



**AGENDA ITEM #9**  
**TOWN MANAGER**  
455 Mountain Village Blvd.  
Mountain Village, CO 81435  
(970) 729-2654

**TO:** Mountain Village Town Council  
**FROM:** Paul Wisor, Town Manager; Michelle Haynes, Assistant Town Manager  
**DATE:** November 10, 2022  
**RE:** VCA Redesign

---

Executive Summary: In July 2022, Town Council approved a contract with Triumph Development West to pursue efforts to redesign and value engineer Phase IV of the Village Court Apartments for the purpose of reducing the overall cost of construction of Phase IV. Triumph Development West has identified approximately \$2.3 million in costs savings through redesign and value engineering. In October of 2022, Triumph Development West provided two options for redesign of VCA, and Council gave direction for Triumph Development West to draft an agreement for Triumph Development West to proceed with drafting of construction documents, negotiating with modular manufactures as well as relevant subcontractors.

### **Overview**

Since 2017, the Town of Mountain Village has actively pursued development of Village Court Apartment Phase IV (“Phase IV”) consistent with the 2011 Comprehensive Plan. The Town has always envisioned Phase IV to consist of two buildings, each containing 21 units, which units would range from studios to two bedrooms, with a concentration on 2 bedroom 1 ¾ bath units last iterated in 2019. After pausing to determine the future of VCA generally, in early 2021 Town Council provided direction to staff to issue an RFP for development of Phase IV.

Ultimately, after revisions to the RFP, it became clear the cost of Phase IV had increased over 40% since the project was originally approved in 2019. Ultimately, the Town entered into an agreement with Triumph Development West (“Triumph”) to undertake a redesign and value engineering effort to lower the overall construction costs of Phase IV.

Triumph has identified approximately \$2.3 million in costs savings through redesign and value engineering. Triumph is now seeking Council approval of an agreement to revise the project drawings, update the projects entitlements, interview and select a modular contractor, negotiate and finalize an onsite construction contract with Shaw Construction, and assist in identifying sources of funding for Phase IV.

### **Redesign and Value Engineering**

Over the last several months, Triumph has pursued redesign and value engineering efforts to reduce the overall cost of Phase IV. With respect to value engineering, Triumph has identified a myriad of opportunities for cost savings, which opportunities can be found on **Exhibit A**, attached hereto.

As to redesign, Triumph has increased the bed count at Phase IV from 76 to 90 beds (Building E has eight units consisting of 1 bedroom and thirteen units consisting of 2 bedrooms for a total of 34 bedrooms; Building W has fourteen units consisting of four bedroom suites, except one unit on the lower level has three bedrooms with a storage room). Triumph achieved this bed count by converting the units in proposed Building W to family style pods, each consisting of four bedrooms, two bathrooms, which redesign can be seen in **Exhibit B**, attached hereto. The Building E shift can be seen in **Exhibit C**, attached hereto. It is anticipated that this configuration will create a scenario under which local businesses will be able to pay a fee to the Town to license one or more beds that can then be rented to employees. It is anticipated businesses will benefit by being able to have guaranteed housing for several years under the license, and the Town will be able to apply license fees to the construction costs of Phase IV.

### **Financial Considerations**

With the savings set forth above, it is estimated the total cost of construction for Phase IV will be approximately \$20 million. As such, the Town will need to issue debt in order to finance construction of the project. It has always been Town staff's intent that the debt on Phase IV will be supported by the rent paid by residents of Phase IV. The most recent proforma assembled by Town staff indicates that charging rent at 100% AMI at Phase IV will result in approximately \$1 million in revenue per year.

Town staff recently worked with the Town's financial consultants to prepare debt service projections assuming debt of \$10 million, \$15 million, and \$20 million. Unfortunately, as set forth in **Exhibit D**, rent revenue of \$1 million can only support \$10 million in debt. As such, the Town has a \$10 million gap to fill if the Town is committed to Phase IV supporting itself.

