



Casper Hotel & Conference Center Roadmap to Redevelopment

Prepared for:
Amoco Reuse Agreement Joint Powers Board

Prepared by:
Council of Development Finance Agencies

January 2019

Contents

About the Roadmap to Redevelopment.....	4
Background & History.....	5
Casper Hotel & Conference Center Project Recommendations:	7
Part I: Utilize the Comprehensive Market Demand Study in Decision Making	7
Part II: Examine Total Infrastructure Costs on Both Sites	7
Part III: Further Refine and Develop Economic and Community Development Goals attached to Project	8
Recommendations: Financing the Casper Hotel and Conference Center on Amoco Reuse Agreement Joint Powers Board Site	9
Part II: Explore the Use of a TIF	9
Part III: Explore the Use of Bond Financing	10
Part IV: Explore use of Federal Incentives.....	10
Part V: Maximize the Use of Available State and Local Funds	11
Part V: Explore Private Investment.....	13
Recommendations: Financing the Casper Hotel and Conference Center on Casper Redevelopment Site	13
Part I: Complete Phase II Environmental Assessment	13
Part II: Wyoming DEQ Brownfields Revolving Loan Fund	14
Part III: Final Recommendations for Financing.....	14
Additional Resources.....	15
Acknowledgments.....	16
About the Authors.....	17

About the Roadmap to Redevelopment

The *Roadmap to Redevelopment* is a product of the [CDFA Brownfields Technical Assistance Program](#), which is funded through a grant from the U.S. Environmental Protection Agency. The program provides technical assistance to brownfields communities on redevelopment finance. For communities that require detailed, hands-on assistance for their redevelopment efforts, CDFA Brownfields Project Response Teams comprised of CDFA staff and technical assistance partners are available to conduct site visits and provide recommendations. The goal of these visits is to offer communities specific, actionable advice that can transform brownfields into economically-productive sites in accordance with the goals and plans of the community. CDFA will coordinate 36 Brownfields Project Response Teams over the life of the program.

The *Roadmap to Redevelopment* was developed through a two-day process that included interviews with numerous stakeholders from the government, business, and non-profit sectors. The plan provides a framework for the financing of the development of a hotel and conference center in the City of Casper.

The *Roadmap to Redevelopment's* recommendations combine the input of development finance experts, CDFA staff, and the interests of stakeholder groups gathered during the Project Response Team site visit.

Background & History

Casper is a city with a population of around 55,000 located in Natrona County, Wyoming. Casper is the second largest city in Wyoming after the capital of Cheyenne. Casper was established close to the former site of Fort Caspar on the banks of the North Platte River. Built in 1862, Fort Caspar served as a military outpost, trading post and toll bridge on the Oregon Trail.

In the 1890s, crude oil was discovered in the region at famous Salt Creek Oil Field and the oil industry became a critical economic engine in the Casper area with the first oil refinery being built in 1895. Casper’s economy continues to be closely connected with the boom and bust of the oil industry. Over the years, the Casper region has continued to diversify itself in the energy sector and has seen growth in both coal and uranium mining. Casper also serves as a regional center for banking and commerce.

The City of Casper and its partners have invested heavily in redeveloping and committing significant resources to support a more vibrant downtown core. Over \$35 million have been invested in downtown since 2016 coupled with the private sector and around \$1 million in grants being awarded from the Wyoming Business Council and around \$4.6 million in private sector donations. As a part of their downtown development plan, Casper developed a community events plaza called David Street Station which has been successful in catalyzing further private investment in the downtown area of the city.



David Street Station in Downtown Casper

Due to its advantageous location in the center of Wyoming, Casper provides a central meeting point for statewide events and organization. The challenge facing Casper is that the city no longer has a hotel and conference space that can feasibly



View of Casper Mountain from Casper Industrial Park

hold events for large groups and agencies.

Additionally, no hotels are currently situated in the downtown area of Casper where visitors could take advantage of Casper’s revitalized downtown, burgeoning restaurant scene and the many community events which take place at David Street Station. Therefore, the City of Casper has embarked on a multi-year project to attract a hotel into their downtown space.

