

Emails between Mark Kwiecienski and Mike Scanlon  
Re: financial analysis (11/5-11/10)

**Susan Philp**

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**From:** Mike Scanlon  
**Sent:** Tuesday, November 10, 2015 1:21 PM  
**To:** mkwiecienski; Mike Scanlon  
**Cc:** jacquewhitt@comcast.net; Bernie Grauer; Rob Leavitt; garytennenbaum@yahoo.com; Herschel Ross; Rick Stevens; Mark Kittle; Judi Tippetts; bkimmel@ehlers-inc.com; Scott Condon; Susan Philp  
**Subject:** Re: minimum highend residential development needed to retrun profit

Mark,

First I apologize for the length of this email, but I want to make sure I'm thorough in my answers and communicate the basis of assumptions that have been used.

**You typed,**

**"Council should know this is an option. If they knew about this simple solution it would be the top choice for many. You and Bruce said "There is no option with 75,000 sf or less that will not require the town to put in significant monies" Watch the grass roots tape. That is what you both said."**

We did say that. And the reason we said that is as follows,

The price at which we show the units for the 35,000 sq ft Condo site and the price at which you believe they can be sold for are two different/distinct markets and prices. Your view is that there is a higher retail real estate market that these can be sold into. We don't see that. We used the current condominium sales from a Michael Lipkin's project called Park Modern(Willits area) to establish a base value. We adjusted those values up about 35% and used a \$600 sq ft finished price. If I remember correctly you were showing somewhere around \$800 a sq ft finish price. So on a unit that's 1,500 sq ft the price that Bruce extrapolated was \$900,000 and yours would be \$1,200,000. I could be off on this a bit, but I think that's the principle difference. With that difference in sq footage you get a unit difference of \$300,000 and if multiplied out over 20 units that would be about \$6,000,000. We chose to be conservative and to base our estimates on current market conditions. Hence, if you add \$6,000,000 to the condo project based on your assumptions (\$800 sq ft) the financial analysis would look different. You might be right, the units might sell for more. If so, that would increase the amount of money available to pay the town back. But if they sell for less where would that put us? Would a developer spec build condos on a price that can't be verified? Probably not.

Another statement I continue to hear is "Prime River Frontage." Which I believe you use in establishing a higher asking price for these potential "River" condos.

When I think of condos on river frontage I picture Gold River Units that are about 50 ft off the River. Many in the community say these hide the river. But those who purchase them probably do so because of proximity to the river. That proximity I'm sure drives a portion of the value. The Scenario 2 contemplated condo units would be about (if we went to the very edge of the RFCDC parcel) 150-175 ft away from the river. That's 3x the distance of the Gold River Units. That's the same distance that you have from the Library's north windows to the side channel of the Roaring Fork River. Would you call the Library site "Prime River Frontage?" Probably not. I then think the approach used by Bruce in determining a condo value is most appropriate. I don't see a "Prime River Frontage" differential that could be contemplated or included much higher than 35% or so.

We said what we said. We believe our condo assumptions are grounded in actual transactions that we can document and modified to account for the value of the site.

If you can document a series of Town of Basalt River Frontage Residential transactions that could lead us to a higher number we would consider it. Simply looking at current sales and asking prices that price difference doesn't seem to be there.

For example the below link is for a home (currently for sale) overlooking the Frying Pan with a current asking price of \$2,750,000 (4,316 sq ft home). When calculating sq footage prices that translates into \$637 sq ft. and includes 4/10ths of an acre of land....Bruce's estimate stands up well to what's occurring with river frontage residential property in our community.

[http://www.zillow.com/homes/for\\_sale/Meredith-CO-81621/13522604\\_zpid/93820\\_rid/39.36812,-107.033542,39.366843,-107.036165\\_rect/18\\_zm/?3col=true](http://www.zillow.com/homes/for_sale/Meredith-CO-81621/13522604_zpid/93820_rid/39.36812,-107.033542,39.366843,-107.036165_rect/18_zm/?3col=true)

Bruce's job is not to sugarcoat but to give us a "very real" and "conservative" basis on which to make financial decisions going forward. I think that's what the community demands and more importantly that's what the community deserves.

Thanks,  
MScanlon

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**From:** Mark Kwiecienski <[mkwiecienski@comcast.net](mailto:mkwiecienski@comcast.net)>

**Date:** Monday, November 9, 2015 at 9:43 PM

**To:** Mike Scanlon <[mike.scanlon@basalt.net](mailto:mike.scanlon@basalt.net)>

**Cc:** "[jacquewhitsitt@comcast.net](mailto:jacquewhitsitt@comcast.net)" <[jacquewhitsitt@comcast.net](mailto:jacquewhitsitt@comcast.net)>, Bernie Grauer <[bernie.grauer@basalt.net](mailto:bernie.grauer@basalt.net)>, Rob Leavitt <[rob.leavitt@basalt.net](mailto:rob.leavitt@basalt.net)>, "[garytennenbaum@yahoo.com](mailto:garytennenbaum@yahoo.com)" <[garytennenbaum@yahoo.com](mailto:garytennenbaum@yahoo.com)>, Herschel Ross <[hr81623@sopris.net](mailto:hr81623@sopris.net)>, Rick Stevens <[9lax@comcast.net](mailto:9lax@comcast.net)>, Mark Kittle <[mkittle@tosv.com](mailto:mkittle@tosv.com)>, Judi Tippetts <[judi.tippetts@basalt.net](mailto:judi.tippetts@basalt.net)>, "[bkimmel@ehlers-inc.com](mailto:bkimmel@ehlers-inc.com)" <[bkimmel@ehlers-inc.com](mailto:bkimmel@ehlers-inc.com)>, Scott Condon <[scondon@aspentimes.com](mailto:scondon@aspentimes.com)>, Susan Philp <[susan.philp@basalt.net](mailto:susan.philp@basalt.net)>

**Subject:** RE: FW: minimum highend residential development needed to retrun profit

Mike - Ok I had the wrong month. Council should know this is an option. If they knew about this simple solution it would be the top choice for many. You and Bruce said "There is no option with 75,000 sf or less that will not require the town to put in significant monies" Watch the grass roots tape. That is what you both said. Thank you.

