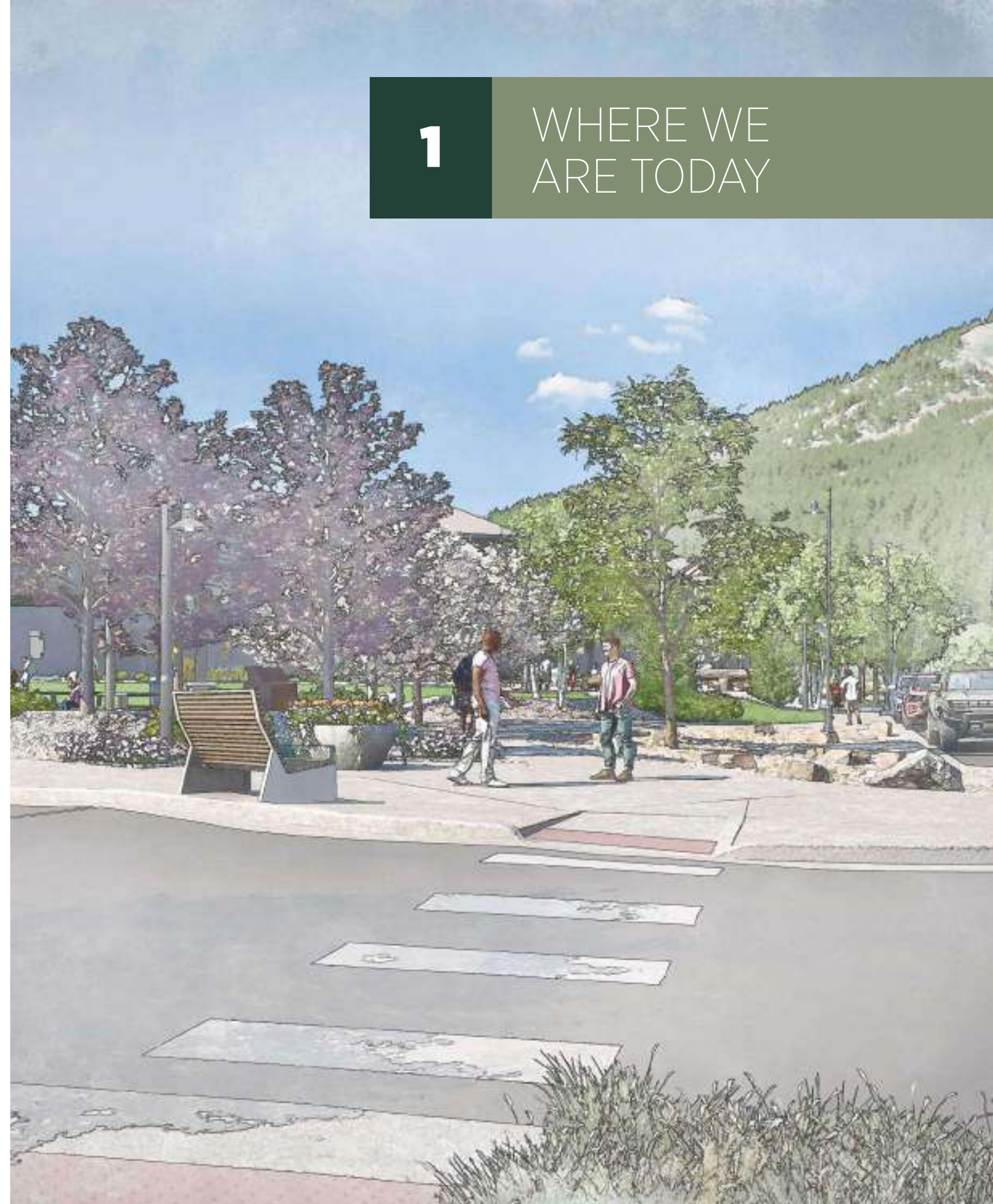
Warmly,

Angel Rivera - Servitas
Email: arivera@servitas.com
Phone: 812.219.8927

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1

WHERE WE ARE TODAY



Community + Outreach

Since 2021, Whetstone has engaged in a number of outreach, engagement, and presentation meetings to gather input, update information, and keep stakeholders and the general public informed on its design and progress. The below table outlines the various meetings that have taken place to do so, which demonstrate Whetstone's transparency and commitment to the community to make this project the best it can be.

| Activity | Description | Timeline | Engagement Level ¹ | # of Participants | Supporting Documents |
|------------------|---|------------------|-------------------------------|-------------------|---|
| Project Website | Repository of project information, information about how to participate | 2021 and Ongoing | Inform | N/A | https://whetstonehousing.weebly.com/ |
| BOCC Pres. | Presentation to the Board of County Commissioners to introduce the team and describe the project approach | May 25, 2021 | Inform | | Presentation Slide Deck |
| Site Walks | Walk the site to understand the property's boundaries, experience the access from Highway 135, and be drawn through the tiered topography towards the Slate River. Collect initial feedback from the community. | Jul - Oct 2021 | Inform | 60 | Site Walk Summary |
| Design Charrette | Representatives with diverse backgrounds invited to roll up their sleeves, switch on their creativity and come up with the best design ideas for the Whetstone Community Housing site over 2 days | Aug 2021 | Collaborate | 35 | Design Charrette Input Summary |
| BOCC Update | Presentation to the Board of County Commissioners to provide an update on the progress of the project, discuss the project statement & desired outcomes, and debrief on the design charrette | Sep 14, 2021 | Inform | | Presentation Slide Deck |

While this table is inclusive of the County and Whetstone team's efforts, it must be acknowledged that the Town has similarly engaged the community to understand priorities, needs, and concerns surrounding the utility extension. The outcome of the Town's outreach is included within the Condition of Approval #7 on page 45.

| Activity | Description | Timeline | Engagement Level ¹ | # of Participants | Supporting Documents |
|---------------------------------|--|----------------------|-------------------------------|-------------------|---|
| Developer Forum & Interviews | Developer's forum held during the design charrette to discuss financing, phasing and implementation of the design discussion, followed by a series of 11 interviews with market rate, workforce, housing authorities, Habitat, and mixed use developers. | Aug - Oct 2021 | Consult | 21 | Developer Outreach Summary |
| Newsletter Update to the Public | Design Charrette Recap | September 15th, 2021 | Inform | | Newsletter on Whetstone Website |
| Youth Engagement | Gunnison High School Freshmen and Crested Butte Elementary Second Graders invited to design the Whetstone Community through City As Play | Oct 2021 | Involve | 160 | Youth Engagement Summary |
| Draft Site Plan Online Survey | Community members invited to watch a project presentation video and then provide their feedback on the draft site plan | Jan - Mar 2022 | Consult | 30 | Online Survey Report |
| BOCC Update | Presentation to the Board of County Commissioners to provide an update on the progress of the project | Mar 2021 | Inform | | Presentation Slide Deck |
| Virtual Work Session | Community members and stakeholders invited to learn about the project designs and concepts and share their feedback on the updated site plan. Primary topics of discussion: site design/street connections and sustainability. | May 19, 2022 | Consult | 25 | Virtual Work Session Slide Deck and Notes |

¹ | Per the iap2 Engagement Categories at https://cdn.ymaws.com/www.iap2.org/resource/resmgr/pillars/Spectrum_8.5x11_Print.pdf

Community + Town outreach cont.

| Activity | Description | Timeline | Engagement Level ¹ | # of Participants | Supporting Documents |
|--|--|----------------------|-------------------------------|-------------------|---------------------------------|
| Newsletter Update to the Public | Article from LIV Crested Butte Magazine | September 27th, 2022 | Inform | | Newsletter on Whetstone Website |
| Newsletter Update to the Public | Next Steps in Sketch Plan Process | October 7th, 2022 | Inform | | Newsletter on Whetstone Website |
| Newsletter Update to the Public | Community Weighs in on Whetstone Article | January 27th, 2023 | Inform | | Newsletter on Whetstone Website |
| Newsletter Update to the Public | Sketch Plan Approval Article | February 2nd, 2023 | Inform | | Newsletter on Whetstone Website |
| Newsletter Update to the Public | Grant Award for Whetstone | April 14th, 2023 | Inform | | Newsletter on Whetstone Website |
| Gunnison County and ToCB Staff Meeting | Whetstone Community Development & Utility Extension | May 8th, 2023 | Involve | 8 | Meeting Notes |
| Newsletter Update to the Public | Developer Open House & Materials | May 12th, 2023 | Inform | | Newsletter on Whetstone Website |
| Gunnison County and ToCB Staff Meeting | Whetstone Community Development & Utility Extension | June 1st, 2023 | Involve | 8 | Meeting Notes |
| Gunnison County and ToCB Staff Meeting | Whetstone Community Development & Utility Extension | June 12th, 2023 | Involve | 8 | Meeting Notes |
| Gunnison County and ToCB Staff Meeting | Whetstone Community Development, Utility Extension, Financial Impact | July 10th, 2023 | Involve | 8 | Meeting Notes |