Town staff has identified several mechanisms to fill this funding gap:

- Grant Funding – Between the American Rescue Plan Act, the Inflation Reduction Act, and already existing programs, Town staff believes there are opportunities to secure several million dollars' worth of grant funding. Town staff is actively working on these opportunities with the Department of Local Affairs and the Office of Economic Development and International Trade.
- Local Entity Donations – There are several organizations within Mountain Village and the Telluride Region with substantial resources in their respective coffers. Town staff intends to seek several million dollars from these entities.
- Licensing of Beds – As described above, Town staff is proposing licensing beds within the West building to local organizations. These transferable licenses would entitle the organizations to make a one-time payment to the Town for a license which would entitle the organization to access to a bed for an employee of the organization for a period of ten years. The employees would still pay VCA rent. Depending on the size of the license payment, Town staff believes the Town could generate between \$1-2 million. Town staff has worked with several local organizations and Town staff believes there is interest in this program.
- Individual Benefactors – Town staff recognizes there may be an opportunity to approach individuals within the community and request donations to close any remaining funding gap.

While the issue before Council is limited to funding design consultants, Council should be aware and begin to discuss the financial challenges

**Current Request**

Triumph is requesting the Town approve an agreement for Triumph to revise the project drawings, update the projects entitlements, interview and select a modular contractor, negotiate and finalize an onsite construction contract with Shaw Construction, and assist in identifying sources of funding for Phase IV. The Agreement is set forth in **Exhibit E**, attached hereto. The total cost associated with these efforts is \$636,778.

**Proposed Motion**

I move to approve the Agreement for Professional Services with Triumph Development West in substantially the form set forth in Exhibit E of the staff memo.

