

Draft Report

El Paso County Impact Report

Project Garnet Urban Renewal Area

The Economics of Land Use



Prepared for:

Colorado Springs Urban Renewal Authority

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1. Introduction

This report includes a summary of the expected fiscal impacts of the site included in the Project Garnet Urban Renewal Plan (Plan) in El Paso County (County). The El Paso County Impact Report for Project Garnet Urban Renewal Area (Report) was prepared by Economic & Planning Systems (EPS) for the Colorado Springs Urban Renewal Authority (“CSURA” or “Authority”).

The Report includes a summary of forecasted property tax revenues as well as El Paso County fiscal and service impacts associated with development in accordance with the Urban Renewal Plan. It specifically responds to the requirements outlined in C.R.S. 31-25-107 (3.5):

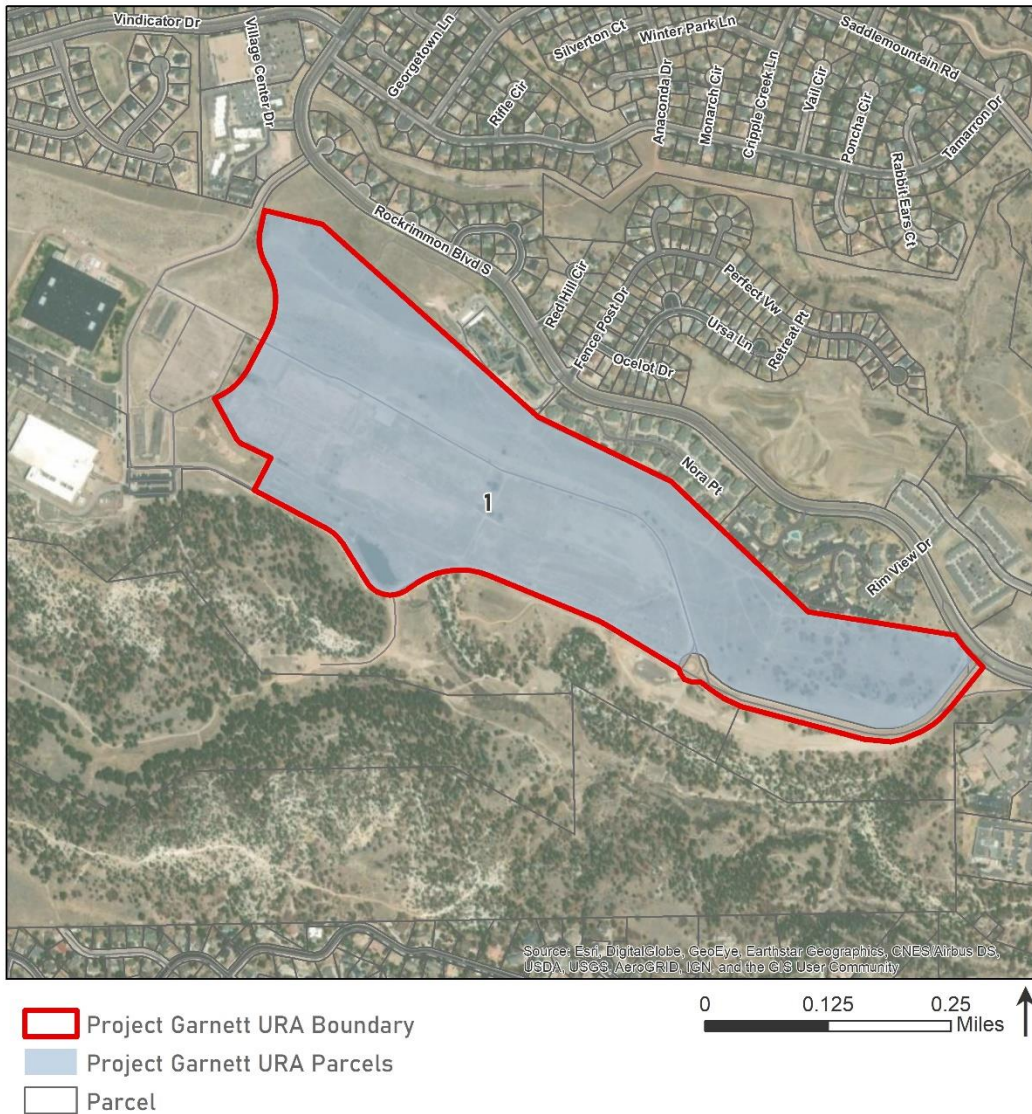
C.R.S. 31-25-107: APPROVAL OF URBAN RENEWAL PLANS BY THE LOCAL GOVERNING BODY

- (3.5) “Prior to the approval of an urban renewal plan, the governing body shall submit such plan to the board of county commissioners, which shall include, at a minimum, the following information concerning the impact of such plan:
- I. The estimated duration of time to complete the urban renewal project;
 - II. The estimated annual property tax increment to be generated by the urban renewal project and the portion of such property tax increment to be allocated during this period to fund the urban renewal project;
 - III. An estimate of the impact of the urban renewal project on county revenues and on the cost and extent of additional county infrastructure and services required to serve development within the proposed urban renewal area, and the benefit of improvements within the urban renewal area to existing county infrastructure;