| Activity | Description | Timeline | Engagement Level ¹ | # of Participants | Supporting Documents |
|--|---|-------------------------|-------------------------------|-------------------|--|
| Newsletter Update to the Public | Developer Selection and Annexation Update | July 20th, 2023 | Inform | | Newsletter on Whetstone Website |
| Gunnison County and ToCB Staff Meeting | Whetstone Community Development, Developer Selection, Preliminary Plan, Utilities | August 9th, 2023 | Involve | 8 | Meeting Notes |
| Gunnison County and ToCB Staff Meeting | Whetstone Community Development, IGA, Workshop Planning, Utility Extension | September 11th, 2023 | Involve | 8 | Meeting Notes |
| Community Workshop | Community members and stakeholders were invited to learn about the project progress towards Preliminary Plan and share their feedback. Primary topics of discussion: Updated Site Design, Livability, Architecture and Utilities. | September 14-15th, 2023 | Consult | 30+ | Presentation Deck, Collaboration sessions, Summary |
| Gunnison County and ToCB Staff Meeting | Whetstone Community Development & Utility Extension | September 18th, 2023 | Involve | 8 | Meeting Notes |
| Gunnison County and ToCB Staff Meeting | Whetstone Community Development & Utility Extension | October 9th, 2023 | Involve | 8 | Meeting Notes |
| Gunnison County and ToCB Staff Meeting | Whetstone Community Development & Utility Extension | October 31st, 2023 | Involve | 8 | Meeting Notes |
| Gunnison County and ToCB Staff Meeting | JVA Comments, CB Reviews, Infill Study | November 13th, 2023 | Involve | 8 | Meeting Notes |

| Activity | Description | Timeline | Engagement Level ¹ | # of Participants | Supporting Documents |
|--|---|---------------------|-------------------------------|-------------------|---------------------------------|
| Gunnison County and ToCB Staff Meeting | Whetstone Community Development, Affordability, Timeline, Proforma | December 11th, 2023 | Involve | 8 | Meeting Notes |
| Newsletter Update to the Public | Workshop and Neighborhood Plan Updates | December 18th, 2023 | Inform | | Newsletter on Whetstone Website |
| Gunnison County and ToCB Staff Meeting | Whetstone Community Development & Utility Extension | January 16th, 2024 | Involve | 8 | Meeting Notes |
| Gunnison County and ToCB Staff Meeting | Whetstone Community Development & Utility Extension | March 18th, 2024 | Involve | 8 | Meeting Notes |
| Stakeholder Meetings | Outreach and meetings with different organizations having a stake in the project, such as employers (Gunnison Watershed School District, Western Colorado University, etc.), affordable housing funders (CHFA, DOLA), service providers (East River Water and Sanitation) | Ongoing | Consult | 10+ | |
| Partner Meetings | Outreach and meetings with project partners such as the Town of Crested Butte, CDOT, Gunnison Valley RTA, Mountain Express, etc. | Ongoing | Involve | 5+ | |

Please visit <https://whetstonehousing.weebly.com/learn.html> to review graphics, videos, presentations and outcomes of past community outreach events.

Design Progression

Preliminary / Final Plan

The development team, including engineers, planners and architects, have prepared the required documents for a Preliminary / Final Plan submittal to the County. This includes engineering and architectural drawings, livability guidelines, environmental sustainability, traffic impact analysis, landscaping, snow removal and storage, parking, grading and drainage, and financing, to name a few. Currently, the Preliminary / Final Plan Package is complete, except for the 'Will-Serve' letter from the Town, which is a commitment to allow Whetstone to connect to the existing water and sewer system. The County cannot begin official review of the submittal package until the letter is received.

As we have advanced the design and project details to get to the Preliminary / Final Plan stage, Whetstone has maintained all key amenities and values, and the proposed plan is substantially unchanged from the approved Sketch Plan.



Note: All graphics are in development and subject to change.

Reports / Analysis Completed

- » Architectural Plans And Preliminary Elevations
- » Civil Engineering Design
- » Drainage Plan
- » Fire Flow Demand Analysis
- » Geotechnical Report
- » Geothermal Design Drawings
- » Landscape Architectural Plans
- » Traffic Report
- » Wastewater Utility Report
- » Water Utility Report
- » Wildland Urban Interface Analysis

Design Progress

As part of the Preliminary / Final Plan package, all on-site utility reports and drawings are complete and ready to go. The team is now 100% focused on the off-site provisions, namely utility extensions into the Town's existing network. We anticipate handing these submittals to the Town of Crested Butte and County in May.

We find it important to note Whetstone's commitment to pay 100% of construction cost for the utility extension connecting to the Town's water and wastewater systems. The financial feasibility for this effort was analyzed with the Utility Connection Capacity studies in Summer 2022, see Appendix item C. These studies show that there is excess capacity in the system to support Whetstone, and our project engineers are finalizing technical utility design drawings for Town review. The project will also pay for future Whetstone-related maintenance costs for these utility connections, helping amortize past and future capital costs among all future residents, therefore more ratepayers within Whetstone will be sharing the cost over a longer period of time.

WHETSTONE LIVABILITY FOUNDATIONS:
AFFORDABILITY, STABILITY, AND A SENSE OF COMMUNITY



OUTDOOR LIVABILITY

ON-SITE LIVABILITY

- 1 GAMES AREA/ PLAZA
- 2 INTIMATE GATHERING AREAS
- 3 NATURAL PLAYGROUND
- 4 TRAIL SYSTEM
- 5 TRAIL NODES
- 6 DOG PARK
- 7 OPEN LAWN
- 8 BIKE UNDERPASS
- 9 COURTYARDS WITH PRIVATE PATIOS
- 10 ACCESSIBILITY & PEDESTRIAN FRIENDLY
- 11 MULTI USE FIELD
- 12 COMMUNITY PLAZA AREA
- 13 EV READY CHARGING
- 14 INTERIOR STORAGE
- 15 TRASH/ RECYCLING
- 16 BIKE LOCKERS/ BIKE RACKS
- 17 ON SITE PARKING
- 18 CENTRAL AMENITY SPACE
- 19 COVERED ENTRIES TO PROTECT FROM WEATHER
- 20 WUI COMPLIANT LANDSCAPE AND ARCHITECTURE
- 21 BUS STOPS
- 22 SNOW REMOVAL
- 23 CLUSTER MAILBOXES

Note: All graphics are in development and subject to change.

How is Whetstone Addressing Sustainability?

Whetstone has committed to several sustainability goals throughout the planning process, which adhere to our vision but also add cost to the initial development. The project has been designed in alignment with County's Climate Action Plan, the 2021 International Energy Conservation Code, and the Zero Energy Home Ready code. The Town is also currently developing its 2030 Climate Action Plan, and we will collaborate with staff as the project moves forward. Whetstone's goals include all-electric geothermal heated buildings, solar-readiness, and carbon sequestering materials. The landscape design is focused on water use reduction by utilizing native low water use plant material, reducing the use of high water turf grass outside of park zones, and identifying areas of native grass and wildflower seed areas that can be temporarily irrigated for establishment and then turned off. These goals ensure that Whetstone will remain a positive contribution for the Town and County well into the future.