## Exhibit A

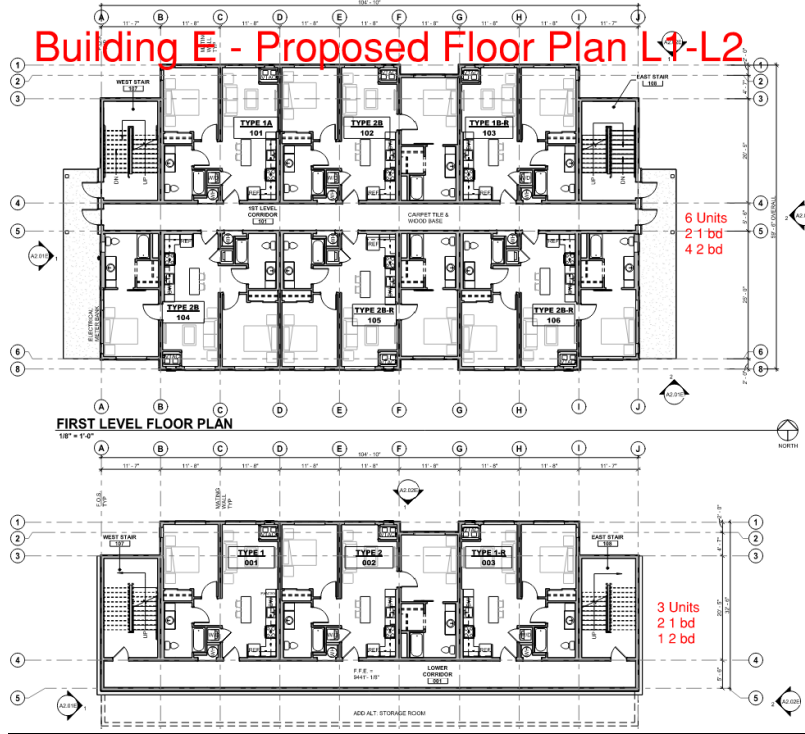
VCA4 Budget Savings Log

10.4.22

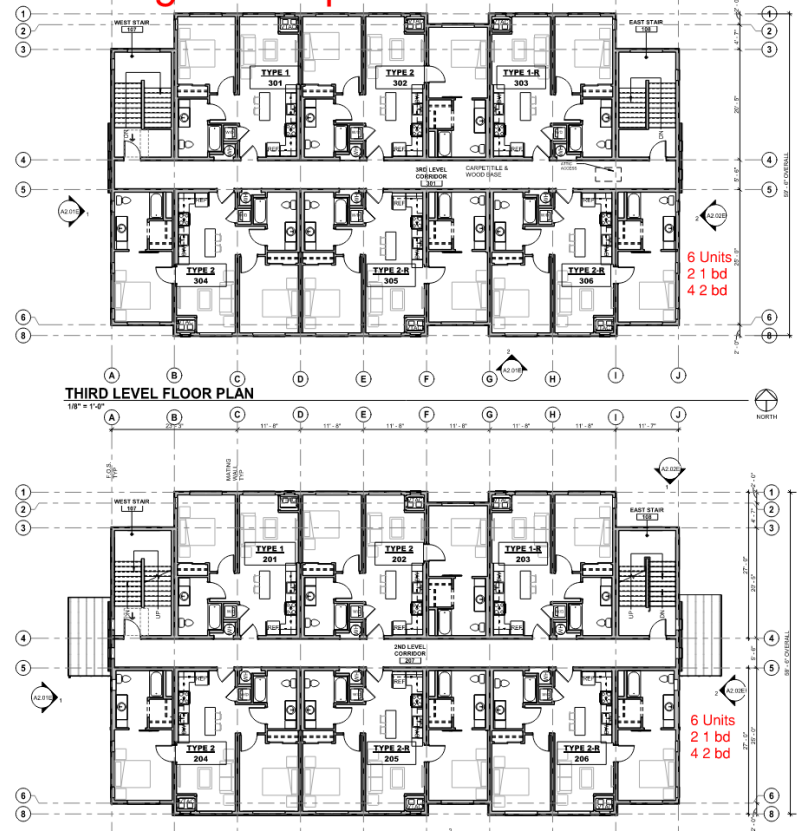
VE Item	Total
Modular Schedule Savings - 2 Months of General Conditions	182,000.00
Shifting East Building	542,004.00
Reduce MicroPiles Design	TBD
Push Geotech to Shift to Shallow Foundation	100,000.00
Excavation & Fill Savings	157,996.00
Shoring & Underpinning Savings	
Delete Gabion Retaining Wall Behind East Building	130,000.00
Simplify Trash Enclosure	20,000.00
Redesign Exterior Façade	80,250.00
Replace with Exterior Stairs with Interior Modular Stair	170,000.00
Simplify Building Foundation	15,000.00
Framing Savings from Simplified Roof Design	220,800.00
Delete Steel Balcony	67,500.00
Move Electric Meters to Exterior	20,000.00
Exterior Meter	
All Electric Mechanical Systems Savings	50,000.00
Remove Gas Piping	150,000.00
Common Area Ductwork	
Low Voltage System	10,000.00
Modular Set Stitch (Doubled Counted)	326,000.00
Interior Stitching Savings	126,000.00
Laydown Area Savings	50,000.00
Shaw Fee and % Costs	324,386.86
Modular Floorplan Redesign - Bring stairs into mods, in-unit laundry, reconfigured East Building for "dorm" units, standardize West Building mods. 42,000sf @ \$140psf vs. 39,000sf \$150psf	(28,000.00)
Reconfigured Playground (Included in Landscape Budget)	-
Design Consultant Redesign	(192,150.00)
Modular Bond	(102,863.25)
Modular Design/Shop Drawings	(107,387.00)
<b>Total</b>	<b>2,311,536.61</b>

