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# Sterling Ranch sets ambitious plans for future development

Denver Business Journal - by [Paula Moore](#)

The owners of the planned, 3,500-acre **Sterling Ranch** development in Douglas County see their project as the next big growth opportunity for the county as well as the entire metro Denver region, now that Highlands Ranch is nearly built out.

Sterling Ranch is one of the largest master-planned communities under way in the metro area, along with the 3,500-acre RidgeGate project in Lone Tree and the 1,800-acre HighPoint development near Denver International Airport.

The expansion of the huge, 22,000-acre Highlands Ranch master-planned community, just east of Sterling Ranch, helped Douglas County become one of the fastest-growing counties in the country in the 1990s, nearly tripling its population from some 60,400 people in 1990 to 175,700 in 2000, according to U.S. Census Bureau data. Growth there has slowed during the recent recession, but it's still occurring, with the Census Bureau estimating its 2008 population at 280,600.

"Ours is the last major area in unincorporated Douglas County to be developed. ... We're the hole in the doughnut," said Harold Smethills, principal at Sterling Ranch LLC, which owns the ranch and is overseeing its development.

Smethills is a former executive at United Banks of Colorado and Adolph Coors Co., ex-CEO of American Business Products Inc. as well as the Menasha Corp. packaging company, and an attorney. His wife, Diane Smethills, and brother-in-law, Jack Hoagland, are Sterling Ranch LLC's other principals.

"Sterling Ranch is a substantive piece of development, a regional development," said John Brackney, president and CEO of the South Metro Denver Chamber of Commerce. "It will help the entire metro Denver area accommodate growth."

"A development of this size has a significant economic and fiscal impact on a community," said Patty Silverstein, president of Development Research Partners Inc. of Littleton and author of a study about Sterling Ranch for its owners.

Sterling Ranch is a former working ranch between South Santa Fe Drive to the east and Roxborough Village to the west. Aerospace conglomerate Lockheed Martin Corp.'s (NYSE: LMT) Waterton Canyon campus is just west of the property.

Sterling Ranch LLC bought the 2,200-acre ranch, which dates to 1866, several years ago from the estate of the late Franklin L. Burns, a Denver-area developer, homebuilder and namesake of the University of Denver's real estate school. The new owner recently acquired adjoining land — 415 acres for light industrial development, 640 acres in partnership with the State Land Board and 280 acres of the Allis Ranch.

Development plans include 12,000 homes priced from the low \$100,000s to more than \$750,000, retail and office space, schools, health care facilities, a sports complex and open space.

As the project's creators and main investors, the Sterling Ranch LLC principals envision the development taking 20 years to complete at a cost of \$3 billion to \$4 billion. They're funding initial work largely with their own capital, and plan to pay for the rest over time by selling land to homebuilders, setting up metro districts and possibly with debt.

Analyses of Sterling Ranch, including Silverstein's study, estimate the project will generate 4,000 construction jobs, and create 9,000 permanent jobs from the businesses that will locate there. The development is expected to have an economic impact on the metro area of roughly \$411 million a year.

"The draft of our study tries to isolate just the impact of Sterling Ranch on Douglas County, but you can extend that impact to the entire metro Denver region. ... People employed there will take their paychecks and spend that money throughout the metro area," said Silverstein, who's also chief economist for the Metro Denver Economic Development Corp.

No dirt is moving yet at Sterling Ranch, but the Smethills and Hoagland are putting together preliminary components such as zoning, water sources and plans for amenities to serve visitors to nearby woolly mammoth remains. The ranch sits across South Santa Fe from the Lamb Springs Archaeological Preserve in Highlands Ranch, home to bones of prehistoric mammoths, bison and camels.

Developing hotels, restaurants and other amenities for Lamb Springs is one of two initial projects Sterling Ranch LLC is focused on now. The other is a sports complex in the northeastern part of the property that could provide baseball, soccer and other facilities for youth athletics.

The Colorado Rush Soccer Club of Littleton — which runs youth and adult soccer leagues in metro Denver and launched the international



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Jack Hoagland, Diane Smethills and Harold Smethills are principals of Sterling Ranch LLC, which is overseeing the development of 3,500 acres in the south Denver area.

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Rush Soccer organization — and the Slammers Baseball & Softball organization of Lakewood are considering having facilities at Sterling Ranch, according to Hoagland. The ranch also is looking at sharing the sports venues with Douglas County schools.

#### **Pushing sustainability**

With all the development at Sterling Ranch, the project's principals want to create an environment that takes sustainability to the next level. They want the project to be sustainable from environmental, social and economic perspectives.

That means developing a walkable, urban-type project with a town center and seven surrounding "villages," each with its own theme. It means having a small carbon footprint, conserving water and making the project self-supporting with businesses and jobs located there, but also connected to nearby neighborhoods.

"How do you do a 21st century community? That's what we're planning," said Diane Smethills, a veteran real estate marketer/developer. "That means being sustainable — being green — and maintaining a Western spirit."

Making sure Sterling Ranch has adequate water has been controversial recently. The project's creators say they expect to have access to needed water from sources such as the Platte River, reservoirs to be built on the property, planned rainwater capture and Denver Water. "Our water is very expensive, so we can't afford not to use it wisely," Harold Smethills said.

But earlier this year, some officials at the city of Littleton thought the Sterling Ranch principals were interested in possible annexation of their project by the city largely because they want water from Littleton. The principals, who said they were more interested in sharing the city's sewer plant, subsequently withdrew their annexation application.

"I don't believe you can build a project of that size and say you have enough water. ... Littleton is in a fortunate situation, in that we have a great contract with Denver Water," said Debbie Brinkman, Littleton city councilwoman for District 4 and mayor pro tem. "They wanted a piece of that."

The Sterling Ranch partners even are working with The TSR Group Inc., a Golden-based land development consulting firm, on possibly growing crops such as vegetables and grains at their project.

"We want to create calories onsite. ... We're talking about growing our own food, having community gardens," Hoagland said.

Before working on Sterling Ranch, Hoagland had a long career in homebuilding as an executive at Richmond American Homes of Denver, and with other homebuilders such as Kaufman and Broad and Carma Colorado. He helped assemble the land near downtown Denver for the \$100 million Elyse Gardens amusement park.

Construction on homes at Sterling Ranch won't start until after the project gets its zoning approval from Douglas County. The Sterling Ranch partners applied for zoning in 2009 and hope to secure it late this year or in early 2011, so that homebuilding might start next year.

"For a project of this size, it's not unusual for zoning to take a long time," said Lynn Myers, economic development director for the Southeast Business Partnership in Englewood. "Douglas County has a high threshold for planning, which has served them well for years. The [Sterling Ranch principals] have been sound in their processes; they've set the bar high."

Several homebuilders — including large, national ones — want to build at Sterling Ranch, according to the principals, who declined to name them.

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