NATIVE LANDSCAPE



EV CHARGING



SOLAR



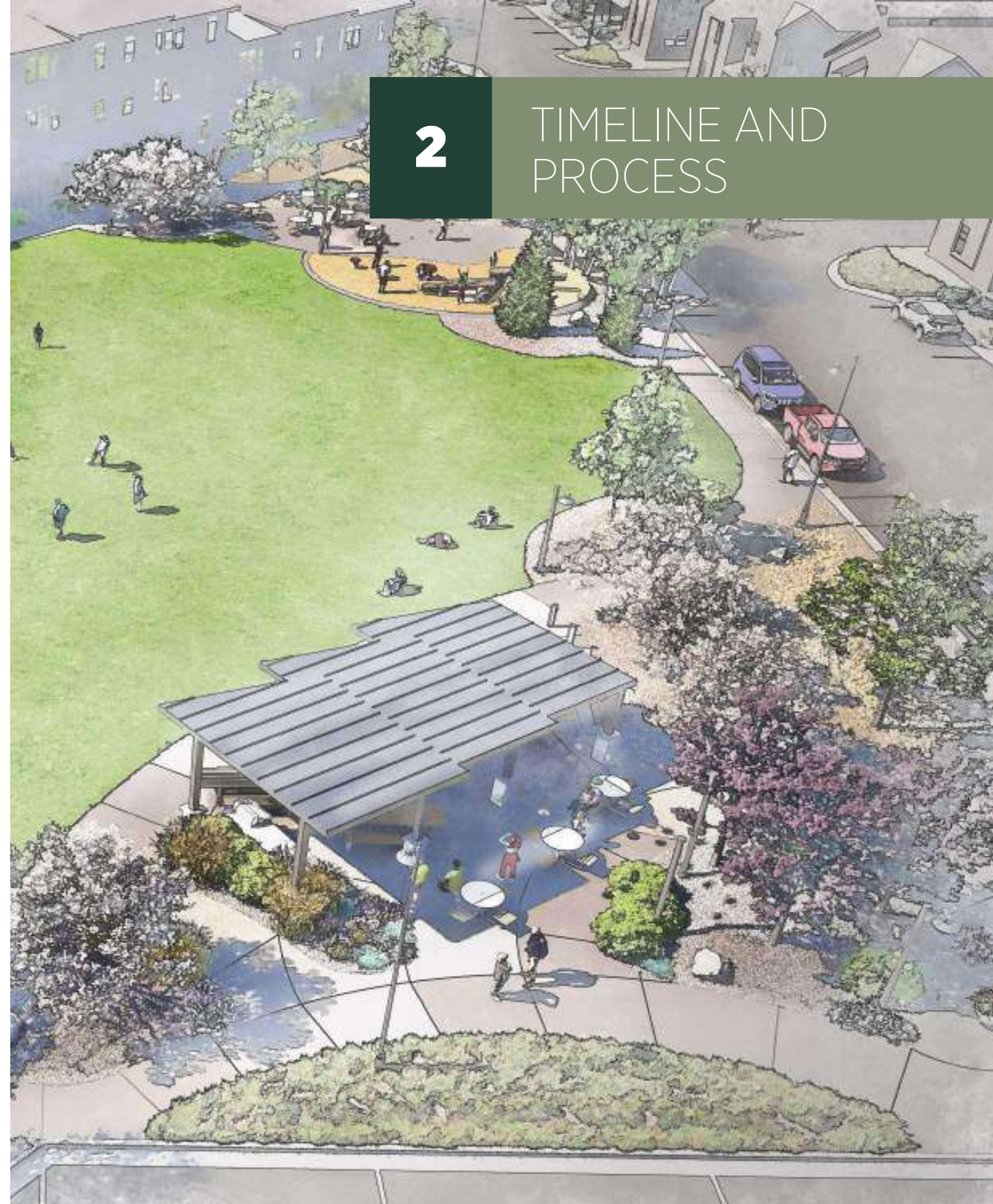
GEO THERMAL



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2

TIMELINE AND PROCESS



'23 2024

2025



Traffic Study

- 1st Traffic Study to CDOT (11/08/2023)
- 2nd Traffic Study to CDOT (01/12/2024)
- Traffic Study Acceptance by CDOT (02/20/24)
- Access Permits submitted to CDOT (02/22/24)
- CDOT Approved/ Signed Access Permits (03/14/24)
- County Signed CDOT Access Permits (03/24/24)

Roundabout

- 50% Design (May 2024)

Offsite Utilities

- 30% Submittal to Town/Review Permit (05/17/24)
- Town Review & Comment Period (05/20/24-07/12/24)
- Draft Council Packet Due (07/08/24)
- Crested Butte Will Serve Letter Vote (07/15/24)
- Will Serve Letter - Submittal from Crested Butte (07/19/24)

Onsite Utilities

- Preliminary/Final Plan Submittal Ready (02/09/24)
- 100% Construction Documents (04/24-05/10/24)
- Preliminary/Final Plan Submittal (06/28/24)
- Gunnison County Preliminary/Final Plan Review (07/22-11/21/24)
- Building Permit Issuance (11/21/24)

Offsite Construction

- Crested Butte Roadway Moratorium (10/15/24-04/01/25)
- Start Offsite Utility Construction (04/01/25)

Onsite Construction

- Geothermal Drilling and Site Grading Begins (11/21/24)
- Start All Onsite Construction (04/01/25)

Annexation

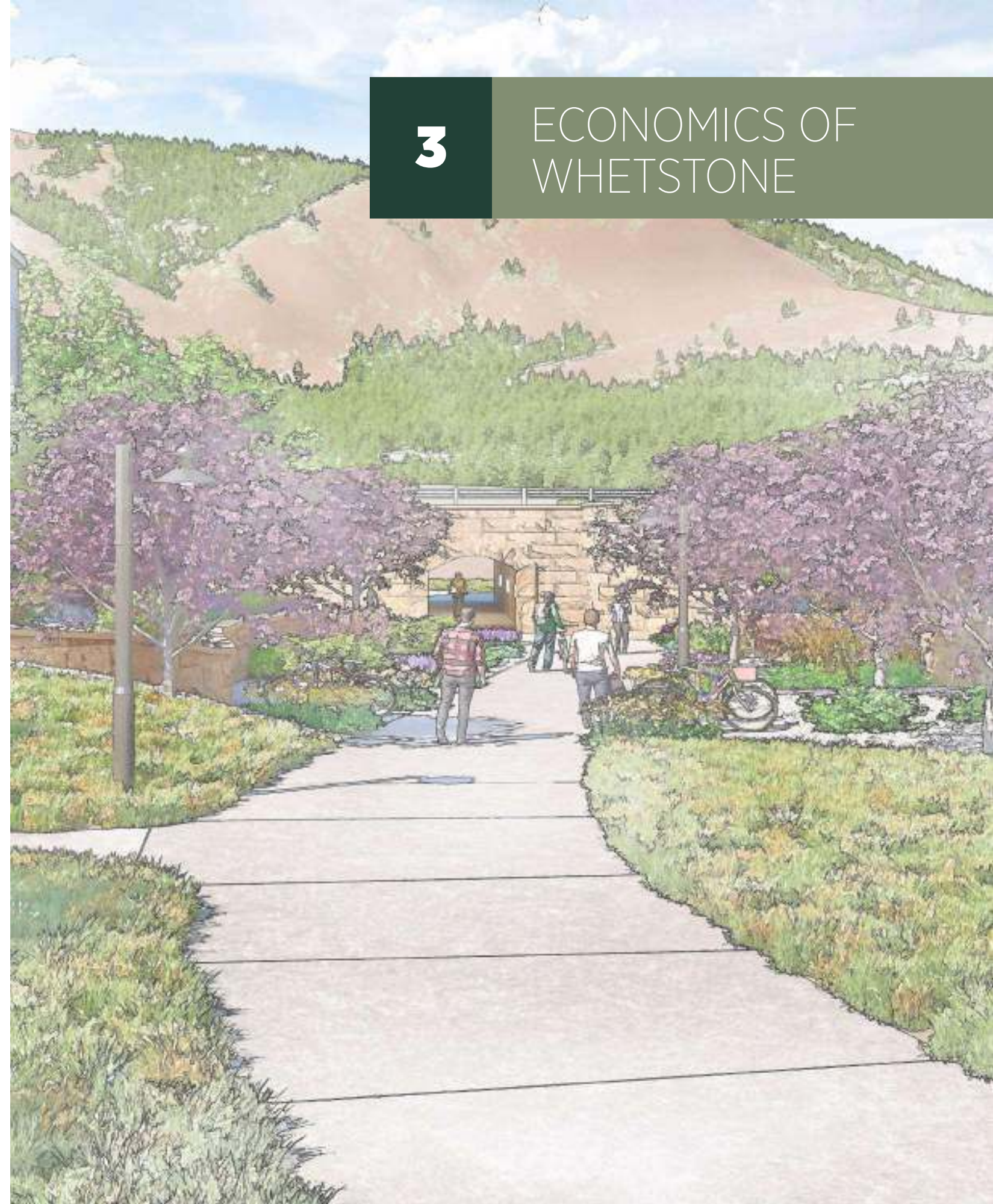
- Petition for Annexation within five (5) years of the issuance of the final certificate of occupancy for the project or mutual agreement of the Parties

Note: Graphics and Schedules subject to change.

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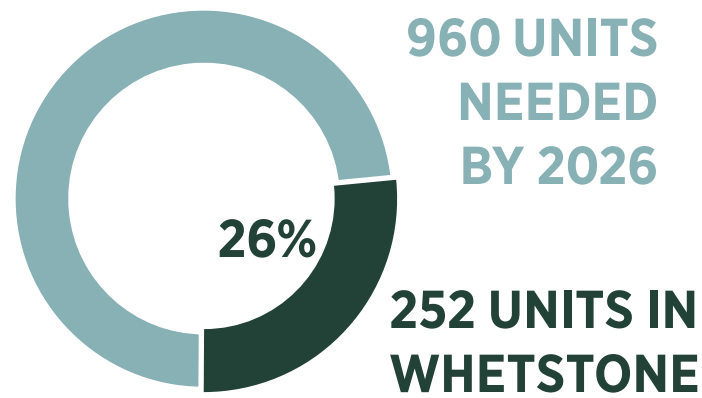
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ECONOMICS OF WHETSTONE



Affordable Rental Rates

Whetstone’s purpose is to provide affordable housing for the valley’s workforce. This is especially needed in the North Valley as a majority of the workforce is traveling from the South. According to LEHD (Local Employment Household Dynamics) data, two-thirds of the North Valley workforce commutes from outside the North Valley.



The Gunnison Valley Housing Market Update, completed in 2021, was the last update to the community needs assessment. At that time, 960 units were needed by 2026 to catch and keep up with demand. While progress has been made since 2021, the number of units created has not come close to meeting that demand, and demand continues to outstrip supply. Also adding demand for workforce rentals is the shift of higher-income households towards renting, the consequence of an out of reach for-sale market.