Mark Kwiecienski  
970-618-1145

----- Original message -----

**From:** Mike Scanlon <[mike.scanlon@basalt.net](mailto:mike.scanlon@basalt.net)>

**Date:** 11/09/2015 1:51 PM (GMT-07:00)

**To:** Mark Kwiecienski <[mkwiecienski@comcast.net](mailto:mkwiecienski@comcast.net)>

**Cc:** [jacquewhitsitt@comcast.net](mailto:jacquewhitsitt@comcast.net), Bernie Grauer <[bernie.grauer@basalt.net](mailto:bernie.grauer@basalt.net)>, Rob Leavitt <[rob.leavitt@basalt.net](mailto:rob.leavitt@basalt.net)>, [garytennenbaum@yahoo.com](mailto:garytennenbaum@yahoo.com), Herschel Ross <[hr81623@sopris.net](mailto:hr81623@sopris.net)>, Rick Stevens <[9lax@comcast.net](mailto:9lax@comcast.net)>, Mark Kittle <[mkittle@tosv.com](mailto:mkittle@tosv.com)>, Judi Tippetts <[judi.tippetts@basalt.net](mailto:judi.tippetts@basalt.net)>, [bkimmel@ehlers-inc.com](mailto:bkimmel@ehlers-inc.com), Scott Condon <[scondon@aspentimes.com](mailto:scondon@aspentimes.com)>, Susan Philp <[susan.philp@basalt.net](mailto:susan.philp@basalt.net)>

**Subject:** FW: minimum highend residential development needed to retrun profit

Mark,

I have to disagree with your time-frame on your change of heart related to high-end residential. This is what you sent me at the end of July.

Your supposition below, "If you were King" and your covenants attached w/ drawings all seem reasonable to me when considering this type of development pattern and its ability to pay back the Town. I agree that if something like this was considered and ultimately approved the Town would be paid back.

Again, as I stated earlier this type of development doesn't seem to be supported — thus we're left with the same set of questions that I posed earlier.

1. What will the property be entitled for?
2. What is the asking price for the land?
3. How much is the Town willing to support in terms of \$'s for the answer to question 1?

MScanlon

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**From:** Mark Kwiecienski <[mkwiecienski@comcast.net](mailto:mkwiecienski@comcast.net)>

**Date:** Thursday, July 30, 2015 at 3:25 PM

**To:** Mike Scanlon <[mike.scanlon@basalt.net](mailto:mike.scanlon@basalt.net)>

**Subject:** minimum highend residential development needed to retrun profit

Mike – I am forwarding the zero option. If I was king, I would open bids on this option, conditional upon council approval.

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## Susan Philp

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MScanlon

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**Date:** Thursday, July 30, 2015 at 3:25 PM

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## Susan Philp

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**Subject:** FW: minimum highend residential development needed to retrun profit  
**Attachments:** 20150730\_160812\_resized.jpg; 20150730\_160805\_resized.jpg; Covenants to be placed on the land prior to closing.docx

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**Subject:** minimum highend residential development needed to retrun profit

Mike – I am forwarding the zero option. If I was king, I would open bids on this option, conditional upon council approval.

Mark Kwiecienski

Covenants to be placed on the land prior to closing.

- 1) Two lots will be platted prior to closing largely as depicted on the attached plat map. It is assumed that no easements will prevent development. Each lot will have approximately 152 feet by 90 feet and will have 13,680 square feet.
- 2) Each lot will be vested with the rights to build 15,000 square feet of heated residential.
- 3) Setbacks between the buildings on lots 1 and lot 2 will be 30 feet between the buildings. Side-yard setbacks will be 15 feet.
- 4) For free market development all affordable housing requirements will be waived. If the property is later used for fractional, an affordable housing mitigation fee will be required.
- 5) The property will have water and sewer taps delivered to lot at no additional expense to Buyer. Services will be sufficient for development of 6 residential units per lot. No other mitigation fees other than those fees normally paid by any other plated lot in the town will be assessed during development.
- 6) Parking for the project will take place under the buildings in garages to be constructed. Such square footage will be in addition to the 15,000 square feet of residential.



N03°31'00"E

169.31'

R.P. 0

16.57'

152.75'

90'

90'

Lot 1  
River Park Place

Lot 2  
River Park Place

N 89° 55' 00" E  
161.71'

FUTURE DEVELOPABLE LAND PER  
SOPRIS ENGINEERING 2002 LINE  
FUTURE TOWN PARK (RESTORATION AREA)

S 85° 24' 34" E  
89.10'

N 72° 00' 00" E

## Susan Philp

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**From:** mark kwiecienski <mkwiecienski@comcast.net>  
**Sent:** Monday, November 09, 2015 1:22 PM  
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**Cc:** Susan Philp; James Lindt; jacquewhitsitt@comcast.net; begrauer@comcast.net; Rob Leavitt; Mark Kittle; garytennenbaum@yahoo.com; Rick Stevens; Herschel Ross; Judi Tippetts; 'Scott Condon'  
**Subject:** Event Center Valuation

