

## Project Understanding

The Hunden Partners Team, composed of environmental consulting and engineering firm WSP, architects with Convergence Design, urban design and planning experts with TBG Partners, and visual stakeholder engagement experts with Ink Factory (Hunden or Team), is pleased to respond to the City of Manor's (City or Client) request for proposals for a market demand, financial feasibility, and economic impact study of a mixed-use development (Project) in Manor, Texas. The Project is imagined to be an entertainment and lifestyle district potentially anchored by uses including youth sports, an arena, concert and/or entertainment venues, destination retail and eater-tainment mixed-use assets, performing arts center, hotel/hospitality, and others.

The City recently purchased the 236-acre parcel (Site) located on US290 at the epicenter of the eastern growth corridor of Manor's expansion, and is eager to understand the highest and best use of the site that will present the greatest return on investment, taking into consideration the regional context in which Manor finds itself. The City's proximity to Austin is a significant asset, yet the community experiences difficulty in attracting and maintaining residents due to a lack of amenities and resources typically found in major metro suburbs. Nearby manufacturing plants for Tesla and Samsung, along with a Whole Foods distribution center, have positioned Manor with opportunities to invest in quality-of-life enhancements that will help retain the large population of workers who travel to and through Manor on a daily basis.

Hunden's study will begin with a high-level market overview of the highest and best use of the Site, including consideration for all potential uses outlined by the Client in the RFP. As part of the economic and demographic analysis, Hunden will consider the previous existence of Manor Downs and Manor's position as an entertainment/concert destination, along with the possibility of recreating/reimagining Manor Downs on the Site.

Hunden will then complete preliminary analyses of the top 8 - 10 uses to narrow in on those that present the greatest opportunity in Manor. Primary market opportunity analyses will then be completed for the top 3 - 4 uses. These will make up the key facilities/venues in Hunden's mixed-use recommendations. WSP, Convergence Design, and TBG Partners will collaborate to determine site considerations, optimal layout and high-level designs, and cost estimates of the Site and mixed-use elements. Once we have confirmed the supportable mix of uses, Hunden will create demand and financial models to show projected performance for each use. The study will conclude with an economic, fiscal and employment impact analysis to show the projected return on investment to the community in terms of jobs, new spending and tax revenues generated by the Project.

**Hunden has assembled a robust team capable of assessing all aspects and phases of the Project,** including land use considerations, infrastructure, site issues related to size/access/parking, concept layouts, and landscape architecture, among others. As a team, we understand the most efficient layout and development cost elements of successful mixed-use districts. Without these details, it is difficult to understand the cost side of the feasibility equation, as well as the layouts/concept designs and other elements critical to understanding "what you get" for the investment. *Unlike a team composed of developers and related development team members with the goal of developing this parcel, the Hunden Team is able to conduct an unbiased analysis of the Project's potential and recommend the ideal mix of uses for the City, rather than for the developer. We are also able to guide the City through each phase*

*of the development process, from the study, design process and planning to developer solicitation and shovel-in-the-ground.*

**Current Team Experience in Manor.** Hunden Team member TBG is currently engaged with the City of Manor on a downtown planning process. The City of Manor is at a crossroads, and TBG Partners is helping ensure that the City's downtown area charts a path forward, realizing its potential within the fast-growing Central Texas region. In the initial discovery process of TBG's downtown plan efforts, it became evident that Manor lacks any signs of a growing downtown hub. This absence of vibrancy presents a significant opportunity to capitalize on its blank canvas, opening doors to development opportunities that would otherwise be unattainable.

To understand Manor's vision and goals for the downtown area, TBG conducted a visioning workshop with the Mayor and City Council. The workshop helped set a foundation for what the most urgent needs are, established our understanding of the community's vision, and formulated an economic development strategy that will help Manor ride the wave of growth in their quadrant of the region.

Hunden will collaborate with TBG to understand how the downtown plan is evolving in alignment with the plan for the Site. In order to make sure efforts are not unnecessarily duplicated during both of these processes, Hunden and TBG will track various stakeholder engagement efforts and industry-relevant interviews and research for the Site's use. It is our Team's goal that the downtown plan and the Project site are developed with congruency at their core, so that Manor does not become a disjointed destination, but a hub of synergistic assets and authentic spaces.