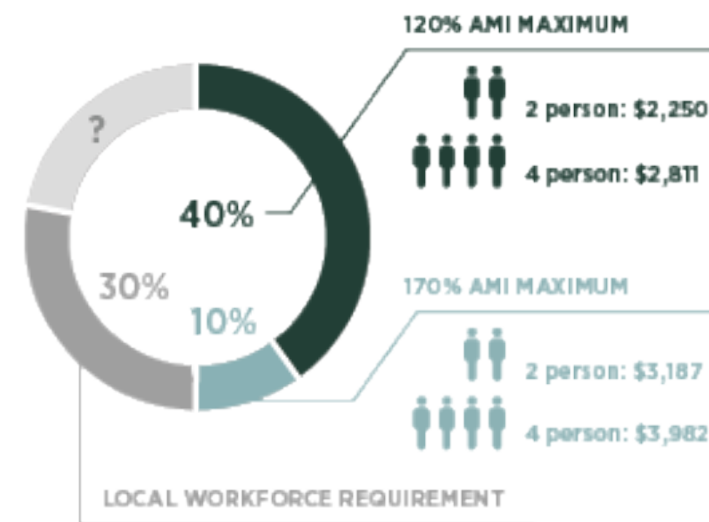
The Housing Needs Assessment is currently being updated and will be finalized later this month. Based on an employer survey they performed, 65% of employers said they would increase their number of employees if adequate housing was readily available in the valley. This tells us that current businesses in the valley are in need of more employees and the lack of affordable housing is detrimental to their success.

Per the Sketch Plan Approval in February 2023, the county has set out rent targets and commitments for Whetstone based on Area Median Incomes (AMIs) as follows:

- 40% of units restricted to 120% AMI max.
- 10% of units restricted to 170% AMI max.
- 30% of units restricted with (at minimum) a local workforce requirement
- 20% with no specific commitment: may change with proforma evolution
- **Rents average 125% AMI (80% - 170% AMI range)**

The County’s goal is to increase the affordability of the project, but financial constraints may influence our ability to expand affordability beyond what is currently proposed. Any reduction or increase in the overall cost of the project will be directly reflected in rents.

Family Rents Based on % AMI



Funding Sources

With these targets and commitments made, there will be few traditional financing resources to build this much-needed workforce housing. Given these income levels, the main resource to be utilized is tax-exempt bonds.

The County will borrow tax-exempt bonds and will continue to own the units. The tax-exemption is projected to provide a cost savings and will follow an established model for funding various types of housing and other projects that are supported by the rental revenues.

In addition to this funding mechanism, Whetstone has received several grants to date. The most notable include \$10 million via Colorado’s Transformational Affordable Housing Grant (TAHG), which is earmarked for horizontal infrastructure. The State issued the final contract March 14, 2024 – a full year after receiving notice of the award - and the County has signed it.

Another \$1.5 Million has been awarded from Colorado’s High Efficiency Electric Heating and Appliances Grant Program (HEEHA) grant, to be used for geothermal infrastructure and on-site electrification, including high-efficiency electric appliances. There is a possibility for the project to receive an additional \$500,000 from a similar grant as well. These grants will aid Whetstone in achieving its sustainability goals and position it for a future of lower-impact development.

In addition to receiving TAHG and HEEHA, we have applied for a RAISE grant, which will be announced in late June. The RAISE grant specifically targets the roundabout and pedestrian underpass. Several other State and Federal grants are under consideration for future applications. The state of Colorado has prioritized affordable housing and we will continue to apply for future grants as they become available.

Cost Increase Impacts

Creating a new affordable community at Whetstone requires significant infrastructure investment. Every dollar spent on the project goes into the overall proforma and impacts the rental rates. While some projects costs were anticipated with the original cost estimates, others are new and the project must absorb, subsidize or otherwise negotiate towards a reasonable long term solution.

One of these important costs is tap fees to connect to the Town’s water and sewer system. Incurring the cost of tap fees will impact the rental rates at Whetstone. The following summarizes the impacts.

- For every \$1M added in project costs, Whetstone resident rents increase 1.3%, that’s \$34 monthly per unit or \$408 annually
- A \$7M tap fee is equivalent to charging a 13th rent payment to every unit in Whetstone - that’s an additional \$2,856 annually in rent to each unit (\$238/month) this is a 9% increase to rents
- \$7M extra increases rents for a one-bedroom apartment from 125% AMI to just below 150% AMI.
- Additional project delays risk both continued construction escalation and grant funding.

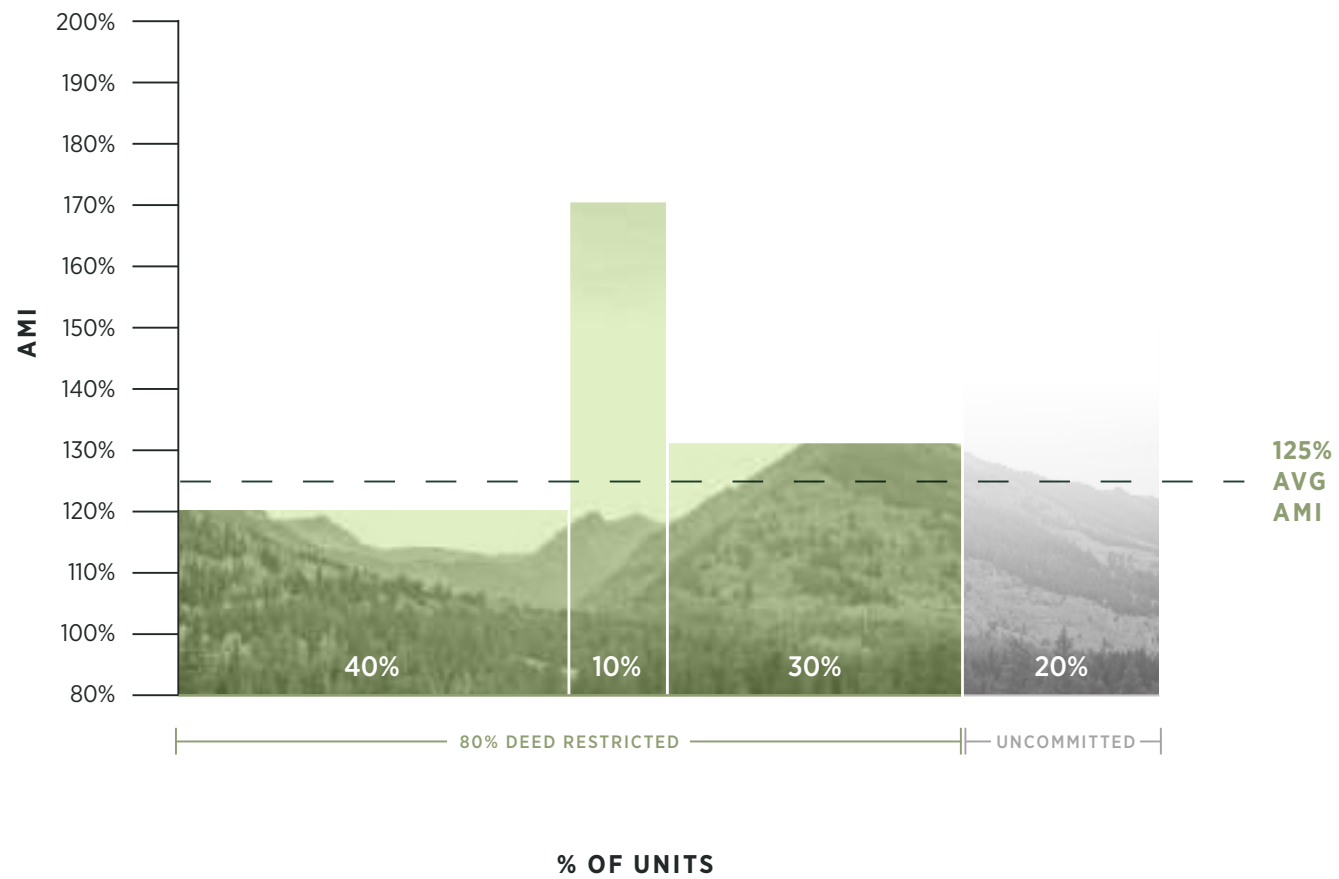
The Town can make a substantial, positive impact long-term affordability of the project through a reduction in tap fees. We respectfully request the Town strongly consider it’s options regarding tap fees.

Funding Sources

Scenario 1 shows the current percent of units and associated income thresholds for the Whetstone Neighborhood **without** cost increase impacts with an average of 125% AMI.

Scenario 2 shows what the raise of average AMI would be if we incur \$7 Million in Tap Fees, an increase to 150% AMI overall. While the County will still be able to maintain the agreed upon thresholds of 40% of units at 120% AMI, 10% units at 170% AMI, and 30% with some type of restriction, we may end up at the top of these AMI thresholds thereby serving fewer residents at the lower AMI levels

SCENARIO 1



SCENARIO 2



INFORMATION

40% of the units will be deed restricted for residents earning 120% AMI or less

10% of the units will be deed restricted for residents earning 170% AMI or less

30% of the units will be deed restricted with specific parameters of those restrictions undetermined at this time to allow for changing market conditions

20% do not have a specific commitment but County has a goal that these will be deed restricted as well

4

TRANSPORTATION & UTILITIES

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Highway 135 Connection & Roundabout

The timing of roundabout permit approval and construction is complex. The team has applied for several federal funding opportunities. At the same time the team has met with Town staff, and staff from Mountain Express and RTA to explore interim access solutions that are safe and ensure the livability goals are achieved.

Whetstone fronts onto CDOT owned Highway 135, which means CDOT has authority over access points and connections. Whetstone has submitted numerous submittals to CDOT, including the Traffic Impact Study, which was accepted in March of this year and summarizes the demands on Highway 135 from the traffic generated from our project. Access permits for the main entrance, a right-in/right-out secondary entrance, and closure of the existing access have been issued as a result of this critical approval. An additional permit for access off the future roundabout will be submitted at time of roundabout construction. In addition to CDOT however, this study now requires County approval.