**EXHIBIT B**

**Building E - Proposed Floor Plan L1-L2**

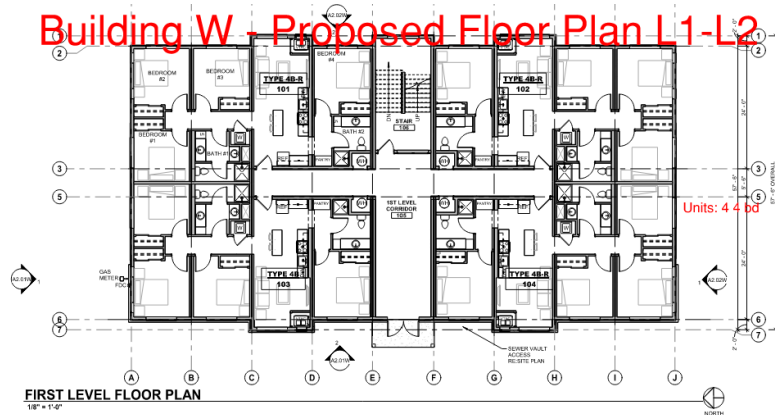


**Building E - Proposed Floor Plan L3-L4**

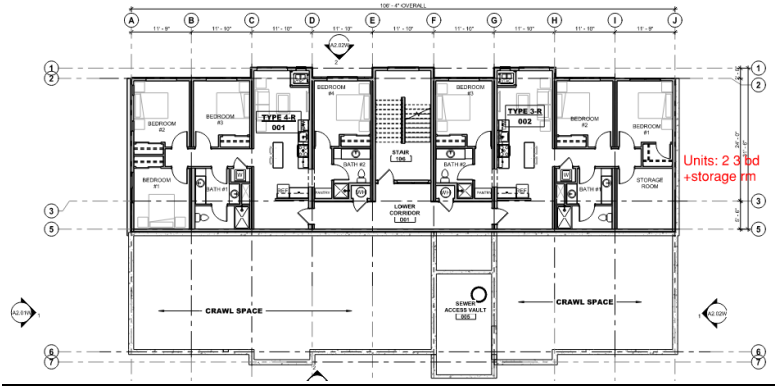


**EXHIBIT B Cont'd**

**Building W - Proposed Floor Plan L1-L2**

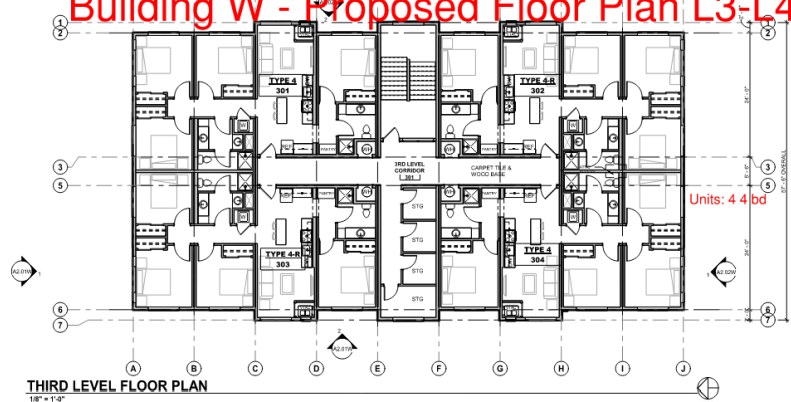


Units: 4 4 bd

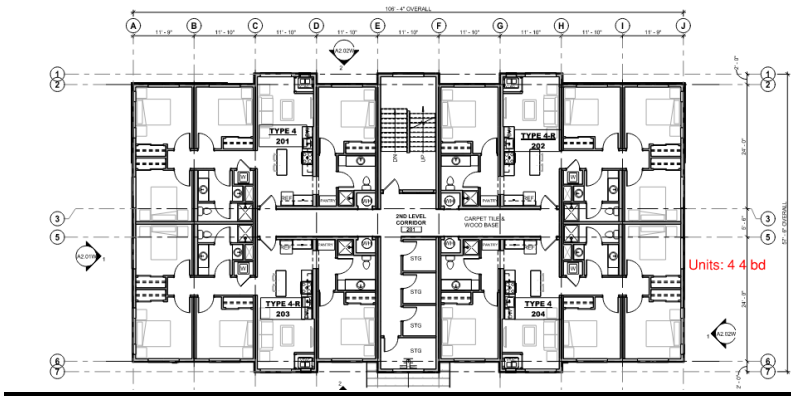


Units: 2 3 bd + storage rm

**Building W - Proposed Floor Plan L3-L4**



Units: 4 4 bd



Units: 4 4 bd

# Exhibit C

## Current Site Plan





# Proposed Site Plan





**Exhibit D**



<b>\$10 Million COP</b>	<b>20-Year</b>	<b>30-Year</b>
Project Fund	\$10,000,000	\$10,000,000
Total Repayment	\$15,573,942	\$19,583,707
With 150 BP Cushion	\$17,499,799	\$22,519,043
Average Annual Repayment	\$804,278	\$666,932
With 150 BP Cushion	\$903,734	\$766,896
True Interest Cost (TIC)	4.51%	4.92%
With 150 BP Cushion	5.91%	6.20%
Last Maturity	12/1/2042	12/1/2052
Call Provision	12/1/2032	12/1/2032
<b>\$15 Million COP</b>	<b>20-Year</b>	<b>30-Year</b>
Project Fund	\$15,000,000	\$15,000,000
Total Repayment	\$23,170,435	\$29,127,941
With 150 BP Cushion	\$26,029,776	\$33,501,811
Average Annual Repayment	\$1,196,580	\$991,965
With 150 BP Cushion	\$1,344,243	\$1,140,919
True Interest Cost (TIC)	4.51%	4.92%
With 150 BP Cushion	5.91%	6.20%
Last Maturity	12/1/2042	12/1/2052
Call Provision	12/1/2032	12/1/2032
<b>\$20 Million COP</b>	<b>20-Year</b>	<b>30-Year</b>
Project Fund	\$20,000,000	\$20,000,000
Total Repayment	\$30,761,677	\$38,684,337
With 150 BP Cushion	\$34,565,844	\$44,487,427
Average Annual Repayment	\$1,588,610	\$1,319,400
With 150 BP Cushion	\$1,785,067	\$1,515,039
True Interest Cost (TIC)	4.51%	4.92%
With 150 BP Cushion	5.91%	6.20%
Last Maturity	12/1/2042	12/1/2052
Call Provision	12/1/2032	12/1/2032

\* Rates as of October 3, 2022; subject to change

\* Assumptions include a low Aa category rating, \$250,000 total COI including Underwriting Discount