Hi All. I apologize for the multiple emails. The CDC Valuations in flux that was attached to Mike's email was prepared by me in May before it came to my attention that noise in the park would preclude many of the activities that Basalt needs for true vitality. Residential development on the park would have people complaining about noise. I also since was shown the terrific opportunity that we have with a community/events center which I am now convinced would be the best long run scenario for the use of the land from a variety of perspectives, including financial. Thank you. Mark Kwiecienski

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**From:** Mike Scanlon [mailto:mike.scanlon@basalt.net]  
**Sent:** Monday, November 09, 2015 11:14 AM  
**To:** mark kwiecienski; Mike Scanlon; bkimmel@ehlers-inc.com  
**Cc:** Susan Philp; James Lindt; jacquewhitsitt@comcast.net; begrauer@comcast.net; Rob Leavitt; Mark Kittle; garytennenbaum@yahoo.com; Rick Stevens; Herschel Ross; Judi Tippetts; Scott Condon  
**Subject:** Re: CDC Valuations

Mark,

CDC Valuations Response.

I'll try and address your concerns in the body of your email message from last night. See my comments in **Red** below. I'll try to be detailed enough without belaboring a point and confusing the issues even more.

MScanlon

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**From:** Mark Kwiecienski <[mkwiecienski@comcast.net](mailto:mkwiecienski@comcast.net)>  
**Date:** Sunday, November 8, 2015 at 5:16 PM  
**To:** Mike Scanlon <[mike.scanlon@basalt.net](mailto:mike.scanlon@basalt.net)>, "[bkimmel@ehlers-inc.com](mailto:bkimmel@ehlers-inc.com)" <[bkimmel@ehlers-inc.com](mailto:bkimmel@ehlers-inc.com)>  
**Cc:** Susan Philp <[susan.philp@basalt.net](mailto:susan.philp@basalt.net)>, James Lindt <[james.lindt@basalt.net](mailto:james.lindt@basalt.net)>, "[jacquewhitsitt@comcast.net](mailto:jacquewhitsitt@comcast.net)" <[jacquewhitsitt@comcast.net](mailto:jacquewhitsitt@comcast.net)>, "[begrauer@comcast.net](mailto:begrauer@comcast.net)" <[begrauer@comcast.net](mailto:begrauer@comcast.net)>, Rob Leavitt <[rob.leavitt@basalt.net](mailto:rob.leavitt@basalt.net)>, Mark Kittle <[mark.kittle@basalt.net](mailto:mark.kittle@basalt.net)>, "[garytennenbaum@yahoo.com](mailto:garytennenbaum@yahoo.com)" <[garytennenbaum@yahoo.com](mailto:garytennenbaum@yahoo.com)>, Rick Stevens <[rick.stevens@basalt.net](mailto:rick.stevens@basalt.net)>, Herschel Ross <[herschel.ross@basalt.net](mailto:herschel.ross@basalt.net)>  
**Subject:** CDC Valuations

Dear, Government Officials, A few other points need discussion about the very significant errors of the valuation of the CDC parcel that would come to light if the parcel were presented to multiple qualified developers. **If the Town were to present it to multiple developers wouldn't it be necessary for the multiple developers to know what could be developed and to what extent? Wouldn't it also be required to state a price for the purchase of the land and the amount of assistance the Town would provide? Those three issues — entitlements (what can be built — yet to be defined), price of the land, and town assistance would all factor into what a "qualified" developer would ask before presenting a plan.**

You repeat what the developers architect, now the towns architect, who will probably again be the developer architect if this is approved, said in May which was that reducing the developable area or entitlements by 50% will require the town to purchase the Park for 1/2 the CDC purchase price. **Why would a developer agree to buy a parcel for the full price knowing that only 50% of it can be developed? This is a 2.3 acre parcel cut in half, leaving 1.15 acres or roughly 50,000 sq. ft. for development. The amount of developable space is so small that you can't possibly extrapolate a value greater than the \$3,000,000 that the RFCDC is asking to be repaid. Layer in what the Town would like to be repaid and you're at \$5.5 million for 1.15 acres. On a sq. ft. basis that is \$110.00 per sq. ft. to purchase. That's greater than the asking price on about 10 acres of an almost fully developable set of parcels across the river from this site. The math for this site gets even more complicated the more the parcel shrinks and the more you reduce the level of entitlements.**

It sounds simple and makes sense if we were selling cookies instead of the most prime parcel in mid valley. **I disagree that this is a prime parcel. I agree it's in a prime spot. But those are two different things. A prime spot without entitlements to develop don't make it a prime parcel.** Because the town and CDC is not selling cookies, the simplistic 1/1 logic is 100% wrong for several reasons. **I disagree.** The math (the equation) for this parcel is fairly simple. When you reduce the size of the parcel, which translates into a reduction of entitlement options, which translates into fewer sq ft having to cover the acquisition and improvements to the site — halving the site halves the potential for the site if not reducing it even more. In the end it's three issues — entitlements (what can be built), price of the land and town assistance. Those three things will need to be decided.