Currently, there are two redevelopment sites identified where this hotel and conference center development can occur: the ARAJPB site and the Casper Redevelopment site. The ARAJPB

site is a former oil refinery which is owned by BP and managed by the Amoco Reuse Agreement Joint Powers Board (ARAJPB) on a 99-year lease through 2097. The Casper Redevelopment site explored in this report is located adjacent to downtown Casper on a former pipe storage yard. This site is owned partially by both Casper Redevelopment and the Natrona County Public Library Foundation. Each site

has its own unique set of challenges and issues that the City of Casper & the ARAJPB must examine carefully prior to making a final decision on the site of this new community asset.

Casper released a Request for Proposal for the development of a full-service hotel in September 2018. Through this proposal process, developers identified a total project cost of \$71 million and a significant funding gap to complete this project of around \$30 million. Included below are approximate project costs and proposed sources of funds built from the RFP process. There is one key difference in project costs between both sites.

Project Costs	Total:	% of Total:
Hotel	\$27.7 Million	39%
Soft Costs	\$15 Million	21%
Site Prep	\$3.7 Million	5%
Conference Center	\$18.5 Million	25%
Land Cost	\$7 Million	10%
Total Costs	\$71 Million	100%
Sources of Funds	Total:	% of Total:
Senior Debt	\$25.4 Million	35%
Junior Debt	\$10.5 Million	15%
Developer Equity	\$6.3 Million	9%
Total Funds	\$42.2 Million	58%
GAP	\$29.8 Million	42%

Casper Hotel & Conference Center Roadmap to Redevelopment

Casper Hotel & Conference Center Project Recommendations:

The Casper Hotel and Conference Center project has been in community discussions for a number of years. This report explores financing recommendations for two different potential redevelopment sites: the Amoco Reuse Agreement Joint Powers Board (ARAJPB) site and the Casper Redevelopment Site.

Part I: Utilize the Comprehensive Market Demand Study in Decision Making

The ARAJPB and the City of Casper have completed a robust market demand study which provided an assessment of the regional appetite for particularly the conference center space proposed for this redevelopment. A market study will afford a better idea of the type and size of meeting space that would be best suited for this project.

Part II: Examine Total Infrastructure Costs on Both Sites

For each of these sites, the ARAJPB and the City of Casper has determined the cost associated with any needed infrastructure improvements on each site. Understanding this critical piece of any development is an important step in determining final costs and potential sources of funding.

a. Public-Private Partnerships for Needed Infrastructure Improvements

Public-Private Partnerships are contractual agreements between public and private entities. These agreements “typically involve a government agency contracting with a private partner to renovate, construct, maintain and/or manage a facility or system in whole or in part, that provides a public service¹.” P3s can often be a powerful tool in meeting the current infrastructure deficits and challenges in states.

To unlock the flexibility of this tool, some states have developed ‘enabling legislation’ which broadens the scope of what types of projects public entities are able to engage with private entities on. This enabling legislation can also expand the role of private entities in the project. Currently, Wyoming does not have P3 enabling legislation. However, private entities can still be engaged during procurement for the design and build phases of projects.

b. Wyoming Infrastructure Finance Authority (WIA)

The Wyoming Infrastructure Authority (WIA) is an “instrumentality” of the State of Wyoming and was created by the Wyoming legislature to support Wyoming’s energy

¹ Public-Private Partnership (P3) Basics. <https://www.agc.org/public-private-partnership-p3-basics>.

resources. WIA's main focus is on expanding and diversifying the energy infrastructure in the state with a specific concentration on the facilities that support this infrastructure. They have over bonding authority with the ability to issue \$1 billion in bonds for project, facilities and structures within their purview. Although this organization cannot directly benefit the project, it could provide ancillary benefits to the project through new and improved energy facilities and transmission infrastructure connected to the grid.

Part III: Further Refine and Develop Economic and Community Development Goals attached to Project

It may be in the best interest of the City of Casper and ARAJPB to further refine what this project means to the community. There was some discussion on defining the conference center as something more community focused. It may be appropriate to deliberate whether or not this would benefit the overall funding of the project or not and may enhance the funding streams available.