**Exhibit E**

## **AGREEMENT FOR PROFESSIONAL SERVICES**

THIS AGREEMENT FOR PROFESSIONAL SERVICES (the "Agreement") is made and entered into this \_\_\_\_\_ day of November, 2022 (the "Effective Date"), by and between the Town of Mountain Village, a Colorado home rule municipality, with an address of 455 Mountain Village Blvd., Suite A, Mountain Village, Colorado 81485 (the "Town"), and Triumph Development West LLC, a Delaware limited liability company with a principal place of business at 105 Edwards Village Blvd., #C201, Edwards, Colorado, 81632 ("Contractor") (each a "Party" and collectively the "Parties").

WHEREAS, the Town of Mountain Village Housing Authority, on behalf of the Town, is the owner of certain real property in San Miguel County known as The Village Court Apartments at 415 Mountain Village Blvd., and more particularly described as Lot 1001, Telluride Mountain Village according to the plat recorded as Reception No. 434465 (the "Property"); and

WHEREAS, the Town wishes to develop the Property for deed restricted employee housing as generally shown in the modified development plans for the Village Court Apartments Phase IV at the October 5, 2022 Town of Mountain Village Town Council Meeting (the "Project"); and

WHEREAS, the Contractor, along with its proposed "General Contractor" Shaw Construction, submitted a proposal for development services on July 6, 2022, which detailed its approach to developing the Project including proposed compensation structure (the "Proposal"); and

WHEREAS, the Town selected the Contractor's Proposal, and prior to executing a development agreement, the Parties entered into an Agreement for Professional Services, dated July 26, 2022, to further refine the Project and reduce the proposed development budget; and

WHEREAS, the initial scope of work is now complete and the Town desires to hire the Contractor to lead the development team's work to revise the project drawings, update the projects entitlements, interview and select a modular contractor, negotiate and finalize an onsite construction contract with Shaw Construction, and assist in identifying sources of funding for the Project.