 - IV. A statement setting forth the method under which the authority or the municipality will finance, or that agreements are in place to finance, any additional county infrastructure and services required to serve development in the urban renewal area for the period in which all or any portion of the property taxes described in subparagraph (ii) of paragraph (a) of subsection (9) of this section and levied by a county are paid to the authority; and
 - V. Any other estimated impacts of the urban renewal project on county services or revenues.”

Urban Renewal Plan Description

The Project Garnet Urban Renewal Area (“URA” or “Plan Area”) is located in the City of Colorado Springs in El Paso County. The Plan Area is comprised of one parcel on approximately 88.4 acres of land plus adjacent right-of-way (ROW). The location of the Plan Area to which this Plan applies is 301 South Rockrimmon Boulevard and is generally bounded by Ute Valley Trail Road to the east, Ute Valley open space to the south, commercial offices to the west, and residential development to the north, as shown below in **Figure 1**.

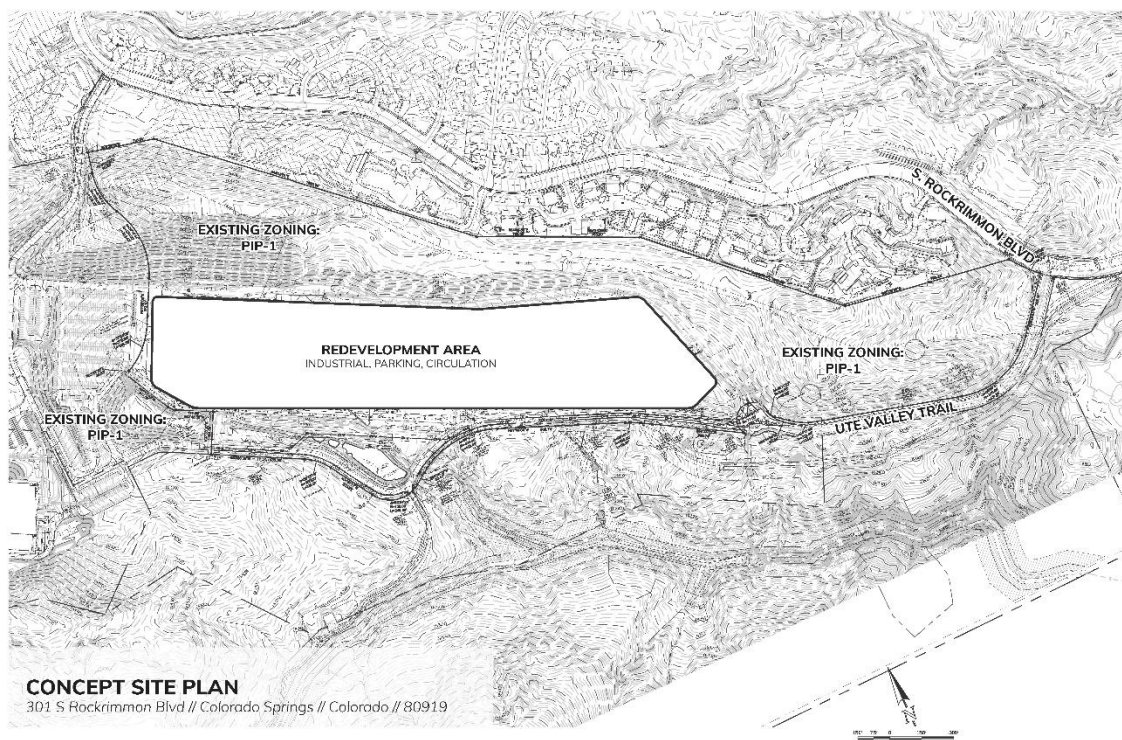
Figure 1. Project Garnet URA Boundary



2. Development Program

The proposed project for the Plan Area, as expressed by the Developer, is an industrial development with a 500,000 square foot high-tech manufacturing facility, as shown in the concept plan illustrated in **Figure 2**. After the initial phase is complete there is potential for an expansion with an additional 500,000 square feet.