The ARAJPB should carefully consider the connections that can be made between this project and other anchor institutions within the community. An example would be to further connect with the Casper College and provide an educational connection or component with the hotel or conference center in hospitality, business, marketing, etc. This can make the project more attractive to mission-based investment and some federal programs.

Recommendations: Financing the Casper Hotel and Conference Center on Amoco Reuse Agreement Joint Powers Board Site

This site is situated on the northwest corner of the Platte River Commons along the North Platte River. Formerly, the site of a British Petroleum (BP) oil refinery. BP is still the current owner the site, but has entered into a 99-year lease with a quasi-public entity called the Amoco Reuse Agreement Joint Powers Board (ARAJPB). This site currently has around 77 acres of developable land available.



ARAJPB Site Diagram Courtesy of Hotel & Conference Center RFP

Part I: Continue to Work in Partnership with the Wyoming Department of Environmental Quality

Although the ARAJPB site is currently considered cleaned up to the standard needed for the development of a hotel and conference center, based on conversations with stakeholders, it may be appropriate to further assess this site's environmental issues. Its role as a former oil refinery site gives this site some particular challenges when pursuing any development that could potentially disturb the ground at a certain depth. Although there are currently no plans to do this right now, it is good for the ARAJPB to be mindful of these restrictions. If further contamination is found during the development of the hotel and conference center, the increases in project costs could be exponential. The ARAJPB should continue to work closely in partnership with the Wyoming DEQ to ensure continued development.

Part II: Explore the Use of a TIF

The City should carefully consider creating a TIF district that encompasses targeted properties. Typical TIFs are based on the incremental increases of property values based on improvements to the property. The increased property taxes based on these incremental improvements are then used to pay for the initial redevelopment of the targeted property. Based on the low-property taxes in Wyoming, TIFs dependent on property taxes may not be economically feasible without raising property taxes to Constitutional restrictions in Wyoming, however, don't allow for local governments to levy additional property taxes without approval from the state legislature. The ARAJPB & the City of Casper should carefully and thoroughly explore whether a TIF based on property taxes is achievable.

With these challenges being understood, a sales tax TIF is an option that the City and ARAJPB can consider. Once established, the TIF district will capture the new sales taxes increases to finance infrastructure improvements. The TIF funds can be used to pay for present development costs based on future improvements. Sales tax TIFs are less frequently used than traditional property tax TIF because of the highly speculative nature of said revenue stream. If the City or the ARAJPB wish to pursue

developing a sales tax TIF, it should be aggressively studied and planned as to how the district will meet the sales tax needs of the TIF to make the TIF financially feasible.

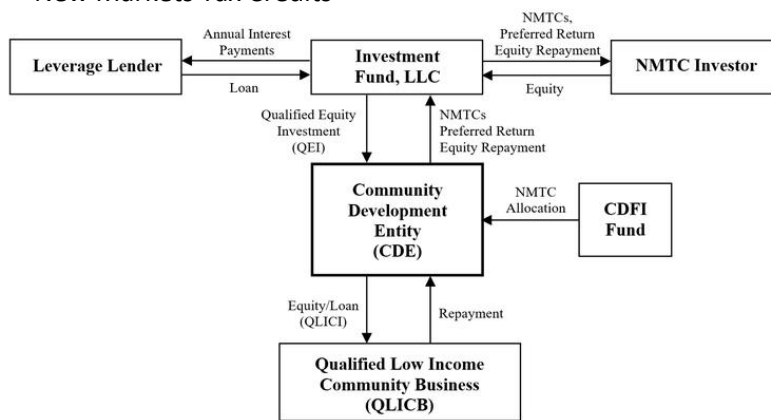
Part III: Explore the Use of Bond Financing

The ARAJPB has conduit tax-exempt bonding authority. The ARAJPB should consider carefully if they have the revenue stream available to repay any conduit bond they may issue for this project. Particularly, if a revenue stream is located or created, this financing could potentially provide critical funding for the conference center portion of this project.