## Scope of Work

Hunden has organized our scope of work into ten primary tasks. We have divided our scope into sections and noted the corresponding RFP “Part” outlined by the Client in the Scope of Services.

### **Parts 1 – 2: Kickoff and Existing Conditions**

- Task 1 – Project Kickoff and Orientation
- Task 2 – Site Overview: Opportunities and Constraints
- Task 3 – Economic, Demographic and Tourism Analysis

### **Part 3: Market Opportunities Analysis and Recommendations**

- Task 4 – High-Level Market Opportunities Analysis
- Task 5 – Preliminary Mixed-Use Market Analysis: 8-10 Concepts
- Task 6 – Primary Mixed-Use Market Analysis: 3-4 Concepts
- Task 7 – Recommendations

### **Parts 4 – 7: Layouts, Financial Feasibility and Impact**

- Task 8 – Preliminary Designs, Layouts and Cost Estimates for Three Scenarios
- Task 9 – Demand and Financial Projections
- Task 10 – Economic, Fiscal and Employment Impact Analysis
- Task 11 – Funding Strategies, Partnership Opportunities and P3 Best Practices

## Task 1: Project Kickoff and Orientation

During the project kickoff, members of the Hunden Team will meet with City leadership to confirm the goals of the study and other contextual issues related to the Project. We will perform the following orientation and due diligence-oriented tasks:

- Meet with and obtain information/data from representatives of the Manor Economic Development Council, City of Manor, economic development officials, and other key stakeholders as appropriate.
- Tour the 236-acre Project site and surrounding areas, as well as projects and planning efforts currently underway in the area to better understand the surrounding land uses as they relate to potential uses of the site.
- Review previous plans and documents related to the Project and all other support materials, as available.
- Gather and review relevant economic, demographic, tourism and other data.

**Comprehensive Engagement Approach.** To ensure the effective engagement of key stakeholders and potential developers throughout the study, we will conduct multiple in-person and virtual meetings, one to two (1-2) of which will include live visual notes specialist Ink Factor. This approach provides a forum for engaging key stakeholders whose input can influence the positive direction of the study, along with promoting efforts to advance the City of Manor's interests and to build consensus for a study with early realistic goals and directions.

## Task 2: Site Overview – Opportunities and Constraints

Before beginning market research, the Hunden Team will conduct a thorough analysis of the Site. The City has already prepared a Phase I Environmental Site Assessment, flown topography and had a metes and bounds survey prepared. An assessment of the Site that is at the right level for conceptual planning provides a catalyst for our team to explore alternatives for creating value consistent with Manor's values. Our approach to cataloging, identifying and mapping allows for different questions to be asked and scenarios to be considered with a modern GIS platform, layers and data attributes—an innovative approach that achieves more than a base map alone. A GIS inventory of Site features and challenges efficiently and expeditiously supports identification of what could preclude certain development activities. This information will help guide the development of plan options. During Task 2, the following will occur.

Hunden will profile the following elements related to Project and site history:

- Profile the existing developments on or near the site and their performance to-date (as available); document current site conditions of the identified plot; review the location, development plan, development program by use, proposed financing and budgets (sources and uses), public investment (if any), and any estimated infrastructure costs, drawings and plans.
- During the kick-off, the Hunden Team will review all of the proposed Project site details and materials completed to-date with the Client.

WSP's site assessment may include:

- Incorporate boundary survey
- Assess and map Site hydrology
- Document encumbrances, covenants or restrictions
- Determine availability and capacity of utilities
  - Wet utilities: sewer, water, recycled water, storm drain, fuel oil lines
  - Dry utilities: electrical, natural gas, communications/fiber optic, cable TV
- Characterize topography, soils and geotechnical conditions
- Identify biological, agricultural, mineral and cultural resources
- Document any known hazards and hazardous materials
- Map and document transportation facilities and access
- Incorporate policy and regulatory directives
- Document regional context
- Prepare comprehensive base map

*Further detail on each of the above tasks by WSP can be provided upon request. All of the above tasks may not be necessary to the analysis at this time. The exact scope for the site assessment will be determined in negotiations with the Client prior to contract authorization and in-person site visit.*

### **Tasks 3: Economic, Demographic and Tourism Analysis**

Hunden will evaluate the Project site area and Manor's position as a center of economic activity, related to resident population and growth, business location and growth, accessibility, and as a destination for visitors. This analysis will provide a realistic SWOT assessment for the local and regional area. Among the data gathered and analyzed will be:

- Geographic attributes, accessibility, and transportation links,
- Trends in population growth and income, and other demographic information,
- Corporate presence, major employers and any significant recent or likely future changes,
- Nodes of restaurant, retail, and commercial development growth, and
- Tourism drivers and assets relevant to the community and potential development of the site.