Figure 2. Project Garnet Concept Plan



Economic Benefit

The Project Garnet development will provide an economic benefit of job creation within Colorado Springs and El Paso County. The facility will add approximately 600 new jobs over the course of five years. These jobs have an average annual wage of \$75,000 and include managers, technicians, chemists, engineers, and warehouse operators. The high-tech manufacturing facility will support the continued development of Colorado's semiconductor industry along with the high-skilled workforce it requires. Additionally, there is a commitment to fill 50 percent of the new engineering jobs with women and/or individuals of underrepresented groups.

3. County Fiscal Impact

In order to estimate the anticipated impact of the development of the parcels included in the Plan Area boundary on the County, EPS evaluated expected property tax revenues, infrastructure costs, and impacts on cost of service for the County.

Property Taxes

CSURA is expected to request 100 percent of the property tax increment generated by the Plan, which includes any property tax that is generated by new development on the parcels included in the Plan Area. These revenues are necessary to allow the project to move forward and will be used to fund eligible improvements.

Assumptions

To estimate potential Project Garnet property tax revenues, EPS estimated the market (actual) value for the industrial development at \$160 per square foot. The estimated valuation is based on comparable property research and the El Paso County Assessor. This analysis only includes real property and does not include business personal property.

Property Tax Base

The current Project Garnet assessed property value is roughly \$558,163 per year, shown below in **Table 1**. This base reflects the total value of the land and buildings/improvements on each parcel. The assessment rate and mill levy are two universally used factors that generate revenue streams that are a portion of total valuation. The assessment rate for commercial property in Colorado is 29.0 percent and per state regulations, vacant land is classified as commercial property. The 2021 mill levies for all parcels in the taxing district that includes the proposed Urban Renewal Area are shown in **Table 2**. The total mill levy in 2021 was 72.215, which includes 7.285 mills for El Paso County (including El Paso County Road and Bridge share).

Table 1. Property Base Value, 2021

#	Parcel	Actual Value		Assessed Value	
		Land	Improv.	Land	Improv.
1	7313001006	\$1,924,699	\$0	\$558,163	\$0
Total		\$1,924,699	\$0	\$558,163	\$0

Source: El Paso County Assessor; Economic & Planning Systems

Table 2. Mill Levies, 2021

Description	Mill Levy
EL PASO COUNTY	7.1200
EPC ROAD & BRIDGE SHARE	0.1650
CITY OF COLORADO SPRINGS	3.9290
EPC-COLORADO SPGS ROAD & BRIDGE SHARE	0.1650
ACADEMY SCHOOL NO 20	56.5070
PIKES PEAK LIBRARY	3.4900
SOUTHEASTERN COLO WATER CONSERVANCY	0.8390
EL PASO COUNTY CONSERVATION	0.0000
TOTAL	72.2150

Source: El Paso County Assessor; Economic & Planning Systems

Property Tax Increment

Based on the assumptions stated above and information from the Assessor, the cumulative value of the industrial development is estimated at \$114.4 million over the 25-year time horizon of the URA, which will sunset in 2047. This is based on the initial development phase of 500,000 square feet. The future property taxes due to new development is referred to as the "Increment." The development of Project Garnet is expected to generate approximately \$40.8 million in property tax increment over the 25-year period, which equates to an average of approximately \$1.7 million per year, as shown in **Table 3**. The net present value (NPV) of these revenues translates to \$21.0 million, based on a discount rate of 5.0 percent. Following the 25-year period, the property tax that has been redirected through the URA will revert to the original taxing entities. At that time, the parcels shown in the Plan Area are expected to generate approximately \$2.4 million annually in total property taxes, which includes approximately \$57,500 that is attributed to the base values and \$2.3 million that is generated by the increment or new development. Property taxes are calculated by multiplying the assessed value by the mill levy and one mill is 1/1,000th of a dollar therefore the mill levy is divided by 1,000.