Part IV: Explore use of Federal Incentives

Although not suitable for every project, the ARAJPB could qualify for federal funding through various programs. The ARAJPB should familiarize themselves with the rules and applications of the programs and use them as tools to market to potential developers who would develop the Casper Hotel and Conference Center.

i. New Markets Tax Credits



NMTC Structure Diagram Courtesy of Cityscape Capital

The ARAJPB site is located in an NMTC eligible census tract. The New Markets Tax Credits Program is a great way to funnel private capital to distressed communities. The Community Development Financial Institutions Fund (CDFI Fund), which administers the NMTC

Program, holds a highly competitive application process through which it awards tax credit authority to Community Development Entities (CDEs). These CDEs serve as financial intermediaries through whom private capital flows from an investor to a project in a low-income community. The investor chosen by the CDE receives a tax credit totaling 39 percent of the cost of the investment that is claimed over a period of seven years.² Wyoming has only had 3 NMTC projects since the inception of the program. This is advantageous to the Casper project as CDEs would be more likely to be interested in being a part of a project in the state.

With an identified financing gap of around \$30 Million, the ARAJRB should consider building a relationship with a number of CDEs to better understand the types of projects that would be most competitive for NMTC. With a financing gap of this size, there will

² New Markets Tax Credits: Unlocking Investment Potential. (n.d.). Retrieved from <https://www.cdfa.net/cdfa/cdfaweb.nsf/ordredirect.html?open=open&id=occ-nmtc-insights-0813.html>

most likely need to be two CDEs to provide a portion to meet the gap identified. A list of CDEs that work in Wyoming or nationally can be found on the CDFI website. One such CDE is below.

a. MoFi

MoFi provides financing and consulting to entrepreneurs and small business owners across the Northern Rockies, as well as affordable housing solutions. It may benefit ARAJPB and the City of Casper to develop a relationship with this community development corporation (CDC) to discuss not only NMTC but other financing programs they offer.

ii. Federal Opportunity Zone Programs

The Tax Cuts and Jobs Act (HR 1) that was signed into law late in 2017 creates a new tax incentive to attract capital to low-income census tract areas, allowing investors to defer tax on capital gains if the proceeds are invested in a qualified Opportunity Fund which is used to support new or existing business activities within the zone. The capital gains invested in a Qualified Opportunity Fund are eligible for partial tax forgiveness if the investment is held in a Qualified Opportunity Fund for at least 5 years, and if an investment is held for 10 years, any tax on the appreciation of that investment is forgiven. Many investors are willing to provide capital to projects but lack the wherewithal to locate and follow through on opportunities in needy communities. The new Opportunity Funds will democratize economic development by allowing a broad array of investors throughout the county to pool resources and mitigate risk, increasing the scale of investments going into underserved areas. The ARAJPB site was listed as Opportunity Zones in 2018. The ARAJPB should develop a strategy for the use of these funds which emphasizes the development of this project and long-term economic development initiatives, and market this incentive to potential investors. For this particular report, Opportunity Zone funds can provide equity for the final capital stack of the Casper Hotel and Conference Center project.

Part V: Maximize the Use of Available State and Local Funds

The following resources should be reviewed for their potential to help finance the project in combination with the federal incentives described above. These financing tools should be pursued simultaneously; each source that is secured will increase the opportunity to leverage additional funding.

i. Wyoming Business Council

The Wyoming Business Council is the economic development arm of the state of Wyoming. They administer a number of programs that may be of use to this project. The Wyoming Business Council was engaged in the stakeholder meetings so some of these programs may already be considered as an option. As they have been doing previously, the City of Casper and the ARAJPB should work carefully with their state economic

development arm to ensure they understand the requirements for each of the programs below³.

a. Partnership Challenge Loan

The original provisions of the Wyoming Partnership Challenge Loan Program authorized the State of Wyoming to participate with local economic development organizations in matching loans for the benefit of area businesses. The Wyoming Business Council can partner with a local economic development organization to create combined loan proceeds that assist a business (third-party loan recipient). The state portion of the matching funds must be secured, cannot exceed \$500,000 and have a maximum loan term of 10 years.

b. Partnership Bridge Loan

The program allows the State of Wyoming to partner with a commercial lender so that combined loan proceeds assist a business “third party loan recipient”. Section 9-12-304 (d) of the revised Statute requires that the State of Wyoming and the lending institution share proportionately any loss in the event of default. A local lending institution will administer the loans with a participation agreement between the State of Wyoming and the local lending institution clearly identifying the rights and responsibilities of all parties.