Hunden utilizes the latest market data, visitor origin data, demographic data, psychographic data, and other resources to determine a comprehensive view of your marketplace.

While we do not want to give any concrete recommendations prior to completing the analysis, the Hunden Team has put thought to, and preliminarily identified, the following opportunities and challenges for the Site:

**Opportunities:**

- Adjacent to US 290 and close to SH 130 toll road
- Destination entertainment, recreation and water uses
- Extraordinary primary employment growth
- City with a clear vision and knowledgeable team
- Affordable and attainable housing

**Challenges:**

- Flood zone
- Infrastructure needs, costs and risk allocation
- Funding and financing tools
- Regional market competition
- Retail leakage

The above, among many other potential opportunities and challenges, will be examined in greater detail throughout the study process.

**Task 4: High-Level Market Opportunities Analysis**

Hunden will conduct a high-level market asset opportunity analysis for each of the destination and mixed-use district market segments identified in the RFP. This preliminary analysis will inform which project types should be studied in-depth in future tasks. Some uses may be ruled out without significant market analysis based on Hunden’s historical knowledge of the segment’s strengths and weaknesses, suburban destination keys to growth and retention, and other factors. The following segments will be considered at a high level:

- Performing arts center/theater
- Convention/conference/event center
- Hotel(s)/hospitality
- Concert venue/amphitheater
- Office/shared workspace
- Mixed-use residential condo or leasehold
- Affordable housing
- Youth and/or adult amateur and/or professional sports arena/complex
- Indoor/outdoor sports and entertainment venues including ball sports, bowling, movie theater, arcade, amusement or family fun center, games, sating, battling, gymnasium, sip line, climbing or other athletics facility
- Water sports or snow sports offerings

- Theme park, waterpark, lagoon or related attraction
- Golf course/lodge, driving range, golf entertainment complex
- Destination retail, eater-tainment, and unique adult beverage offerings including winery, brewery, or distillery
- Non-branded authentic entertainment and/or attraction offerings
- Branded entertainment/eater-tainment offerings
- Outdoor activated space and water/natural/eco-friendly/sustainable features
- Private educational facility
- Major healthcare facility/business campus/corporate headquarters
- Structured parking

**Market Supply.** After a preliminary consideration of all of the above market uses, Hunden will provide an overview of the current supply of product and offerings for approximately 12-15 of the above market segments identified by the Client, address the character of supply, and gather performance and visitation data as appropriate and necessary to inform the analysis. Each assessment may identify product gaps in Manor and point towards the strengths, weaknesses, and opportunities for Manor to expand its development offerings. Based on findings from this research, Hunden will identify the top eight to ten concepts for further study in Task 5.

## Task 5: Preliminary Mixed-Use Market Analyses – 6-8 Concepts

This analysis will build upon findings in Task 4, with further analysis of each of the potentially viable commercial market uses identified in the initial high-level study, up to eight.

Hunden will complete a separate market analysis for each of the eight to ten identified uses. Each of the analyses will include the following research efforts and conclusions, as relevant and necessary.

**Industry Trends.** Hunden will cover the trends that influence how and where people want to live, stay, work, shop, eat/drink, and be entertained as part of those experiences, and how recent macro events have shifted these trends. In addition, Hunden will cover key drivers of demand, financial realities, including typical metrics and cap rates, and others, as relevant.

**Market Performance.** Supply, Demand, Rates, Absorption, and other key metrics of the Manor market, in time-series charts and data tables, using CoStar and other analytical tools. Hunden will include a map of area submarkets and key nodes of asset clusters.

**Submarket Performance.** Supply, Demand, Rates, Absorption, and other key metrics of the Project site submarket, in time-series charts and data tables, using CoStar and other analytical tools.