NOW, THEREFORE, for the mutual consideration set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

### **I. SCOPE OF SERVICES**

A. Contractor shall furnish all labor and materials required for the complete and prompt execution and performance of all duties, obligations, and responsibilities that are described or reasonably implied from the "Scope of Services" set forth in **Exhibit A**, attached hereto and incorporated herein by this reference.

B. A change in the Scope of Services shall not be effective unless authorized as an amendment to this Agreement, executed by both Parties. If Contractor proceeds without such written authorization, Contractor shall be deemed to have waived any claim for additional compensation, including a claim based on the theory of unjust enrichment, quantum merit, or implied contract. Except as expressly provided herein, no agent, employee, or representative of the Town is authorized to modify any term of this Agreement, either directly or implied by a course of action.

## **II. TERM AND TERMINATION**

A. This Agreement shall commence on the Effective Date, and shall continue until December 31, 2022 (the "Term"), unless terminated earlier as provided herein. Subject to annual appropriation, the Agreement shall automatically renew for a one (1) year term (i.e., January 1 to December 31) (the "Renewal Term"), which Renewal Term may be terminated as provided herein. .

B. Either Party may terminate this Agreement upon thirty (30) days' advance written notice. The Town shall pay Contractor for all work previously authorized and completed prior to the date of termination. If, however, Contractor has substantially or materially breached this Agreement, the Town shall have any remedy or right of set-off available at law and equity.

## **III. COMPENSATION**

In consideration for the completion of the Scope of Services by Contractor, the Town shall pay Contractor an amount not to exceed \$164,000 ("Contract Price"), as shown in **Exhibit B**. The Contract Price includes all fees, costs, and direct expenses incurred by Contractor for the Services. The Contract Price shall be paid by the Town in a monthly retainer of \$20,000 to the Contractor, plus direct expenses incurred by Contractor for the Services, which direct expenses are estimated to be \$24,000. Contractor's monthly retainer will be credited toward its overall development fee upon execution of a separate development agreement.

## **IV. PROFESSIONAL RESPONSIBILITY**

A. Contractor hereby warrants that it is qualified to assume the responsibilities and render the Services described herein and has all requisite corporate authority and professional licenses in good standing, required by law. The work performed by Contractor shall be in accordance with generally accepted professional practices and the level of competency presently maintained by other practicing professional firms in the same or similar type of work in the applicable community. The work and Services to be performed by Contractor hereunder shall be done in compliance with applicable laws, ordinances, rules, and regulations.

B. The Town's review, approval, or acceptance of, or payment for any services, shall not be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.

## **V. OWNERSHIP**

Any materials, items, and work specified in the Scope of Services, and any and all related documentation and materials provided or developed by Contractor, shall be exclusively owned by the Town. Contractor expressly acknowledges and agrees that all work performed under the Scope of Services constitutes a "work made for hire." To the extent, if at all, that it does not constitute a "work made for hire," Contractor hereby transfers, sells, and assigns to the Town all of its right, title, and interest in such work. The Town may, with respect to all or any portion of such work, use, publish, display, reproduce, distribute, destroy, alter, retouch, modify, adapt, translate, or change such work without providing notice to or receiving consent from Contractor.

## **VI. INDEPENDENT CONTRACTOR**

Contractor is an independent contractor. Notwithstanding any other provision of this Agreement, all personnel assigned by Contractor to perform work under the terms of this Agreement shall be, and remain at all times, employees or agents of Contractor for all purposes. Contractor shall make no representation that it is a Town employee for any purposes.

## **VII. INSURANCE**

A. Contractor agrees to procure and maintain, at its own cost, a policy or policies of insurance sufficient to insure against all liability, claims, demands, and other obligations assumed by Contractor pursuant to this Agreement. At a minimum, Contractor shall procure and maintain, and shall cause any subcontractor to procure and maintain, the insurance coverages listed below, with forms and insurers acceptable to the Town.