After Phase 1 of the development is complete in 2028, there is potential for Phase 2 expansion with an additional 500,000 square feet. This second phase is not guaranteed, but if it was constructed it would generate approximately \$34.8 million in additional property tax increment over the 25-year period, shown below in **Table 4**. The next present value (NPV) of these revenues translates to \$16.2 million based on a discount rate of 5.0 percent. While equal in size, the proceeds from Phase 2 are less than Phase 1, given that the 25-year time horizon of the URA is a constant. The NPV is lower, as there are fewer years of property tax proceeds to discount. This Report focuses on the impact of Phase 1, but estimated property tax increment and revenue are shown for Phase 2.

Table 3. Garnet Property Tax Increment, 2023-2047

Year	Plan Yr.	Complete %	Dev. Value \$160/sf 500,000 sf	Appraised Val. Industrial 100.0% of Act.	Assessed Value (1-Yr. Lag) ^[1]			Total Property Tax Base Val. 72.215 mill levy	Property Tax Increment (1-Yr. Lag) 72.215 mill levy	TIF Present Value (1-Yr. Lag) 5.00%
					Base Val. ^[2] 29.00%	Industrial ncrement Val. 29.00%				
2023	1	0%	\$0	\$0	\$558,163	\$0	\$0	\$40,308	\$0	\$0
2024	2	50%	\$40,600,000	\$40,600,000	\$558,163	\$0	\$0	\$40,308	\$0	\$0
2025	3	75%	\$61,813,500	\$61,813,500	\$574,908	\$11,774,000	\$11,199,092	\$41,517	\$0	\$0
2026	4	80%	\$66,923,416	\$66,923,416	\$574,908	\$17,925,915	\$17,351,007	\$41,517	\$808,742	\$698,622
2027	5	90%	\$76,418,176	\$76,418,176	\$592,155	\$19,407,791	\$18,815,636	\$42,762	\$1,253,003	\$1,030,849
2028	6	100%	\$86,182,720	\$86,182,720	\$592,155	\$22,161,271	\$21,569,116	\$42,762	\$1,358,771	\$1,064,633
2029	7	100%	\$87,475,461	\$87,475,461	\$609,919	\$24,992,989	\$24,383,069	\$44,045	\$1,557,614	\$1,162,315
2030	8	100%	\$88,787,593	\$88,787,593	\$609,919	\$24,992,989	\$24,383,069	\$44,045	\$1,760,823	\$1,251,384
2031	9	100%	\$90,119,407	\$90,119,407	\$628,217	\$25,748,402	\$25,120,185	\$45,367	\$1,760,823	\$1,191,795
2032	10	100%	\$91,471,198	\$91,471,198	\$628,217	\$25,748,402	\$25,120,185	\$45,367	\$1,814,054	\$1,169,355
2033	11	100%	\$92,843,266	\$92,843,266	\$647,064	\$26,526,647	\$25,879,584	\$46,728	\$1,814,054	\$1,113,672
2034	12	100%	\$94,235,915	\$94,235,915	\$647,064	\$26,526,647	\$25,879,584	\$46,728	\$1,868,894	\$1,092,704
2035	13	100%	\$95,649,454	\$95,649,454	\$666,475	\$27,328,415	\$26,661,940	\$48,130	\$1,868,894	\$1,040,670
2036	14	100%	\$97,084,196	\$97,084,196	\$666,475	\$27,328,415	\$26,661,940	\$48,130	\$1,925,392	\$1,021,076
2037	15	100%	\$98,540,458	\$98,540,458	\$686,470	\$28,154,417	\$27,467,947	\$49,573	\$1,925,392	\$972,454
2038	16	100%	\$100,018,565	\$100,018,565	\$686,470	\$28,154,417	\$27,467,947	\$49,573	\$1,983,598	\$954,144
2039	17	100%	\$101,518,844	\$101,518,844	\$707,064	\$29,005,384	\$28,298,320	\$51,061	\$1,983,598	\$908,709
2040	18	100%	\$103,041,626	\$103,041,626	\$707,064	\$29,005,384	\$28,298,320	\$51,061	\$2,043,563	\$891,600
2041	19	100%	\$104,587,251	\$104,587,251	\$728,276	\$29,882,072	\$29,153,796	\$52,592	\$2,043,563	\$849,143
2042	20	100%	\$106,156,060	\$106,156,060	\$728,276	\$29,882,072	\$29,153,796	\$52,592	\$2,105,341	\$833,155
2043	21	100%	\$107,748,401	\$107,748,401	\$750,124	\$30,785,257	\$30,035,133	\$54,170	\$2,105,341	\$793,481
2044	22	100%	\$109,364,627	\$109,364,627	\$750,124	\$30,785,257	\$30,035,133	\$54,170	\$2,168,987	\$778,541
2045	23	100%	\$111,005,096	\$111,005,096	\$772,628	\$31,715,742	\$30,943,114	\$55,795	\$2,168,987	\$741,468
2046	24	100%	\$112,670,172	\$112,670,172	\$772,628	\$31,715,742	\$30,943,114	\$55,795	\$2,234,557	\$727,508
2047	25	100%	\$114,360,225	\$114,360,225	\$795,807	\$32,674,350	\$31,878,543	\$57,469	\$2,234,557	\$692,864
Total								\$1,201,566	\$40,788,551	\$20,980,143
Ann. #								\$50,065	\$1,699,523	\$874,173