Traffic Study Schedule and Approval

- 1st Traffic Study to CDOT - 11/08/2023
- 2nd Traffic Study to CDOT - 01/12/2024
- Traffic Study Acceptance by CDOT - 02/20/2024
- Access Permits submitted to CDOT - 02/22/2024
- CDOT Approved & Signed Access Permits - 03/14/2024
- County Signed CDOT Access Permits - 03/24/2024



Roundabout Improvement

Whetstone's goal of providing critical housing is a priority that continues to move forward, despite the complexities surrounding CDOT and State approvals. Historically, the existing intersection has been problematic with a degrading level of service; this intersection was being considered for upgrade before Whetstone was conceived.

The County is exploring all options to fund the intersection improvements while acknowledging that the funding opportunities are highly competitive and may not be successful, see "Funding Sources" on page 19.

Given the real possibility that we may not receive grant funding for the intersection, the County is exploring a variety of creative options that will support a safe and accessible neighborhood.

Unfortunately, the County is prohibited by State statute from using local property tax revenue monies for purposes related to roads, highways, or bridges. The only exception to this prohibition occurs in instances of a governor-declared natural disaster, to fix destroyed roads and bridges. As this is the County's main source of funds, available resources are understandably limited.



Note: All graphics are in development and subject to change.

Roundabout Improvement

Other revenue sources to the County are a fraction of the total budget and have similar statutory limitations to how they can be used. Because of this, the Public Works budget is essentially fixed, relying primarily on State allocations from the Highway Users Tax Fund (HUTF), and is insufficient to cover existing operations and capital needs. The BOCC plans to include a goal in their 2024 Strategic Plan (still in draft form) to develop and propose a ballot question in 2025 to provide adequate funding that will support road and bridge construction and maintenance so that residents and visitors can safely travel on County roads, conduct business, and pursue recreational interests.

Over the last couple of years, the County has received higher than expected payment in lieu of taxes (PILT) funding from the Federal government and severance taxes from the State which have saved the County from having to make cuts or reduce service to roads. However, PILT and severance tax amounts are not predictable, and the PILT funding requires congressional action, subject to delays or withholding. The County has no available resources for projects like the roundabout and underpass at Brush Creek Rd; funding this project will require outside funding which it is seeking from multiple sources.

If the cost of the intersection were to be included in the Whetstone project (an intersection that serves the entire upper valley but whose costs would then solely be borne by those living in workforce housing) every person and family in the Whetstone neighborhood would be forced to pay higher rents to pay for the intersection – this outcome does not align with Whetstone’s affordability goals.

As the previous chapter discussed, large added costs to this project have a real and significant impact on rent forecasts - forecasts which do not include additional costs of the roundabout and underpass installation.

This improvement project is included in CDOT’s Statewide Transportation Improvement Program (STIP) list, which catalogues upcoming planning projects and immediate (4-year) funded priority improvements. Inclusion on this list is considered a critical milestone, and brings us confidence that this project will continue moving forward with initiative and support from CDOT.

Interim Solutions to Transit Access

Our understanding is that CDOT, aligned with the County, wants the roundabout built with the intention to build out the intersection as quickly as possible. The County wishes to proceed with Whetstone before the roundabout and underpass improvement if funding for the intersection is not received by this Summer. To do this, interim solutions for pedestrian safety and connectivity are being considered within the development process to ease the timing uncertainty of this projects installation.

The county has met with Town staff, RTA, and Mountain Express and are exploring options for temporary solutions to safely connect with the existing transit routes along HWY 135. While we’re confident the roundabout will be built, it is crucial that we push forward and achieve our goals both long- and short-term. We will work in partnership with local transit providers to come up with a safe and functional solution while the roundabout is in process and under construction.

The project plans to support some temporary transit options and/or temporary traffic calming solutions that ensure the residents of Whetstone have safe access to mass transit from day one. The leading options, outlined on the following pages, are not intended to be the permanent conditions by the County, but will provide the critical safe access to transit for all residents until buildout of the roundabout is completed.



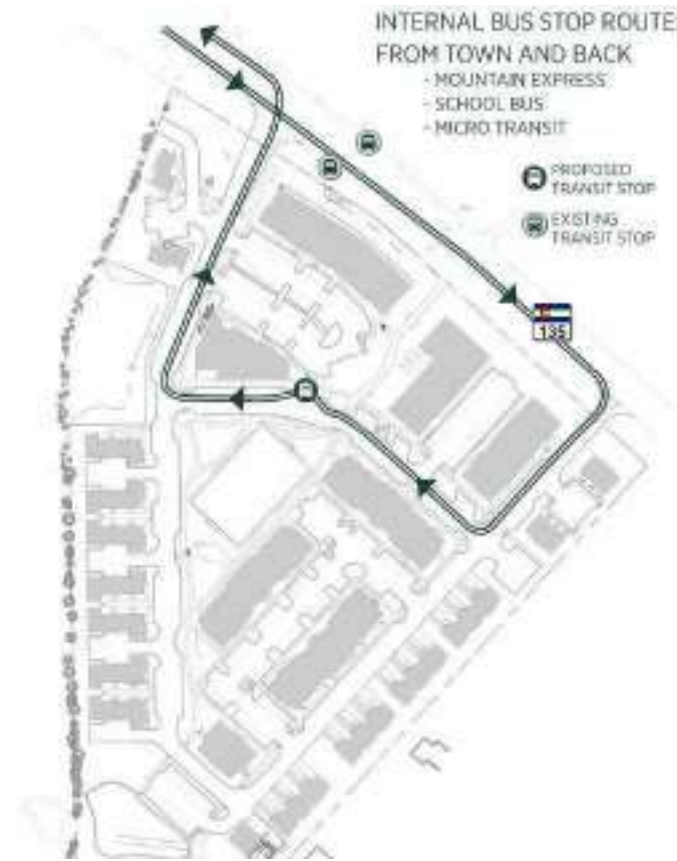
Note: All graphics are in development and subject to change.

Interim Solutions to Transit Access

Mountain Express, School Bus and Micro Transit/Shuttle

Whetstone is exploring options to create shuttle service from the neighborhood to the Town of Crested Butte. County staff has had initial conversations with Mountain Express and RTA staff. The site is within the RTA service area (the Hwy 135 corridor) whereas Mountain Express' mission is to serve the "north valley". Both RTA and Mountain Express have expressed support for the idea and concerns that either of their agencies might not be able to provide the service due to logistical challenges and staffing issues. The County will continue exploring this option with both entities and will also reach out to other contractors (i.e. Alpine Express) to explore partnership opportunities. Mountain Express and RTA staff recommended that current transit services are the busiest and most likely to hit capacity during the winter ski season morning and evening commute windows and that these would be critical for a Whetstone service to address.

The site has been designed to accommodate access for Mountain Express and Crested Butte Community School buses and vehicles. The shuttle could go from Whetstone to the 4-way stop in Crested Butte.



Note: All graphics are in development and subject to change.

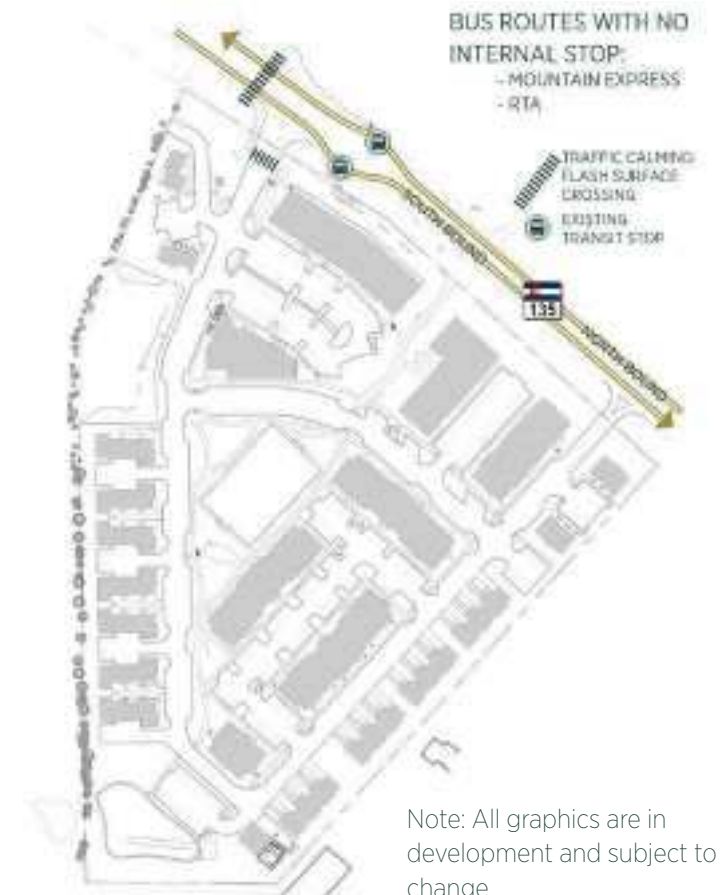


Temporary Traffic Calming

Another interim solution is installation of traffic calming improvements. These could include a flashing pedestrian crossing with a pedestrian refuge area within the ROW, providing access to the existing North Bound RTA Transit Stop and trail system that extends to Town. Locating the crossing on the North side of the North entrance will mitigate conflict with vehicles turning left into the site. An internal crossing sidewalk could be added within our site to provide access to this HWY crossing location. This solution has been utilized in other mountain communities and approved through CDOT to cross highways similar to HWY 135.