1. Worker's Compensation insurance as required by law.
2. Commercial General Liability insurance with coverage at least equal to the limitations on judgments provided by the Colorado Governmental Immunity Act, C.R.S. § 24-10-114, *et seq.*, at any given time, which for 2022 are currently \$424,000 for one person in a single occurrence or \$1,195,000 for two or more persons in a single occurrence. The policy shall be applicable to all premises and operations, and shall include coverage for bodily injury, broad form property damage, personal injury (including coverage for contractual and employee acts), blanket contractual, products, and completed operations. The policy shall contain a severability of interests provision, and shall include the Town and the Town's officers, employees, and contractors as additional insureds. No additional insured endorsement shall contain any exclusion for bodily injury or property damage arising from completed operations.

B. Such insurance shall be in addition to any other insurance requirements imposed by law. The coverages afforded under the policies shall not be canceled, terminated or materially changed without at least thirty (30) days' prior written notice to

the Town. In the case of any claims-made policy, the necessary retroactive dates and extended reporting periods shall be procured to maintain such continuous coverage. Any insurance carried by the Town, its officers, its employees or its contractors shall be excess and not contributory insurance to that provided by Contractor. Contractor shall be solely responsible for any deductible losses under any policy.

C. Upon execution of this Agreement, Contractor shall provide to the Town a certificate of insurance as evidence that the required policies are in full force and effect. The certificate shall identify this Agreement.

### **VIII. INDEMNIFICATION**

Contractor agrees to indemnify and hold harmless the Town and its officers, insurers, volunteers, representative, agents, employees, heirs and assigns from and against all claims, liability, damages, losses, expenses and demands, including attorney fees, on account of injury, loss, or damage, including without limitation claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, or any other loss of any kind whatsoever, which arise out of or are in any manner connected with this Agreement if such injury, loss, or damage is caused in whole or in part by, the act, omission, error, professional error, mistake, negligence, or other fault of Contractor, any subcontractor of Contractor, or any officer, employee, representative, or agent of Contractor, or which arise out of a worker's compensation claim of any employee of Contractor or of any employee of any subcontractor of Contractor. Contractor's liability under this indemnification provision shall be to the fullest extent of, but shall not exceed, that amount represented by the degree or percentage of negligence or fault attributable to Contractor, any subcontractor of Contractor, or any officer, employee, representative, or agent of Contractor or of any subcontractor of Contractor. If Contractor is providing architectural, engineering, surveying or other design services under this Agreement, the extent of Contractor's obligation to indemnify and hold harmless the Town may be determined only after Contractor's liability or fault has been determined by adjudication, alternative dispute resolution or otherwise resolved by mutual agreement between the Parties, as provided by C.R.S. § 13-50.5-102(8)(c).

### **IX. MISCELLANEOUS**

A. Governing Law and Venue. This Agreement shall be governed by the laws of the State of Colorado, and any legal action concerning the provisions hereof shall be brought in San Miguel County, Colorado.

B. No Waiver. Delays in enforcement or the waiver of any one or more defaults or breaches of this Agreement by the Town shall not constitute a waiver of any of the other terms or obligation of this Agreement.

C. Integration. This Agreement constitutes the entire agreement between the Parties, superseding all prior oral or written communications.



D. Third Parties. There are no intended third-party beneficiaries to this Agreement.

E. Notice. Any notice under this Agreement shall be in writing, and shall be deemed sufficient when directly presented or sent pre-paid, first class U.S. Mail to the Party at the address set forth on the first page of this Agreement.

F. Severability. If any provision of this Agreement is found by a court of competent jurisdiction to be unlawful or unenforceable for any reason, the remaining provisions hereof shall remain in full force and effect.

G. Modification. This Agreement may only be modified upon written agreement of the Parties.

H. Assignment. Neither this Agreement nor any of the rights or obligations of the Parties shall be assigned by either Party without the written consent of the other.

I. Governmental Immunity. The Town and its officers, attorneys and employees, are relying on, and do not waive or intend to waive by any provision of this Agreement, the monetary limitations or any other rights, immunities or protections provided by the Colorado Governmental Immunity Act, C.R.S. § 24-10-101, *et seq.*, as amended, or otherwise available to the Town and its officers, attorneys or employees.