^[1]Reflects a biannual reassessment.

^[2] Biannual escalation of 3.0%

Source: El Paso County Assessor; Economic & Planning Systems

Table 4. Phase 2 Property Tax Increment, 2023-2047

Year	Plan Yr.	Complete %	Dev. Value \$160/sf 500,000 sf	Appraised Val.	Assessed Value (1-Yr. Lag) ^[1]		Property Tax Increment (1-Yr. Lag) 72.215 mill levy	TIF Present Value (1-Yr. Lag) 5.00%
				Industrial 100.0% of Act.	Industrial	Increment Val. 29.00%		
2023	1	0%	\$0	\$0	\$0	\$0	\$0	\$0
2024	2	0%	\$0	\$0	\$0	\$0	\$0	\$0
2025	3	0%	\$0	\$0	\$0	\$0	\$0	\$0
2026	4	0%	\$0	\$0	\$0	\$0	\$0	\$0
2027	5	0%	\$0	\$0	\$0	\$0	\$0	\$0
2028	6	50%	\$43,091,360	\$43,091,360	\$0	\$0	\$0	\$0
2029	7	75%	\$65,606,596	\$65,606,596	\$12,496,494	\$12,496,494	\$0	\$0
2030	8	80%	\$71,030,074	\$71,030,074	\$19,025,913	\$19,025,913	\$902,434	\$641,343
2031	9	90%	\$81,107,466	\$81,107,466	\$20,598,722	\$20,598,722	\$1,373,956	\$929,948
2032	10	100%	\$91,471,198	\$91,471,198	\$23,521,165	\$23,521,165	\$1,487,537	\$958,879
2033	11	100%	\$92,843,266	\$92,843,266	\$26,526,647	\$26,526,647	\$1,698,581	\$1,042,781
2034	12	100%	\$94,235,915	\$94,235,915	\$26,526,647	\$26,526,647	\$1,915,622	\$1,120,024
2035	13	100%	\$95,649,454	\$95,649,454	\$27,328,415	\$27,328,415	\$1,915,622	\$1,066,690
2036	14	100%	\$97,084,196	\$97,084,196	\$27,328,415	\$27,328,415	\$1,973,522	\$1,046,601
2037	15	100%	\$98,540,458	\$98,540,458	\$28,154,417	\$28,154,417	\$1,973,522	\$996,762
2038	16	100%	\$100,018,565	\$100,018,565	\$28,154,417	\$28,154,417	\$2,033,171	\$977,990
2039	17	100%	\$101,518,844	\$101,518,844	\$29,005,384	\$29,005,384	\$2,033,171	\$931,419
2040	18	100%	\$103,041,626	\$103,041,626	\$29,005,384	\$29,005,384	\$2,094,624	\$913,877
2041	19	100%	\$104,587,251	\$104,587,251	\$29,882,072	\$29,882,072	\$2,094,624	\$870,359
2042	20	100%	\$106,156,060	\$106,156,060	\$29,882,072	\$29,882,072	\$2,157,934	\$853,968
2043	21	100%	\$107,748,401	\$107,748,401	\$30,785,257	\$30,785,257	\$2,157,934	\$813,303
2044	22	100%	\$109,364,627	\$109,364,627	\$30,785,257	\$30,785,257	\$2,223,157	\$797,985
2045	23	100%	\$111,005,096	\$111,005,096	\$31,715,742	\$31,715,742	\$2,223,157	\$759,986
2046	24	100%	\$112,670,172	\$112,670,172	\$31,715,742	\$31,715,742	\$2,290,352	\$745,673
2047	25	100%	\$114,360,225	\$114,360,225	\$32,674,350	\$32,674,350	\$2,290,352	\$710,165
Total							\$34,839,272	\$16,177,755
Ann. #							\$1,451,636	\$674,073

^[1]Reflects a biannual reassessment.