Highway 24 in Buena Vista, Colorado



Note: All graphics are in development and subject to change.



Off-Site Utilities

CDOT Special Use Permit

There are numerous other permitting applications running concurrently to CDOT's transportation and traffic implementation requirements.

All work in the CDOT ROW will comply with the provisions of the CDOT (M & S Standards) which include the drive access and off-site utilities to serve the site. Construction of access drive and utilities and appurtenant features will comply with the provisions of the CDOT Standard Specifications with the Colorado Standard Plans. All boring and jacking in the ROW will need to comply with the CDOT Standard Specifications. A CDOT Environmental Clearances Information Summary (ECIS) Report will be prepared to provide all environmental clearances prior to commencing construction. Prior to commencing construction, the Permittee shall develop and submit to the Department for acceptance, a Traffic Control Plan (TCP) for any accommodation work that will affect traffic movement or safety. The Permittee shall implement the TCP and utilize traffic control devices as necessary to ensure the safe and expeditious movement of traffic around and through the work site.

Sewer / CDPHE

One critical permitting process that is in progress is for the Colorado Department Public Health & Environment (CDPHE) lift station, a crucial on-site infrastructure piece necessary for functioning wastewater utility. Drawings and required documentation has begun. The CDPHE permit approval process will begin after receiving the "Will Serve" letter. A utility corridor restoration plan will be provided as part of the approved Plan set that will include seeding and planting plan for restoration.

- CDOT ECIS submittal: October 2024
- CDOT ROW Permit Approval including Utility Corridor Restoration Plan: December 2024

Tap Fees

Extension of critical water and wastewater utilities is key to Whetstone's implementation. Since the time of the initial utility extension agreement, the County has completed several analyses (detailed in Section 5 of this report) and both parties have agreed to the following:

- The County and Town have agreed that Whetstone may be annexed to the Town in the future. A pre-annexation agreement is currently being negotiated between the Town and County
- The County has agreed to pay all direct hard costs associated with the extension. This includes approximately 9,000 linear feet /1.7 miles of pipeline from the site to the Town's connection points.
- The County will own, operate, and maintain all new infrastructure. This will continue following any future annexation into the Town, creating no additional costs for the Town.

- The County will own, operate, and maintain all new on-site infrastructure as well, including the new lift station (see CDPHE below).
- There are no improvements, expansions, or additional staff required at either the water treatment or wastewater plants due to the extra demand of Whetstone, see Carollo Report in appendix C. Any additional operating costs are expected to be marginal.
- Adding a large ratepayer with 252 units will help improve cash flow for the system, providing additional resources for the long-term maintenance of the water and sewer systems

The following paragraphs detail the implementation factors important to keeping Whetstone rents affordable for the workforce. These are factors that have not been fully agreed upon at this time, and the information included below is subject to change pending future conversations between the parties.

Fees Associated with Town Utility Connection

There are multiple fees associated with connecting water and wastewater utilities. Each of these fees are calculated using the Town's Equivalent Residential Use (EQR), which at time of publication means "the estimated use of the Town water and sewer systems by a single-family residence of up to one thousand eight hundred seventy-five (1,875) square feet in floor area. Nonresidential uses and larger residential uses are calculated using the equivalent residential use as a basis." Per Town Code Chapter 13 – Municipal Utilities, the following fees may be charged and/or assessed with any utility connection. Please note that these fees are separate from

the hard costs associated with connecting Whetstone to the Town's utility systems.

- One-time fees assessed at time of development connection to system:
 - » System Development Fee (or "Tap Fee") (per EQR)
- Monthly fees assessed for the length of the project:
 - » Availability Fee (per EQR)
 - » Monthly Service Charge (per EQR)
 - » Sewer Pre-treatment (per EQR)

Available Fee Reductions Associated with Affordable Housing

The Town Code has provisions in place for reduction of cost when building affordable housing.

- Per Section 13-1-110 (e), "The system development fee for rental units, accessory dwellings, long-term and other Town-recognized affordable housing units and lots shall be waived upon execution of a restrictive covenant for qualified residents."

For the System Development Fee waiver, the County has committed to income restrict 80% of the 252 units at Whetstone. This would equate to 203 income restricted units on the site. The County's master income restriction is included in the Appendix B.

The County requests that tap fees are waived for Whetstone with the following considerations: (1) Whetstone is an affordable housing project that is planned to be annexed into the Town, the Town and County are negotiating a pre-annexation agreement currently and (2) will generate excess revenue far exceeding any additional costs for the Town through monthly utility billing. Whetstone will consist of one bulk tap into each water and sewer service

Off-Site Utilities

line and all infrastructure, maintenance, and replacement from that point on into the Whetstone development will be the responsibility of Whetstone and the County, and (3) by waiving indirect fees and making available capacity in the water and sewer plants, the Town can substantially affect the rents of the Whetstone residents. The County estimates that every \$1M in costs to the project will result in \$34 additional monthly rent costs, which is \$408 annual per unit.

The Town has already suggested a reduction to the monthly assessed fees to the project since the County will own, operate, and maintain the extensions:

- The Town has proposed charging 80% of the current EQR rate per unit to Whetstone
 - » Availability fee = \$29.37/ unit
 - » Service charges = \$86.52/ unit
 - » Total x 252 units = \$29,204/ month; \$350,451/ annually; over **\$7M over a 20-year period**
 - » \$115.88 estimated cost per unit

- The Town has stated that the current utility rates were structured to cover the Town's existing enterprise cash flow needs including debt service. With operating costs and debt service covered by monthly utility rate fees, buy-in fees are an additional fee intended to have new users buy-in to offset past expenditures and do not represent a direct cost to the system.

- If the current rates and current users pay the proposed 80% rates, then the \$350,451 additional annual revenue from Whetstone is a benefit to the enterprise. Based on the Town's 2024 budget the additional use fees are approximately a 12% increase to existing fees collected.

Conclusion

In summary, Whetstone's primary goal is to provide affordable, permanently stable housing to the local workforce. The additional, ongoing, revenue the Town will collect from monthly use of water and wastewater at Whetstone will benefit the Town and its existing ratepayers. The County and Servitas request that one-time fees to the project receive the affordable housing reductions as identified in the Town code, and appreciate the Town's willingness to reduce monthly assessed costs, as every dollar counts in setting long-term rental rates to build and maintain affordable housing.

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TOWN OF CRESTED BUTTE CONDITIONS OF APPROVAL



Town of Crested Butte Utility Conditions List

1) The applicant shall prepare and submit to the Town, at the applicant’s expense, an engineering feasibility study as required by the Town Manager per Section 13-1-280(d) of the Code.

Applicant Response:

This Section of the Town’s Code relates to extension of utilities beyond municipal boundaries. Multiple studies were prepared to meet this condition, including capacity assessment by Carollo Associates (July 2022) and feasibility analysis by RG Associates (December 2023). All studies were completed at the applicant’s expense. The RG Associates feasibility studies included analysis of (1) potable water service, (2) sanitary sewer service, and (3) financial impacts. The feasibility studies were submitted to the Town in December 2023. This particular code requirement, item (d), requires the following information which is provided in the consultant reports:

| Code Requirement | Financial Impact | Water | Sewer |
|--|--|---|---|
| (1) Preliminary designs and cost estimates of required sewage collection and water distribution systems | Cost estimates for water and sewer, both on-site and off-site, are provided in this document by RG Associates. Reference Section 4 Capital Cost of Whetstone Infrastructure. | 50% design provided by RG, with design being confirmed by KH, to be completed 5/17/24. | 50% design provided by RG, with design being confirmed by KH, to be completed 5/17/24. |
| (2) Preliminary design of connection methods to the Town’s systems | Connection methods referenced in Section 3.1.4. | Plan and profile for water and sewer included in RG 50% Design Drawings with standard details included. | Plan and profile for water and sewer included in RG 50% Design Drawings with standard details included. |
| (3) Hydraulic analysis of the combined systems showing the effect of the added area on the Town’s existing systems | See Section 2.4.2.1 and 5.1.1. | EPANET analysis included for fire flow. | See Section 3.5 Projected Flow Conditions and Section 4.1.3 Summary of Hydraulic Loading Projections for detailed summary and graphs. |
| (4) Preliminary design and cost estimates for any treatment facilities required to be added as a result of the service to the applicant’s area | No expansion to treatment facilities were anticipated at this time. | No expansion to treatment facilities were anticipated at this time. | No expansion to treatment facilities were anticipated at this time. |

2) The Whetstone Project shall income restrict 80% of the proposed residential units with no less than 40% serving households below 120% average monthly income (AMI).