- 1) The land is currently zoned for a trailer park. If there were promises made under the table by those in government or in influential positions, town advisors, etc., to make sure that the up zoning happens, to make you, the council members and mayor feel obligated to give entitlements, that behavior is not right and should be ignored. **First, to imply "under the table" promises without evidence to prove the point is both careless and disingenuous. Entitlements are required so that somebody can build something. It doesn't matter who's sitting on the Town Council or who is on Town Staff. Entitlements will need to be decided and it hasn't been. The fact that there currently isn't an answer to entitlements would seem to indicate a contrary position to the assertion you've made. The Town Council and Town Staff are doing our best to listen to all of the voices, to weigh all of the options available and hopefully craft the best solution for the community. I've seen nothing to counter that position other than the innuendos you've stated in various emails. You have a right to your position and I respect it. But I don't have to agree or respect the innuendos you make. The innuendos don't help in arriving at a collective community answer. They only divide the community into factions, and that doesn't help.**
- 2) Other than for the low end type "employee level" condos, or most basic single family housing in Basalt, it is the combined quality (views, rarity, location, privacy, noise, design, quality, and quantity etc.) of development approvals that gives value (we agree here), not exclusively the quantity, density, or land area under the development (I disagree you can't untangle the two so easily, both factor into what can be built and supported). That is why an identical luxury new home on Riverside Drive with river frontage is worth as much as 2x what those on the opposite side of the street or located further in the subdivision are worth. You can only have so many of the prime units due to view corridors and such, and that is where the biggest developer profits resides. **I think this is your argument for "expensive condominiums" which can make the math work easier — I also believe this is the proposal you share with Bruce and I in May and I've shared with the Town Council in this email ([Valuations in Flux Memo from Mark Kwocienski](#)). You were right when you shared that development scenario as one that gets everybody paid back. I'm just not sure it's one supported by the Community.**
- 3) The supply and demand equation comes into play here too. The fewer number of units that there are to sell, to a point, the greater the value of those units that you do have will be for many related reasons. As mention

previous 30,000 SF of entitlements for residential would be plenty on the financial side if residential was the route chosen. (I agree with you here and your "[Valuations in Flux Memo](#)" supports that position).

- 4) Also if those in power are going to push for (more innuendo — who's pushing?), via allowing it, free market residential (widely unpopular idea where only 7% said that was appropriate) is going to finance a hotel which many people said they also do not want (Not sure who the "many" people are — "Hotel" ranked as a popular choice at the opposite end of the "free market" residential choice), at the expense of a significant river park, then God help us as a town, as we are lost in putting the private in front of the public interest when we do not have to. Not sure of you're point in this statement. The Pan & Fork redevelopment has been a Private/Public partnership from the beginning. So I'm not sure how you differentiate the position's. Public interests in front of Private? Private interests in front of Public? I think we're trying to do what's best for the community. So I'm going to say it's public interest primary with an understanding that private interests will help us reach that goal. The goals do not have to be mutually exclusive.

Please correct the mis-statements you made on grass roots (Bruce and I stand by our statements as presented), and in front of council, and the public about simplistic value correlating value 1/1 to developable land area or entitlement quantity because they are absolutely not true and the value estimates are way off the mark. I disagree with your assertion. The town does not have to put money into this situation. You are incorrect. We've already put money in. And depending on what the outcome is on the parcel and it's entitlements we will have to put in more. To say otherwise would truly be misleading the public. Please correct this in your PDF summary before distribution as that information leads to steering to incorrect conclusions. Thank you.

## Susan Philp

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**From:** mark kwiecienski <mkwiecienski@comcast.net>  
**Sent:** Monday, November 09, 2015 12:17 PM  
**To:** Mike Scanlon; bkimmel@ehlers-inc.com  
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**Subject:** RE: CDC Valuations

Mike and all, Thank you. My responses to your responses.

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**Cc:** Susan Philp <[susan.philp@basalt.net](mailto:susan.philp@basalt.net)>, James Lindt <[james.lindt@basalt.net](mailto:james.lindt@basalt.net)>, "[jacquewhitsitt@comcast.net](mailto:jacquewhitsitt@comcast.net)" <[jacquewhitsitt@comcast.net](mailto:jacquewhitsitt@comcast.net)>, "[begrauer@comcast.net](mailto:begrauer@comcast.net)" <[begrauer@comcast.net](mailto:begrauer@comcast.net)>, Rob Leavitt <[rob.leavitt@basalt.net](mailto:rob.leavitt@basalt.net)>, Mark Kittle <[mark.kittle@basalt.net](mailto:mark.kittle@basalt.net)>, "[garytennenbaum@yahoo.com](mailto:garytennenbaum@yahoo.com)" <[garytennenbaum@yahoo.com](mailto:garytennenbaum@yahoo.com)>, Rick Stevens <[rick.stevens@basalt.net](mailto:rick.stevens@basalt.net)>, Herschel Ross <[herschel.ross@basalt.net](mailto:herschel.ross@basalt.net)>  
**Subject:** CDC Valuations

Dear, Government Officials, A few other points need discussion about the very significant errors of the valuation of the CDC parcel that would come to light if the parcel were presented to multiple qualified developers. **If the Town were to present it to multiple developers wouldn't it be necessary for the multiple developers to know what could be developed and to what extent? Wouldn't it also be required to state a price for the purchase of the land and the amount of assistance the Town would provide? Those three issues — entitlements (what can be built — yet to be defined), price of the land, and town assistance would all factor into what a "qualified" developer would ask before presenting a plan.** Of course. If you entitled it for 30,000 SF of residential, it would provide enough value for a developer to profit after paying off the CDC and the town monies owed.