c. Partnership Guaranteed Loan Participation

The program allows the State of Wyoming to partner with a commercial lender on loans that have a Federal Guarantee (SBA or Rural Development B&I) so that combined loan proceeds assist a business “third party loan recipient”. The State and local lender will share proportionately as in the “Bridge Loan” program

d. Participation Loan Guarantee

The 2005 Wyoming Legislature enacted a bill that will create another option to the Wyoming Partnership Challenge Loan Program. This primary change will allow the State of Wyoming to guarantee a portion of a loan made by a Bank to businesses that are starting, expanding or relocating to Wyoming (very similar to an SBA or Rural Development B&I Guarantee).

ii. Wyoming Community Foundation

The Wyoming Community Foundation is a statewide grantmaking institution who has a focus on meeting the needs of nonprofit entities across the state of Wyoming. For this

³ "Businesses Seeking Financing." Wyoming Business Council. Accessed February 26, 2019. <http://www.wyomingbusiness.org/content/businesses-seeking-financing>.

project, they may be a good partner on multiple levels of the capital stack. It may be a good strategy to engage this foundation in discussions on economic development strategic plans and how this project may further catalyze downtown Casper.

Part V: Explore Private Investment

This project and opportunity for private investment from high-net worth individuals, private organizations and foundations alike. The ARAJPB and the City of Casper should think critically about those investors who may be interested in supporting catalytic projects in their community. Through this type of funding, the ARAJPB and the City of Casper should be aware that there should be some discussion on what private individuals receive in return for their investment or donation to the Casper Hotel and Conference Center project.

Recommendations: Financing the Casper Hotel and Conference Center on Casper Redevelopment Site



Casper Redevelopment Site Diagram Courtesy of Hotel and Conference Center RFP

This set of recommendations addresses the potential redevelopment of a former pipe storage site, northwest of downtown Casper called the Casper Redevelopment site. This site is owned partially by both Casper Redevelopment, a subsidiary of a local developer, and the Natrona County Public Library Foundation. This section identifies some key differences which need to be addressed on the Casper Redevelopment site. The financing recommendations will largely follow the recommendations presented above for the ARAJPB site with a few exceptions. It's up to the City of Casper and its partners to determine the most financially and economically feasible site based on

contamination and final clean-up costs for both sites.

Part I: Complete Phase II Environmental Assessment

Phase I Environmental Assessments found contamination on the Casper Redevelopment site. The developer should engage with the Wyoming Department of Environmental Quality on Phase II Environmental Assessments to provide a clear understanding of the environmental remediation required on the site for its proposed end use. After this Phase II is complete, both the cost of remediation and a remediation plan can be put into place.

Part II: Wyoming DEQ Brownfields Revolving Loan Fund

The State of Wyoming received \$800,000 capitalization for a Brownfields Revolving Loan Fund (RLF) in 2018. They are currently looking for applicants to distribute this funding in the form of low-interest loans to clean-up a specific site. If the Phase II Environmental Assessment finds contamination that is in need of remediation, the City of Casper should determine if these funds are needed to help pay for the remediation of the downtown site. Unlike EPA Clean Up Grants, eligible borrowers in the program include private for-profit developers and non-profit developers. Eligible sites for this RLF must be enrolled in Wyoming DEQ's Voluntary Remediation Program (VRP) and must qualify as a Brownfields site⁴.

Part III: Final Recommendations for Financing



Casper Redevelopment Site

The Casper Redevelopment site, as mentioned above, can follow the recommendations set for the ARAJPB site. This site is also in an Opportunity Zone and a New Markets Tax Credit census tract so the federal incentive tools can be similarly applicable to the overall capital stack.

⁴ "Brownfield Assistance | Voluntary Remediation Program." Wyoming Department of Environmental Quality. Accessed February 21, 2019. http://deq.wyoming.gov/shwd/brownfields-assistance/?no_redirect=true.