**Competitive Set Identification & Performance.** Profiles of leasable spaces or developments (location, size, quality, age rates, vacancy), absorption and time-series of performance. A competitive set supply map will profile location and consider nearby supportive uses, such as residential, hotels, event facilities, office clusters, attractions, and other support/demand generators.

**Proposed and Under Construction Projects.** Hunden will profile the relevant projects underway or imminent in the greater-Austin area and consider those as part of the future competitive set absorption dynamic.

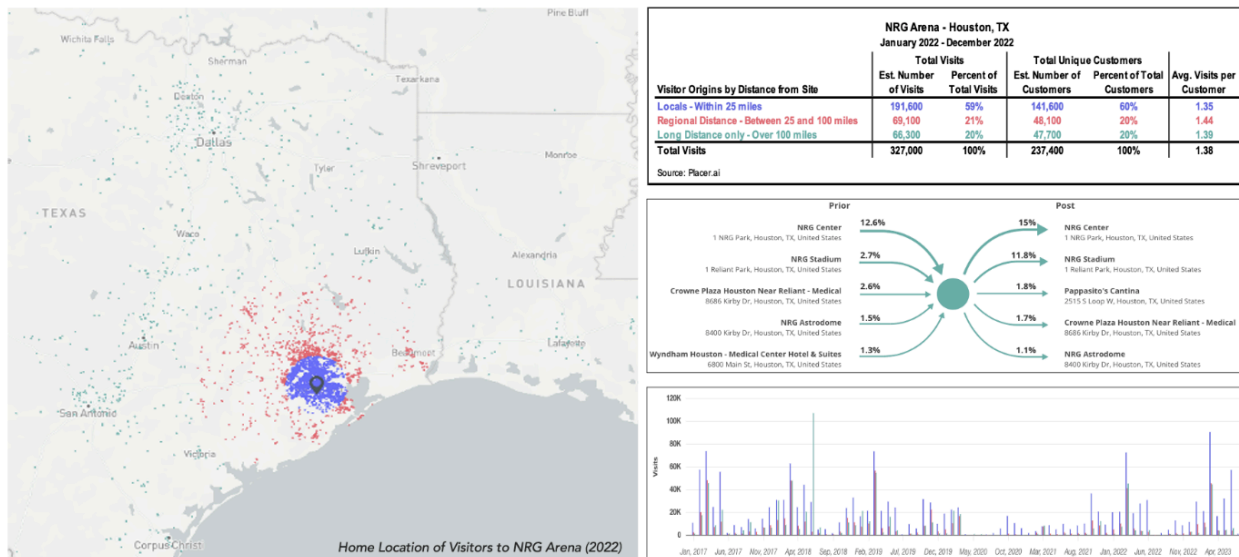
Based on the findings at the conclusion of this task, Hunden will determine the top three or four anchor concepts that will be analyzed further in Task 6.

## Task 6: Full Mixed-Use Market Analyses – 4-6 Concepts

This analysis will build upon findings in Task 5, with in-depth analyses of each of the viable commercial market uses identified in the preliminary analysis, up to six. These are the uses that will anchor the development and make up the core features of Hunden’s recommended scenarios.

Hunden will complete a separate market analysis for each of the three to four uses identified at the end of Task 5 (e.g. performing arts center, boutique hotel, arena, etc.). Hunden will collaborate with WSP, Convergence Design, and TBG Partners throughout this task in order to assure synergy between key facilities/venues and the supporting mixed-use environment as a whole. Each of the analyses will include the following research efforts and conclusions, as relevant and necessary.

**Geofencing research technology.** Hunden will study customer origin and traffic analytics for retailers, restaurants, hotels, and other relevant businesses. This information will be used to understand the possible impacts of new restaurant, retail, office, hospitality, and sports and entertainment space, among others, in Manor and project how the development will perform. The following visuals illustrate our capabilities.



**Interviews.** Hunden will interview local brokers, hoteliers, facility management, event and entertainment promoters, league operators, tournament facilitators, and others in the marketplace as appropriate to understand the nuances moving the market. Hunden will work to determine what product(s) could thread the needle to improve the market’s offerings and achieve rates that will support development costs. Often, new, unique product can significantly outperform existing stock if there is a gap in quality, age, location, etc. that could induce new demand and higher rates to the submarket.