You repeat what the developers architect, now the towns architect, who will probably again be the developer architect if this is approved, said in May which was that reducing the developable area or entitlements by 50% will require the town to purchase the Park for 1½ the CDC purchase price. **Why would a developer agree to buy a parcel for the full price knowing that only 50% of it can be developed? This is a 2.3 acre parcel cut in half, leaving 1.15 acres or**

roughly 50,000 sq. ft. for development. The amount of developable space is so small that you can't possibly extrapolate a value greater than the \$3,000,000 that the RFCDC is asking to be repaid. Layer in what the Town would like to be repaid and you're at \$5.5 million for 1.15 acres. On a sq. ft. basis that is \$110.00 per sq. ft. to purchase. That's greater than the asking price on about 10 acres of an almost fully developable set of parcels across the river from this site. The math for this site gets even more complicated the more the parcel shrinks and the more you reduce the level of entitlements. Developers often use every negotiating trick they could including using the argument that the town needs to "buy" back the 50%. The \$5,500,000 has no basis in reality to the parcels value. If you are speaking of the parcel next to the post office, with lots of highway noise, has no relevance here. Fact is, you could require that open space be created on all but 25% of the CDC parcel closest to RMI, in exchange for entitling the remaining 25% with 30,000 SF of building rights. There is plenty of value in 25% of the CDC parcel if residential was the chosen. \$5,500,000 divided by 30,000 SF of residential entitlements = \$183/Square foot as the ground cost per SF of rights to build. Design, fees, housing mitigation and Build for \$400 total. Total cost in is \$583/SF. those units would be worth \$900/SF. Do the math. There is enough profit there.

It sounds simple and makes sense if we were selling cookies instead of the most prime parcel in mid valley. **I disagree that this is a prime parcel. I agree it's in a prime spot. But those are two different things. A prime spot without entitlements to develop don't make it a prime parcel.** Because the town and CDC is not selling cookies, the simplistic 1/1 logic is 100% wrong for several reasons. **I disagree.** The math (the equation) for this parcel is fairly simple. When you reduce the size of the parcel, which translates into a reduction of entitlement options, which translates into fewer sq ft having to cover the acquisition and improvements to the site — halving the site halves the potential for the site if not reducing it even more. In the end it's three issues — entitlements (what can be built), price of the land and town assistance. Those three things will need to be decided. Again — no.

- 1) The land is currently zoned for a trailer park. If there were promises made under the table by those in government or in influential positions, town advisors, etc., to make sure that the up zoning happens, to make you, the council members and mayor feel obligated to give entitlements, that behavior is not right and should be ignored. **First, to imply "under the table" promises without evidence to prove the point is both careless and disingenuous. Entitlements are required so that somebody can build something. It doesn't matter who's sitting on the Town Council or who is on Town Staff. Entitlements will need to be decided and it hasn't been. The fact that there currently isn't an answer to entitlements would seem to indicate a contrary position to the assertion you've made. The Town Council and Town Staff are doing our best to listen to all of the voices, to weigh all of the options available and hopefully craft the best solution for the community. I've seen nothing to counter that position other than the innuendos you've stated in various emails. You have a right to your position and I respect it. But I don't have to agree or respect the innuendos you make. The innuendos don't help in arriving at a collective community answer. They only divide the community into factions, and that doesn't help.** I have heard it said that RMI was promised a hotel. I have heard that initial survey questions that did not fit a big development vision were ignored. Some would call that steering. Money makes the world go round. We all know that.  
When you have the members of one development group who employ members who are head of P&Z during the visioning process, make plans for the developer, and working for the town, a rational person would conclude that there are no checks and balances in the system. A collective community answer would only come from vigorously perusing the best PUBLIC solution, rather than one that is driven by developer interests. This would require authentic welcoming of proposals rather than looking at them as nuisances and looking only for the bad things about them.
- 2) Other than for the low end type "employee level" condos, or most basic single family housing in Basalt, it is the combined quality ( views, rarity, location, privacy, noise, design, quality, and quantity etc. ) of development approvals that gives value (we agree here), not exclusively the quantity, density, or land area under the development (I disagree you can't untangle the two so easily, both factor into what can be built and

supported). That is why an identical luxury new home on Riverside Drive with river frontage is worth as much as 2x what those on the opposite side of the street or located further in the subdivision are worth. You can only have so many of the prime units due to view corridors and such, and that is where the biggest developer profits resides. **I think this is your argument for "expensive condominiums" which can make the math work easier — I also believe this is the proposal you share with Bruce and I in May and I've shared with the Town Council in this email ([Valuations in Flux Memo from Mark Kwiecienski](#)). You were right when you shared that development scenario as one that gets everybody paid back. I'm just not sure it's one supported by the Community.** It is FAR better for the public than the 75,000 SF proposal that you have factored into the proposal.

- 3) The supply and demand equation comes into play here too. The fewer number of units that there are to sell, to a point, the greater the value of those units that you do have will be for many related reasons. As mention previous 30,000 SF of entitlements for residential would be plenty on the financial side if residential was the route chosen. **(I agree with you here and your "[Valuations in Flux Memo](#)" supports that position).**
- 4) Also if those in power are going to push for (more innuendo — who's pushing?), via allowing it, free market residential (widely unpopular idea where only 7% said that was appropriate) is going to finance a hotel which many people said they also do not want **(Not sure who the "many" people are — "Hotel" ranked as a popular choice at the opposite end of the "free market" residential choice)**, at the expense of a significant river park, then God help us as a town, as we are lost in putting the private in front of the public interest when we do not have to. **Not sure of you're point in this statement. The Pan & Fork redevelopment has been a Private/Public partnership from the beginning. So I'm not sure how you differentiate the position's. Public interests in front of Private? Private interests in front of Public? I think we're trying to do what's best for the community. So I'm going to say it's public interest primary with an understanding that private interests will help us reach that goal. The goals do not have to be mutually exclusive.**

Please correct the mis-statements you made on grass roots **(Bruce and I stand by our statements as presented)**, and in front of council, and the public about simplistic value correlating value 1/1 to developable land area or entitlement quantity because they are absolutely not true and the value estimates are way off the mark. **I disagree with your assertion.** The town does not have to put money into this situation. **You are incorrect. We've already put money in. And depending on what the outcome is on the parcel and it's entitlements we will have to put in more. To say otherwise would truly be misleading the public.** Please correct this in your PDF summary before distribution as that information leads to steering to incorrect conclusions. Thank you. Thank you.