J. Rights and Remedies. The rights and remedies of the Town under this Agreement are in addition to any other rights and remedies provided by law. The expiration of this Agreement shall in no way limit the Town's legal or equitable remedies, or the period in which such remedies may be asserted, for work negligently or defectively performed.

K. Subject to Annual Appropriation. All direct and indirect financial obligations of the Town under this Agreement are subject to appropriation, budgeting, and availability of funds to discharge such obligations. No provision of this Agreement shall be construed or interpreted: (a) to directly or indirectly obligate the Town to make any payment in any year in excess of amounts appropriated for such year; (b) as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever within the meaning of Article X, Section 6 or Article X, Section 20 of the Colorado Constitution or any other constitutional or statutory limitation or provision; or (c) as a donation or grant to or in aid of any person, company, or corporation within the meaning of Article XI, Section 2 of the Colorado Constitution.

Remainder of Page Intentionally Left Blank



## EXHIBIT A

### SCOPE OF SERVICES

#### Contractor's Duties

During the Term of this Agreement, Contractor shall perform the following duties, as directed by the Town:

- Lead and oversee the Town's current design team to prepare revised construction documents for Village Court Apartments Phase IV that incorporate the design changes and program options presented to Town Council at the October 5, 2022 Meeting.
- Prepare a detailed development and construction budget based on this revised building plan.
- Prepare a design and budget comparison of two program options for Building E for review and selection by the Town Council. Option 1 will include 1BR and 2BR units. Option 2 will include all 4BR units.
- Work with Town's Planning staff to revise the entitlements for the Project based upon the approved changes to the design.
- Interview and select a modular manufacturing partner for the Project. Negotiate a contract for the supply of modular component of the Project for execution by the Town to secure a modular manufacturing window for the spring or summer of 2023 for construction. Appropriate modular factory security deposits shall be made by the Town to facilitate the projected schedule.
- Negotiate the general contractor contract with Shaw Construction for the onsite component of Project for execution by the Town.
- Assist in the procurement of modular and onsite building permits to commence construction in the summer of 2023.
- Prepare and update the Project schedule.
- Regular meetings with Town Staff and Town Council to provide updates on the Project.

**EXHIBIT B**

**PROJECT PRECON BUDGET AND DEVELOPER FEES**

Precon Development Budget	Estimated Precon Costs for TOMV	Service Agreement Developer Fees
<b>Hardcost</b>		
Shaw Precon Fee	\$ 25,000.00	\$ -
Geotech and Foundation Design	\$ 16,000.00	\$ -
Modular Factory 5% Deposit	\$ 304,391.25	\$ -
<b>Hardcost</b>	<b>\$ 345,391</b>	<b>\$ -</b>
<b>Entitlement, Permit &amp; Impact Fees</b>		
Municipality Fees:		
Planning & Entitlement Fees	TBD	\$ -
<b>Entitlement, Permit &amp; Impact Fees</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Soft cost</b>		
Code Consulting	\$ 5,000	\$ -
Modular Design Allowance	\$ 107,387	\$ -
Survey	\$ 5,000	\$ -
Project Legal	\$ 10,000	\$ -
Estimated Developer Reimbursables	\$ -	\$ 24,000
<b>Total Soft Cost</b>	<b>\$ 127,387</b>	<b>\$ 24,000</b>
<b>Developer Fee (7 months @ \$20,000/Mo)</b>	<b>\$ -</b>	<b>\$ 140,000</b>
<b>Contingency &amp; Working Capital</b>		
Owner Softcost Contingency	\$ 23,288.70	\$ -
<b>Total Contingency</b>	<b>\$ 23,289</b>	<b>\$ -</b>
<b>Financing</b>		
Lending Costs	TBD	\$ -
<b>Total Financing</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total After Contingency</b>	<b>\$ 496,067</b>	<b>\$ 164,000</b>
Cost Before Contingency	\$ 472,778	\$ 164,000