**Case Studies.** Hunden constantly seeks to learn from best practices and the evolution of successful (and non-successful) sports/entertainment anchored-mixed-use and district developments around the U.S. to understand what to include, what to avoid and 'how' to design and program a successful mixed-use district.

Hunden will review relevant similar mixed-use projects developed for similar-sized areas and markets to understand what has worked in other places. Hunden will focus on those in markets with comparable characteristics to those of the Project site and Manor. These case studies will focus on developments that contributed to defining the respective city/county/location's sense of place.

Hunden will consider the following data points as available:

- Location,
- Size,
- Anchor venues and district components,
- Performance (as available),
- Events and programming,
- Critical factors to success or failure, and
- Others, as appropriate.

These will be profiled, and implications discussed. The results will provide the Client with lessons learned and best practices which address the critical elements of success or failure for place-shaping developments.

## Task 7: Recommendations

Considering the analysis, the Hunden Team will make recommendations for the optimal mix of use types, including quality, sizing and other key factors, for the Project. This will not only be based on the existing market, but also on the market that the Client is looking to attract with the development of the Site. This may include all or some of the three to four major anchor facilities/venues analyzed in Task 6. Hunden will provide development scenarios by type of anchor use, followed by the surrounding mix of supporting uses such as retail, restaurant, walkable environment, outdoor activation, and others.

**There will be a total of three (3) optimal scenarios that will proceed to the layouts, projections, and modeling stage.**

## Task 8: Concept Designs, Layouts and Cost Estimates for Three Scenarios

Once physical program recommendations for the Project elements are determined, design professionals with Convergence Design will estimate high-level construction costs for the recommended scenarios and create layouts for the overall site plans for the top three (3) development scenarios, including a **primary scenario** and **two alternate scenarios**. Convergence Design will develop recommendations for the key facilities/venues within the district (e.g. sports complex, hotel, residential, entertainment venues, etc.) and

incorporate the venues into an overall layout for the district. TBG will support considerations for walkability, landscape, and other synergistic factors critical to district success.

## Task 9: Demand and Financial Projections

Hunden takes an internal iterative approach to refine recommendations, scenarios, and financial modeling. At the conclusion of the in-depth market research and analysis and after internal iterations of scenarios, Hunden will provide the Client with recommended scenarios with various levels of public and private investment. This keeps the Client engaged throughout the study process, allowing the demand and financial projections and impact projections to be informed by market realities.

Hunden will comprehensively research and explain the market area's demand for the top one to two (1-2) recommended development scenarios over the next ten years using the best available data and employing appropriate research from the prior tasks to provide a robust understanding of the demand for each use. Our approach and data presentation will align with industry-standard reporting for private sector real estate (hotel, commercial, residential) demand modeling.

Hunden will conduct a demand model, including a penetration analysis. This will then lead to assumptions that will be used to determine the detailed financial projections for each use. These will include major line-item detail of revenue and expense for each component, which will then result in net operating income (NOI) that will support debt service. Hunden will present projections from each component and then combine these results into a mixed-use financial projection.

In order to determine financial feasibility, the net operating income must be shown against a development cost. Hunden will show the supportable equity and debt that the net cash flows support. We will also run a discounted cash flow analysis to show the perspective an appraiser for a bank would utilize to determine DCF valuation. From these financial analytics, the feasibility will be determined. If there is a feasibility gap, the modeling from Hunden will determine the amount and what key items led to the gap (costs, absorption, rents, etc.).

## Task 10: Economic, Fiscal and Employment Impact Analysis

Hunden will conduct an economic, fiscal and employment impact analysis to determine the direct, indirect, and induced impacts, including the tax revenues that are generated by the top one to two (1-2) recommended development scenarios.

Based on the above analysis, a projection of net new direct spending will be tabulated. New spending is spending that is new to the community due to new residents, visitors to retail/restaurant, new employees in offices and other spending impacts associated with the development. The model will consider net new recaptured and induced spending only (versus gross spending) to ensure that substitution spending is netted out of the impacts. Spending categories primarily include food/beverage, retail, transportation, lodging and entertainment/other. The net new and recaptured spending is considered to be the **Direct Impact**.

From the direct spending figures, further impact analyses will be completed.