## Susan Philp

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**From:** Mike Scanlon  
**Sent:** Monday, November 09, 2015 11:14 AM  
**To:** mark kwiecienski; Mike Scanlon; bkimmel@ehlers-inc.com  
**Cc:** Susan Philp; James Lindt; jacquewhitsitt@comcast.net; begrauer@comcast.net; Rob Leavitt; Mark Kittle; garytennenbaum@yahoo.com; Rick Stevens; Herschel Ross; Judi Tippetts; Scott Condon  
**Subject:** Re: CDC Valuations  
**Attachments:** Valuations in Flux Memo.docx

Mark,

CDC Valuations Response.

I'll try and address your concerns in the body of your email message from last night. See my comments in **Red** below. I'll try to be detailed enough without belaboring a point and confusing the issues even more.

MScanlon

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**From:** Mark Kwiecienski <[mkwiecienski@comcast.net](mailto:mkwiecienski@comcast.net)>  
**Date:** Sunday, November 8, 2015 at 5:16 PM  
**To:** Mike Scanlon <[mike.scanlon@basalt.net](mailto:mike.scanlon@basalt.net)>, "[bkimmel@ehlers-inc.com](mailto:bkimmel@ehlers-inc.com)" <[bkimmel@ehlers-inc.com](mailto:bkimmel@ehlers-inc.com)>  
**Cc:** Susan Philp <[susan.philp@basalt.net](mailto:susan.philp@basalt.net)>, James Lindt <[james.lindt@basalt.net](mailto:james.lindt@basalt.net)>, "[jacquewhitsitt@comcast.net](mailto:jacquewhitsitt@comcast.net)" <[jacquewhitsitt@comcast.net](mailto:jacquewhitsitt@comcast.net)>, "[begrauer@comcast.net](mailto:begrauer@comcast.net)" <[begrauer@comcast.net](mailto:begrauer@comcast.net)>, Rob Leavitt <[rob.leavitt@basalt.net](mailto:rob.leavitt@basalt.net)>, Mark Kittle <[mark.kittle@basalt.net](mailto:mark.kittle@basalt.net)>, "[garytennenbaum@yahoo.com](mailto:garytennenbaum@yahoo.com)" <[garytennenbaum@yahoo.com](mailto:garytennenbaum@yahoo.com)>, Rick Stevens <[rick.stevens@basalt.net](mailto:rick.stevens@basalt.net)>, Herschel Ross <[herschel.ross@basalt.net](mailto:herschel.ross@basalt.net)>  
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- 1) The land is currently zoned for a trailer park. If there were promises made under the table by those in government or in influential positions, town advisors, etc., to make sure that the up zoning happens, to make you, the council members and mayor feel obligated to give entitlements, that behavior is not right and should be ignored. **First, to imply "under the table" promises without evidence to prove the point is both careless and disingenuous. Entitlements are required so that somebody can build something. It doesn't matter who's sitting on the Town Council or who is on Town Staff. Entitlements will need to be decided and it hasn't been. The fact that there currently isn't an answer to entitlements would seem to indicate a contrary position to the assertion you've made. The Town Council and Town Staff are doing our best to listen to all of the voices, to weigh all of the options available and hopefully craft the best solution for the community. I've seen nothing to counter that position other than the innuendos you've stated in various emails. You have a right to your position and I respect it. But I don't have to agree or respect the innuendos you make. The innuendos don't help in arriving at a collective community answer. They only divide the community into factions, and that doesn't help.**
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- 3) The supply and demand equation comes into play here too. The fewer number of units that there are to sell, to a point, the greater the value of those units that you do have will be for many related reasons. As mention previous 30,000 SF of entitlements for residential would be plenty on the financial side if residential was the route chosen. **(I agree with you here and your "[Valuations in Flux Memo](#)" supports that position).**
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I think we're trying to do what's best for the community. So I'm going to say it's public interest primary with an understanding that private interests will help us reach that goal. The goals do not have to be mutually exclusive.

Please correct the mis-statements you made on grass roots (**Bruce and I stand by our statements as presented**), and in front of council, and the public about simplistic value correlating value 1/1 to developable land area or entitlement quantity because they are absolutely not true and the value estimates are way off the mark. **I disagree with your assertion**. The town does not have to put money into this situation. **You are incorrect. We've already put money in. And depending on what the outcome is on the parcel and it's entitlements we will have to put in more. To say otherwise would truly be misleading the public.** Please correct this in your PDF summary before distribution as that information leads to steering to incorrect conclusions. Thank you.

**The CDC parcel is different from other development applications because in a sense it is quasi -public venture and the town has an obligation to the residents, first and foremost, to approve a combination of improvements and open space that is most beneficial to the majority of Basalt Residents while providing enough value to a developer so that the developer would be willing to buy the property from the CDC.** The open space around the CDC parcel adds significantly to the CDC parcel value. Both the town and the CDC went thru great expense to make that open space available. The residents have expectations that the approvals granted to the CDC parcel will first and foremost, for the benefit of the public. The approvals bestowed to the parcel by the town determine the CDC parcel value.