Casper Hotel & Conference Center Roadmap to Redevelopment

Additional Resources

CDFA Brownfields Financing Toolkit |

[http://www.cdfa.net/cdfa/cdfaweb.nsf/ord/201502_BF_Toolkit/\\$file/CDFA%20Brownfields%20Financing%20Toolkit%2002.02.15.pdf](http://www.cdfa.net/cdfa/cdfaweb.nsf/ord/201502_BF_Toolkit/$file/CDFA%20Brownfields%20Financing%20Toolkit%2002.02.15.pdf)

CDFA Online Resource Database |

<http://www.cdfa.net/cdfa/cdfaweb.nsf/ordsearch.html>

CDFA Federal Financing Clearinghouse |

<https://www.cdfa.net/cdfa/cdfaweb.nsf/ffcsearch.html>

Types of Brownfields Grant Funding (Environmental Protection Agency) |

<http://www.epa.gov/brownfields/types-brownfields-grant-funding#tab-1>

Tax Credit Reference Guide |

<https://www.cdfa.net/cdfa/cdfaweb.nsf/ordredirect.html?open&id=taxcreditfinrefguide.html>

Wyoming Business Council |

<http://www.wyomingbusiness.org/>

MoFi |

<https://www.mofi.org/business-financing/business-loans/>

Wyoming Community Foundation |

<https://wycf.org/>

CDFI Fund NMTC Searchable Awards Database |

<https://www.cdfifund.gov/awards/state-awards/Pages/state-result.aspx?state=WY&Name=Wyoming>

Acknowledgments

A Project Response Team site visit requires a significant commitment of time and resources. The authors would like to recognize the commitments of many individuals throughout this process. Firstly, the authors would like to thank the following individuals and organizations for their involvement:

Individuals

Renee Hahn
Jerad Stack
Bob Hopkins
Kimberlie Rightmer
Carter Napier
Liz Becher
Aaron Kloke
Craig Collins
Andrew Beamer
Mike Coleman
Cindi Martinez
Matt Buchholz
Jerry Breed
Douglass Birkbeck
Chris Greco
Sasa Jazic
Sabrina Foreman
Amber Gifford
Timm Smith
Kevin Hawley
Brandon Daigle

Organizations

Amoco Reuse Agreement Joint Powers Board
Casper City Council
Wyoming Business Council
City of Casper
Town of Mills
Wyoming Department of Environmental Quality
BP
Casper Area Economic Development Alliance
Refined Properties
Casper Downtown Development Authority

About the Authors

The *Roadmap to Redevelopment Plan* was authored by the Council of Development Finance Agencies (CDFA), a national association dedicated to the advancement of development finance concerns and interests. Learn more about CDFA at www.cdfa.net.

The CDFA project team consisted of the following individuals:

Cayla Matsumoto, Project Manager, Research & Technical Assistance
Harry Allen, Research & Technical Assistance

CDFA was advised during the Brownfields Project Response Team site visit by of the following technical assistance advisor:

Jason Brinkley, Snell & Wilmer
Marc Schultz, Snell & Wilmer



The Council of Development Finance Agencies is a national association dedicated to the advancement of development finance concerns and interests. CDFA is comprised of the nation's leading and most knowledgeable members of the development finance community representing public, private and non-profit entities alike. For more information about CDFA, visit www.cdfa.net or e-mail info@cdfa.net.

Toby Rittner, President & CEO
Council of Development Finance Agencies
100 E Broad Street, Suite 1200
Columbus, OH 43215

CDFA is not herein engaged in rendering legal, accounting, financial or other advisory services, nor does CDFA intend that the material included herein be relied upon to the exclusion of outside counsel or a municipal advisor. This publication, report or presentation is intended to provide accurate and authoritative general information and does not constitute advising on any municipal security or municipal financial product. CDFA is not a registered municipal advisor and does not provide advice, guidance or recommendations on the issuance of municipal securities or municipal financial products.

Those seeking to conduct complex financial transitions using the best practices mentioned in this publication, report or presentation are encouraged to seek the advice of a skilled legal, financial and/or registered municipal advisor. Questions concerning this publication, report or presentation should be directed to info@cdfa.net.

Disclaimer: This publication was developed under Assistance Agreement No. TR-83576801-0 awarded by the U.S. Environmental Protection Agency. It has not been formally reviewed by EPA. The views expressed in this document are solely those of Council of Development Finance Agencies and EPA does not endorse any products or commercial services mentioned in this publication.