Applicant Response:

Per the Sketch Plan Approval in February 2023:

- 40% of the units will be restricted for residents earning 120% AMI or less
- 10% of the units will be restricted for residents earning 170% AMI or less
- 30% of the units will be restricted with at a minimum a local workforce requirement*
- 20% do not have a commitment and will evolve with the proforma

*The local workforce requirement will follow the County’s master deed restriction, which defines a qualified occupant as:

- A person who meets the following requirements at the time he or she takes initial occupancy of the Property as qualified by the County:
 - » Has maintained primary and sole residence in Gunnison County, Colorado for three consecutive months immediately preceding taking initial occupancy of the Parcel or has a qualified employment contract with an employer in Gunnison County that has been accepted by the County; and
 - » Has earned his/her primary (80% or more) source of income working a minimum of 30 hours per week on an annual basis, as documented with the United States Internal Revenue Service, within Gunnison County, and has demonstrated to the County, or has a qualified employment contract with an employer in Gunnison County that has been accepted by the County; and
 - » Except as provided for in Section 4.i.a., does not own any interest in other improved residential property(s). An occupant who owns residential real estate must convey all interest in said residential property(s) prior to taking initial occupancy of the Property; and
 - » Shall occupy the Property as his/her sole and exclusive primary residence.

A deed restriction will not be applicable because the County will maintain long-term ownership of the property, and the units will not be individually owned. While there won’t be any deeds, the units will be income restricted by the County and managed as such.

Our initial analysis on the pro forma impact as project costs increase:

- For every \$1M added in project costs, Whetstone resident rents increase 1.3%, that's \$34 monthly per unit
- A \$7m tap fee is
 - » equivalent to charging a 13th rent payment to every unit in Whetstone
 - » that's an additional \$2,856 annually in rent to each unit (\$238/month)
 - » this is a 9% increase to rents
- \$7m extra increases rents for a one-bedroom apartment from 125% AMI to just below 150% AMI.
- Simply delaying the project likely increases rents by around 3% in dollar terms. The impact on rents as a portion of AMIs is hard to determine since the AMIs will also shift between now and financial closing.

Gunnison County Land Use Resolution defines Essential Housing as housing for qualified households as determined by the Gunnison County Housing Authority, and offers incentives for proposed communities that income restrict a minimum of 40% of the units as Essential Housing. Workforce Housing is defined as persons who are employees in Gunnison County with an income range of 80-120% AMI.

3) The Whetstone Project's primary entrance shall be served by a CDOT-permitted realignment of the Brush Creek intersection with Hwy 135 which is designed with the following features:

1. **Single lane roundabout.**
2. **Relocated RTA transit stops.**
3. **A properly sized pedestrian underpass aligned with the development's central green space and the proposed RTA transit stops.**

Applicant Response:

Mead and Hunt has been contracted by the County to develop design drawings for the State Highway 135 / CR-738 / Whetstone primary access roundabout design. Mead and Hunt is concurrently developing plans for the pedestrian underpass and RTA transit stops.

Underpass:

The underpass is centrally connected to the entire community via 14' wide trail. The length of underpass is approximately 90', with ramps up to the northern and southern bus stops at lengths of approximately 190'. The ramps are designed to meet Americans with Disabilities Act (ADA) requirements. To accommodate accessible grades into Whetstone, retaining walls are proposed on-site costing roughly \$1 million, an indirect cost of the underpass that Whetstone is absorbing.

Along with the underpass and roundabout, a new bus pullout on the highway is included with the design that meets requirements for bus transit at 100' length and 12' width. New bus shelters (15'x5',

see graphic) are provided at both the north- and south-bound bus stops. Bicycle parking is provided in the central greenway on the Whetstone site as well as at proposed new bus shelters.

Roundabout:

The CR-738 and SH-135 intersection is currently planned to be realigned approximately 125 feet to the southeast along SH-135 and be constructed as a single lane roundabout. This improvement to CR-738 and SH-135 is expected to occur coinciding with completion of the project or soon after. A public street will be constructed as the southwest leg of this roundabout that will provide access to the project. With roundabout control, this intersection is anticipated to operate acceptably with Level-of-Service (LOS) B or better throughout the 2045 horizon.

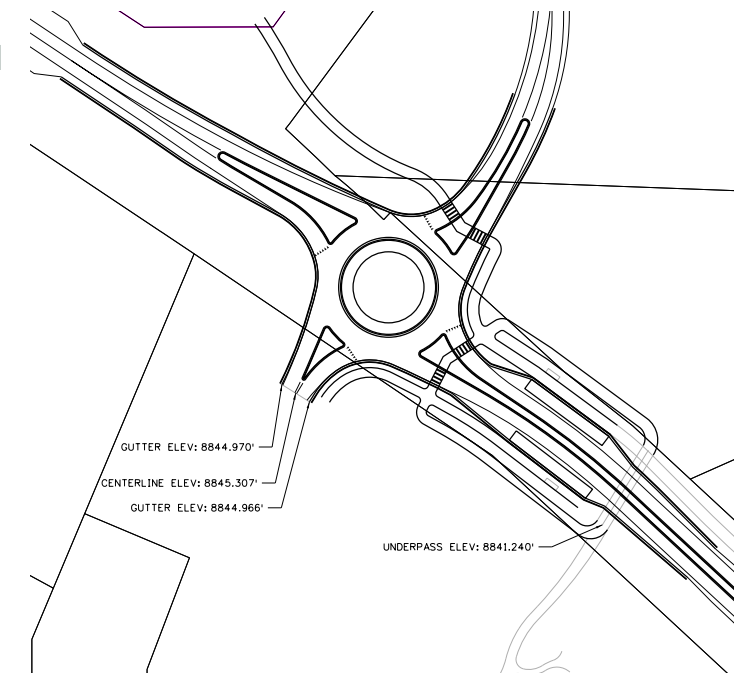
If the roundabout appears to be delayed behind Whetstone's construction, interim solutions will be incorporated into design that provide safe pedestrian access to transit and regional trails, from day one.

4) To assist in mitigating the uncertainty of the Brush Creek intersection project, the applicant shall advance the intersection's engineering design to 50% of the project for leverage in negotiations with CDOT.

Applicant Response:

Kimley Horn and Mead & Hunt have been working on transportation and traffic engineering requirements to develop the Brush Creek intersection. CDOT must approve anything that happens within the state owned highway right-of-way. That process is iterative, and includes multiple steps:

- A conceptual plan was presented to CDOT at a schematic design level which allowed us to move into 50% design with confidence that they were comfortable with the concept.
- Traffic study was submitted to CDOT and Access Permits were approved by CDOT on 03/14/2024.
- The next CDOT presentation is in early May 2024 to present the 50% design completed by Mead and Hunt. CDOT will have comments that we may have to incorporate into a revised 50% design.
- Following CDOT's review of 50% design is a typical time for regional groups to begin working on the funding process.
- Once funding is identified and approved, the design is then finalized.
- Once final designs are developed and approved by CDOT they will issue a notice to proceed.



- The Statewide Transportation Improvement Program (STIP) for this project is currently marked as “study” because we are still in the planning stage but this will be updated to “implementation” and the project cost will also be updated.

Please note that CDOT review and approval is separate from the funding question. If we could fund outside of CDOT it takes a step out of the process but does not guarantee a CDOT approval. We are actively pursuing grants to fund the project but it takes time. The cost of the Brush Creek improvements is double the annual budget of the County Public Works department and outside funding will be needed. CDOT has indicated that they prefer a roundabout and the County has only proposed a roundabout at the intersection and is not proposing any other alternatives.

The interim condition for Whetstone access to Highway 135 will consist of the modification of the existing western access to be wider and paved for access to the site. The center access into the site will be closed and a new Right-In/Right-Out only access point will be added in the northeast corner of the site. These two points of access will provide adequate internal circulation for the development and two points of access to the site for emergency vehicles.

5) Construction of the utility’s extension shall only occur upon CDOT’s approval of the project and inclusion in the agency’s 5-year work plan.

Applicant Response:

CDOT follows the Statewide Transportation Improvement Program (STIP) which is a federally required, four-year program of planned transportation projects. The SH 135 / Brush Creek intersection is listed in the FY2023 - FY2026 STIP as # SGV7001. Projects included in CDOT’s STIP list include all ‘regionally significant’ priority projects, and move from the planning phase to construction phase when they are considered funded with construction timelines within four years. The STIP list is considered a major milestone for CDOT funding.

Traffic Study Schedule and Approval

- 1ST Traffic Study to CDOT – 11/08/2023
- 2nd Traffic Study to CDOT – 01/12/2024
- Traffic Study Acceptance by CDOT – 02/20/2024
- Access Permits submitted to CDOT – 02/22/2024
- CDOT Approved & Signed Access Permits – 03/14/2024
- County Signed CDOT Access Permits – 03/24/2024

6) The Whetstone Project’s extraterritorial water and wastewater utility extension request shall meet all the requirements of the Crested Butte Municipal Code, Section 13-1-280.

Applicant Response:

This Condition Six is the same as Condition One, but covers the entirety of the municipal code section, whereas Condition One is about feasibility analysis item (d) only. When this condition was written it was assumed that the Town would maintain water and sewer lines. However, it has now been determined that the County will be owning and maintaining the lines for water and sewer. The County will own from point of connection to the Town water and sewer to the Whetstone neighborhood. The County will apply for a new Public Water System (PWS) I.D. through CDPHE.

This Section of the Town’s Code relates to extension of utilities beyond municipal boundaries. The Town amended this code section in Ordinance No. 2, Series 2024 in February 2024, allowing consideration of connection for affordable housing developments. Multiple studies were prepared to meet this condition, including capacity assessment by Carollo Associates (July 2022) and feasibility analysis by RG Associates (December 2023). All studies were completed at the applicant’s expense. The RG Associates feasibility studies included analysis of (1) potable water service, (2) sanitary sewer service, and (3) financial impacts. The feasibility studies were submitted to the Town in December 2023.