**Here are some considerations that should be considered in making decisions:**

- The town of Basalt is in the driver's seat with the power to approve what gets approved and built on the remaining 50% of the CDC parcel. It is my understanding that at present, there is very limited vested development rights associated with the CDC parcel. There is a wide range of approval possibilities that the town could grant for the remaining CDC parcel that would produce varying values to the public. Those same possibilities of approvals would also produce varying values to a developer.
- The value of the 50% of the CDC parcel (that portion below Midland Spur) has a wide range of possibilities. The most developer oriented free-market entitlements would put the value far, far in excess of \$3,000,000. There is no need to think in terms of the town trading land to the town in exchange for not being able to develop the 50% of the CDC parcel that is up river from Midland Spur as long as some reasonable development rights are granted to the remaining parcel below Midland Spur.
- Generally speaking, entitlements ear marked for free market high-end development to allow units of approximately 2500 Square feet each, would probably be of the most value to a developer. The site is far more valuable than anything at the Wilds or in Willits on a per square foot basis because it is old town and within walking distance of all of old town. The greater the number of these townhomes allowed, up to a point, the more valuable the CDC parcel becomes.
- The town of Basalt bestows value by granting approvals for development. For instance, 15 townhomes of 2500 square feet each on two levels (37,500 square feet total, foot prints of approximately 20,000 total) would be extremely valuable. The most valuable of these homes could be located front row on the park with unobstructed views to the river and park. If these were blocked by a hotel or other homes the value would be much less. These premium entitlements, probably would hold enough value to pay off the CDC and give the developer enough profit to make the venture worthwhile. This assumes that there are no other obligations tied to this like building subsidized affordable housing or having to guarantee a hotel.
- Experience has shown that a projected return of about 50% on assets over two years is typically required to entice a developer into a project.

- As more free market entitlements are granted above the 37,500 square feet, the value of each additional entitlement unit is probably less than the preceding one because at some point over crowding occurs.
- Free market micro housing could also be developed, or entitled to a developer, to bring value to the parcel so that the CDC could be paid off.
- The costs of traditional affordable housing and that of hotel, has been represented as being a burden on the developer. Take both the hotel and the subsidized housing out of the equation for now to keep things clear and simple.
- The hotel decision can then be made by the citizens without pressure to pay off the CDC. Let the debate for the hotel size, height, number of rooms, type of hotel, placement of the hotel and any subsidy for the hotel exist independently and outside of repayment of the CDC for the land.
- In light of the above considerations, the most direct path to getting the CDC paid off and yielding Basalt the widest breadth of options, short of the town buying the property is:
  - A) Entitle the parcel with enough free market development: micro or macro) so that the developer can find enough value to pay off CDC and make a reasonable profit.
  - B) In exchange for the entitlements, the developer deeds to the town or grants the public a perpetual easement for: a) The open space part of the parcel, upstream from Midland Spur, and b) A future hotel between Midland Spur and RMI preferably the most upstream portion of the land right on the park should be reserved for the hotel .

## Susan Philp

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**From:** mark kwiecienski <mkwiecienski@comcast.net>  
**Sent:** Sunday, November 08, 2015 5:16 PM  
**To:** Mike Scanlon; bkimmel@ehlers-inc.com  
**Cc:** Susan Philp; James Lindt; jacquewhitsitt@comcast.net; begrauer@comcast.net; Rob Leavitt; Mark Kittle; garytennenbaum@yahoo.com; Rick Stevens; Herschel Ross  
**Subject:** CDC Valuations

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- 3) The supply and demand equation comes into play here too. The fewer number of units that there are to sell, to a point, the greater the value of those units that you do have will be for many related reasons. As mention previous 30,000 SF of entitlements for residential would be plenty on the financial side if residential was the route chosen.
- 4) Also if those in power are going to push for, via allowing it, free market residential (widely unpopular idea where only 7% said that was appropriate) is going to finance a hotel which many people said they also do not want, at the expense of a significant river park, then God help us as a town, as we are lost in putting the private in front of the public interest when we do not have to.

Please correct the mis-statements you made on grass roots, and in front of council, and the public about simplistic value correlating value 1/1 to developable land area or entitlement quantity because they are absolutely not true and the value estimates are way off the mark. The town does not have to put money into this situation. Please correct this in your PDF summary before distribution as that information leads to steering to incorrect conclusions. Thank you.

Mark Kwiecienski

## Susan Philp

---

**From:** mark kwiecienski <mkwiecienski@comcast.net>  
**Sent:** Saturday, November 07, 2015 5:42 PM  
**To:** Mike Scanlon  
**Cc:** bkimmel@ehlers-inc.com; Susan Philp; jacquewhitt@comcast.net; begrauer@comcast.net; Rob Leavitt; Mark Kittle; garytennenbaum@yahoo.com; Rick Stevens; Herschel Ross  
**Subject:** RE: Financial information from Ehlers

Response to Mike Scanlon and all, The level of steering in this process has and continues at an unacceptable level.

The conflicts of interest among those in the most influential positions to steer this process to give entitlements to large amounts of development to benefit a development group is staggering. You hire Jim Kent to act as town advisor and to oversee the creation of the one survey that all this is supposedly based upon which offered no real choices. Everyone knows that the questions and choices you put in a limited survey are everything. No matter how bad the choices there will be one that gets the most votes. (Ask the public they will tell you there were no real acceptable choices to the majority in that survey. A later survey verifies this where a park is a choice and 40% say that is what they want. That was before that park was even visible, and now that number would be far greater. The petitions submitted in the last 60 days demanding development be limited to 33,000 SF of non-residential also verifies this.) You hire the developer's architects who also simultaneously chaired the P&Z while the visioning steering process went on heading the grade school and high school groups, advising etc., etc. They participated and lobbied in the DAC process, and then since may has lobbied for more development than resolution 19 allowed. The same architects imparted opinions integrated into the Kimmel study. What happened to our free market? Why is one group given all the authority to determine the future of the town and the disposition of the town's assets? This is not fair.