- **Indirect Impacts** are the supply of goods and services resulting from the initial direct spending. For example, a new resident's direct expenditure on retail causes the store to purchase goods and other items from suppliers. The portion of these purchases that are within the local economy is considered an indirect economic impact.
- **Induced Impacts** embody the change in local spending due to the personal expenditures by employees whose incomes are affected by direct and indirect spending. For example, a waitress at a restaurant may have more personal income because of the new spending. The amount of the increased income that the employee spends in the area is considered an induced impact.
- **Fiscal Impacts** represent the incremental tax revenue collected by the City due to the net new economic activity related to a development. The fiscal impact represents the government's share of total economic benefit. There will be distinct tax impacts for each governmental entity. Fiscal impacts provide an offset to the potential public expenditures required to induce the development of the Project. Hunden will identify the taxes affected and conduct an analysis of the impact on these accounts and governmental units.
- **Employment Impacts** include the incremental employment provided not only onsite, but due to the spending associated with the Project. For example, the direct, indirect, and induced impacts generate spending, support new and ongoing businesses, and ultimately result in ongoing employment for citizens. Hunden will show the number of ongoing jobs supported by the project and provide the resulting income and income taxes generated.

Hunden uses one of the industry's most relied upon multiplier models, IMPLAN. This input-output model estimates the indirect and induced impacts, as well as employment impacts, based on the local economy. An input-output model generally describes the commodities and income that normally flow through the various sectors of the economy. The indirect and induced expenditure, payroll and employment result from the estimated changes in the flow of income and goods caused by the projected direct impacts. The model data are available by various jurisdictional levels, including counties.

## Task 11: Funding Strategies, Partnership Opportunities and P3 Best Practices

Based on similar case studies, best practices and interviews with key stakeholders, Hunden will provide the City with funding strategies to support the proposed Project for long-term use. This will be done for the top one to two (1-2) recommended Project scenarios. Hunden will work simultaneously on operations/maintenance, funding, and site/program size. We will provide examples of formats and structures used by other agencies around the country, as well as inventory examples of funding structures that have been successful to construct and operate similar districts in the region and across the country.

Hunden will also evaluate the local, state and federal funding options as identified by the Client to determine the optimal solutions/options that also support the Project's feasibility. Hunden has extensive experience with Texas-specific incentives, and has advised clients on their use in Dallas, Fort Worth, Corpus Christi, and many smaller communities. Hunden will consider Project Finance Zone incentives, 10-year state Hotel Occupancy Tax and sales tax rebate opportunities, Chapter 380 Agreements, Municipal Management Districts, Tax Increment Reinvestment Zone, and others, as relevant. Additionally, Hunden will provide best practices and lessons learned for P3 structures, strategies and formats used by other agencies around the country to implement similar developments.

## Milestones and Touchpoints

- **Kickoff Organizing Call** – Once the administrative engagement paperwork process is complete, Hunden will schedule an initial kickoff organizing call/Zoom with the Client team for introductions and to schedule the in-person site visit, tours, and meetings. Hunden will send a kickoff memo outlining requests for data, scheduling arrangements, and key contact information.
- **Site Visit/Local Discovery** – Members of the Hunden key personnel team will travel to Manor to conduct an in-person kickoff trip with the Client, including stakeholder meetings and interviews, a site tour, and tours of surrounding demand generators.
- **Circle Back Call** – After the kickoff trip, Hunden will schedule a ‘circle-back call’ with the Client to wrap up data requests and any outstanding discovery phase items.
- **Check-In Calls** – Throughout the market research tasks, Hunden can schedule check-in calls with the Client to ensure timely forward direction through the study process.
- **Market Findings Presentation** – At the completion of Task 7, Hunden will present a PowerPoint-style deliverable of market findings electronically to the Client. This will include our recommendations and scenarios as appropriate.
- **Draft Analysis Deliverable** – Hunden will complete all financial and impact modeling elements of the scope of work and compile the results into a PowerPoint-style draft analysis of its financial outputs, which will be presented to the Client electronically for review and comment. Included in the Draft Analysis will be preliminary site layouts, and cost estimates for the top two scenarios (primary and alternate).
- **Final Analysis Deliverable** – After receiving comments from the Client on the draft analysis, Hunden will issue its final PowerPoint-style analysis, including revised projections as necessary and revised site layouts and designs for the primary and alternate scenarios.