7) Town staff shall facilitate a community engagement effort consistent with the decision making framework outlined in the Community Compass to ensure the community is informed before Council makes its final decision.

Applicant Response:

In response to the seventh condition, staff facilitated a Council Study Session on February 21, 2023, where the Town Council heard public comment regarding the utility extension. Staff then assembled the comments to create project success measures for Town Council consideration at the March 6, 2023, Town Council study session. Three additional project conditions were approved by Town Council:

Project success measures identified in the decision-making framework process included.

Utility Extension

- Success Measure: The extension of utilities results in the prudent use of Town infrastructure.
- Data needs: The previously required Engineering Feasibility Study, as outlined in the Town’s January 6, 2023 letter to the County, will answer Town Council’s questions related to the engineering risks associated with extending the utilities.

Annexation Potential

- Success Measure: The potential annexation of the properly balances anticipated fiscal and social impacts on the Crested Butte Community. Crested Butte has indicated that there may be a desire to annex Whetstone after project completion and the County is open to that discussion.
- Data needs:
 - » The Fiscal Assessment Study of a potential annexation of Whetstone will provide necessary fiscal information to answer Town Council's technical and financial questions related to a potential annexation.
 - » Social impacts vary widely. The purpose of this study session is to identify any non-financial annexation concerns Town Council would like evaluated by Town staff prior to being asked to make an informed decision regarding a potential annexation of Whetstone.

General Growth Impacts

- Success Measure: The anticipated growth impacts in the Valley, including Whetstone, are planned for through an Intergovernmental Agreement (IGA) between the Town and the County, agreeing to conduct an Integrated Land Use, Transportation, and Infrastructure Plan for the Hwy. 135 Corridor and the Town's Three-Mile Area Plan.

Sustainability

- Success Measure: Whetstone Community Housing Project incorporates building efficiency standards and renewable energy opportunities which exceed code requirements.
- Data needs - No additional data is needed for this success measure. On March 6th Town Council required Gunnison County to incorporate building efficiency standards and renewable energy opportunities which exceed code as a condition of approving the Town's extension of utilities.
- Data needs: No data is needed for this success measure. On March 6th Town Council required an IGA, agreeing to conduct a jointly funded, future, Integrated Land Use, Transportation and Infrastructure Plan for the Hwy. 135 Corridor and the Town's Three-Mile Area Plan, be executed with Gunnison County as a condition of approving the Town's extension of utilities.

Housing Program

- Success Measure: The proposed housing program of the Whetstone Development shall income restrict 80% of the proposed residential units with no less than 40% serving households below 120% average monthly income (AMI).
- Data needs - No additional data is needed for this success measure. This success measure is a requirement of Town's consideration of extending the utilities.

8) The Applicant shall fund ½ of the costs associated with Fiscal Feasibility Analysis of a potential annexation (note this condition was satisfied).

Applicant Response:

Per the Town of CB, this condition has been satisfied.

Image credit: Crested Butte Community Compass



9) The Applicant shall enter into an Intergovernmental Agreement with the Town, agreeing to conduct an integrated land use and transportation plan for the Hwy. 135 corridor concurrent with the Town's three-mile area plan. (Utility Agreement would function as the IGA)

Applicant Response:

The County had posted an RFP for the Corridor Plan intending to address this goal but the Town of Crested Butte expressed concern that they had not weighed in on the process and scope of the project. The Corridor Plan is included as part of the draft 2024 BOCC strategic plan. Municipalities and the County will be submitting a Safe Streets 4 All Grant application together.

10) The Applicant shall incorporate building efficiency standards and renewable energy opportunities which exceed code requirements for the Whetstone Community Housing Project

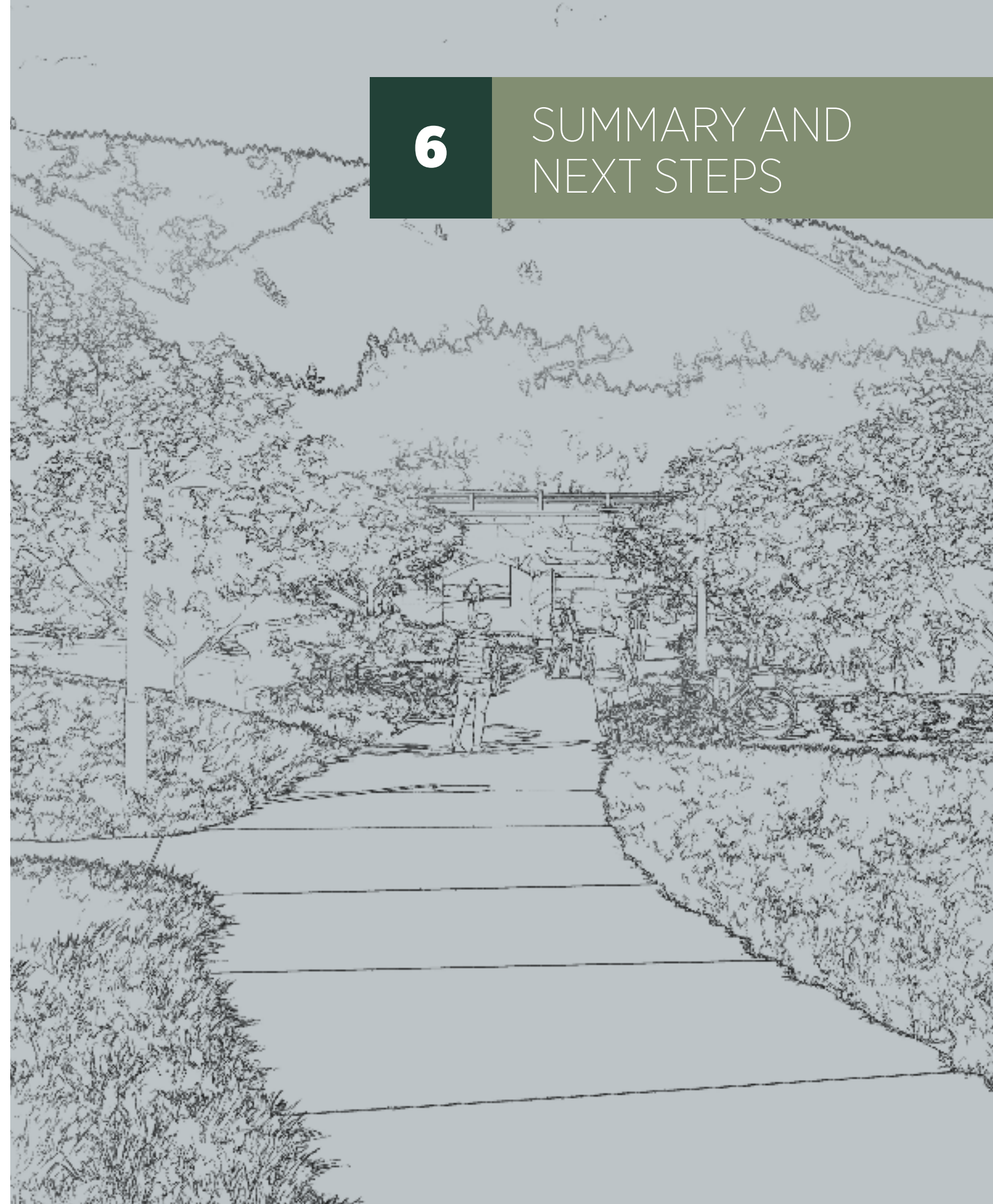
Applicant Response:

Whetstone will be an all-electric community that is solar-ready with Energy Star appliances, at least 10% of parking spaces pre-wired for electric car charging, and certified under the current version of the Department of Energy Zero Energy Ready Homes (ZERH) program. This development will additionally comply with the 2021 International Wildland Urban Interface Code. As part of the all-electric design, heat pumps will be used for space heating and cooling, as well as for domestic hot water heating. Most of these heat pumps intend to connect to a ground-source loop in order to increase operating efficiency. As part of the compliance with 2021 IECC envelope requirements, fresh air energy recovery ventilators (ERV's) are also proposed for each unit. These ERV's complement a tightly sealed building envelope so that the structures "build tight, ventilate right."

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SUMMARY AND NEXT STEPS

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Next Steps - Spring / Summer 2024

We hope this provides clarity on some of the critical-path items to this project breaking ground and becoming a reality. Our team continues to work diligently to bring this much-needed housing to the greater Gunnison Valley.

Some of our next steps moving into the spring include:

- Submission of off-site 30% Design Utility Drawings for Town of Crested Butte review in May 2024.
- Revisit discussion with Town of Crested Butte on agreement to serve Whetstone with water and sewer utilities and provide "Will-Serve" letter on projected date of 07/19/2024.
- Submission of Preliminary plan submittal to County on 06/28/2024 to start completeness review, full review starting on 07/22/2024 after "Will Serve" letter is projected to be received.
- CDPHE lift station permitting: In Progress, approval after "Will Serve" letter is received.
- Confirmation on Grant Funds + Additional Applications. RAISE grant awards are announced 06/27/2024.



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