This is painful to be an informed citizen.

30,000 SF of residential is all that is needed to give a reasonable a developer a profit and payoff the CDC and the town. I am not saying that is the best option because only 7% wanted private residences on the CDC parcel, but it is way better than the other options that the developer/town architects want.

The best thing the town could do for the citizens, not the developers, is to fully research allowing a 6,000 square foot event center that the town would own on the property. You will find that that option, is simple and in the best interest of the public. That in combination of a few other things previously recommended would simply solve all issues except for a developer wanting a big project. It is clear that simple is not in the best financial interest of the developer group. It is my hope that you will act on behalf of the public.

Thank you. Mark Kwiecienski

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**From:** Mike Scanlon [mailto:mike.scanlon@basalt.net]  
**Sent:** Thursday, November 05, 2015 4:20 PM  
**To:** mark kwiecienski  
**Cc:** bkimmel@ehlers-inc.com; Susan Philp; jacquewhitt@comcast.net; begrauer@comcast.net; Rob Leavitt; Mark Kittle; garytennenbaum@yahoo.com; Rick Stevens; Herschel Ross  
**Subject:** Re: Financial information from Ehlers

Mark,

I'm having Bruce finish up Willits matters before he gets back to Downtown. That's before the Town in the next 2-3 weeks I was hoping to have Willits items finished sooner. We're just but one of Bruce's clients....he's not an employee that I have direction over. I was hoping he could be finished up but he's not.

Mark as for subsidies...the math is simple reduce the site in half and developers are not going to pay for that portion that can't be developed. So that needs to be paid for. Using your earlier condo model that sells at the multimillion dollar level that scenario might not need subsidies but that scenario has never been endorsed or supported by the community. It's also an option you no longer seem to be proposing.

The presentation did not steer anything. It was straight forward. It acknowledged where we started, where we are, and the fact that none of the possible alternatives that Bruce looked at were "free" all current options need money or a "subsidy." The very first hotel project from 3 years ago, that exceeded 150,000 needed a subsidy in order to be built. But that proposal never made it to the application phase. This is an expensive site to be built on and there's no way around that.

The question is who pays for it (subsidy) and how do they pay for it.

If you can figure out how to make the land free and parking free....any subsidy would go down...but probably not go away.

Bruce ... I'm fine with just sending spreadsheets and letting Mark K navigate without narrative.

MScanlon

Sent from my iPhone

On Nov 5, 2015, at 3:49 PM, mark kwiecienski <[mkwiecienski@comcast.net](mailto:mkwiecienski@comcast.net)> wrote:

Dear Mike – Once again, for the fourth time, I am making the request for the financial information regarding the cost and revenue components that you used to tell council nine days ago and the public that town subsidies were required in every scenario you studied.

As you know I dispute this claim and believe it to be steering and biased to make such an announcement on grass roots tv and to council and the public, without presenting the underlying assumptions you used or to allow any public comment.

Your analysis on the real estate valuations side is flawed and it steers opinions to more development than would be necessary if the process was not a monopoly. Please make that information available. Thank you. Mark Kwiecienski

## Susan Philp

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**Sent:** Thursday, November 05, 2015 4:20 PM  
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**Cc:** bkimmel@ehlers-inc.com; Susan Philp; jacquewhitt@comcast.net; begrauer@comcast.net; Rob Leavitt; Mark Kittle; garytennenbaum@yahoo.com; Rick Stevens; Herschel Ross  
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Mark,

I'm having Bruce finish up Willits matters before he gets back to Downtown. That's before the Town in the next 2-3 weeks I was hoping to have Willits items finished sooner. We're just but one of Bruce's clients....he's not an employee that I have direction over. I was hoping he could be finished up but he's not.

Mark as for subsidies...the math is simple reduce the site in half and developers are not going to pay for that portion that can't be developed. So that needs to be paid for. Using your earlier condo model that sells at the multimillion dollar level that scenario might not need subsidies but that scenario has never been endorsed or supported by the community. It's also an option you no longer seem to be proposing.

The presentation did not steer anything. It was straight forward. It acknowledged where we started, where we are, and the fact that none of the possible alternatives that Bruce looked at were "free" all current options need money or a "subsidy." The very first hotel project from 3 years ago, that exceeded 150,000 needed a subsidy in order to be built. But that proposal never made it to the application phase. This is an expensive site to be built on and there's no way around that.

The question is who pays for it (subsidy) and how do they pay for it.

If you can figure out how to make the land free and parking free....any subsidy would go down...but probably not go away.

Bruce ... I'm fine with just sending spreadsheets and letting Mark K navigate without narrative.

MScanlon

Sent from my iPhone

On Nov 5, 2015, at 3:49 PM, mark kwiecienski <[mkwiecienski@comcast.net](mailto:mkwiecienski@comcast.net)> wrote:

Dear Mike – Once again, for the fourth time, I am making the request for the financial information regarding the cost and revenue components that you used to tell council nine days ago and the public that town subsidies were required in every scenario you studied.

As you know I dispute this claim and believe it to be steering and biased to make such an announcement on grass roots tv and to council and the public, without presenting the underlying assumptions you used or to allow any public comment.

Your analysis on the real estate valuations side is flawed and it steers opinions to more development than would be necessary if the process was not a monopoly. Please make that information available. Thank you. Mark Kwiecienski