^[2] Biannual escalation of 3.0%

Source: El Paso County Assessor; Economic & Planning Systems

Taxing District Impact

El Paso County Impact

The combined total El Paso County property tax levy (including the General Fund at 7.120 mills and Road and Bridge at 0.165 mills) is 7.285 mills. Existing property taxes refer to the "Base" and will continue to be collected by El Paso County. The County's share of the current property tax base is \$4,066, shown in **Table 5**, and which is expected to grow at 3.0 percent every two years resulting in an annual amount of \$5,800 for El Paso County in Year 25 and generating a total of approximately \$121,200 over the 25-year period. After the 25-year URA tax increment period is complete, the County's share of property tax revenues will increase to approximately \$238,000 annually based on the size and valuation of Phase 1 of the Project Garnet development. If Phase 2 is constructed it would generate an additional \$238,000 annually after the sunset of the URA.

Table 5. El Paso County Property Tax Revenue, 2023-2048

Year	Plan Year	El Paso County Property Tax: 7.285 mills			
		Base	Phase 1 Incr. 1-Yr. Lag	Phase 2 Incr. 1-Yr. Lag	Phase 1 Total
2023	1	\$4,066	\$0	\$0	\$4,066
2024	2	\$4,066	\$0	\$0	\$4,066
2025	3	\$4,188	\$0	\$0	\$4,188
2026	4	\$4,188	\$81,585	\$0	\$85,774
2027	5	\$4,314	\$126,402	\$0	\$130,716
2028	6	\$4,314	\$137,072	\$0	\$141,386
2029	7	\$4,443	\$157,131	\$0	\$161,574
2030	8	\$4,443	\$177,631	\$91,037	\$182,074
2031	9	\$4,577	\$177,631	\$138,604	\$182,207
2032	10	\$4,577	\$183,001	\$150,062	\$187,577
2033	11	\$4,714	\$183,001	\$171,352	\$187,714
2034	12	\$4,714	\$188,533	\$193,247	\$193,247
2035	13	\$4,855	\$188,533	\$193,247	\$193,388
2036	14	\$4,855	\$194,232	\$199,088	\$199,088
2037	15	\$5,001	\$194,232	\$199,088	\$199,233
2038	16	\$5,001	\$200,104	\$205,105	\$205,105
2039	17	\$5,151	\$200,104	\$205,105	\$205,255
2040	18	\$5,151	\$206,153	\$211,304	\$211,304
2041	19	\$5,305	\$206,153	\$211,304	\$211,459
2042	20	\$5,305	\$212,385	\$217,691	\$217,691
2043	21	\$5,465	\$212,385	\$217,691	\$217,850
2044	22	\$5,465	\$218,806	\$224,271	\$224,271
2045	23	\$5,629	\$218,806	\$224,271	\$224,435
2046	24	\$5,629	\$225,421	\$231,049	\$231,049
2047	25	\$5,797	\$225,421	\$231,049	\$231,218
Total		\$121,213	\$4,114,721	\$3,514,562	\$4,235,934
Future Tax Revenue					
2048		\$5,797	\$232,235	\$238,033	\$238,033

Source: Economic & Planning Systems

Academy School District 20 Impact

The Plan Area is located within the Academy School District 20, which has a 56.507 mill levy. The School District's share of the current property tax base is \$31,540, shown in **Table 6**, and will continue to be collected by the School District. The base amount is expected to grow at 3.0 percent every two years resulting in an annual amount of \$45,000 in Year 25 and generating \$940,200 over the 25-year period. After the 25-year period is complete, the School District's share of property tax revenues will increase to approximately \$1.8 million annually due to the new development. This includes approximately \$1.8 million generated by the property tax increment from Phase 1. If Phase 2 is constructed it would generate an additional \$1.8 million annually after the URA is terminated.

Table 6. School District Property Tax Revenue, 2023-2048

Year	Plan Year	School Dist. Property Tax: 56.507 mills			
		Base	Phase 1 Incr. 1-Yr. Lag	Phase 2 Incr. 1-Yr. Lag	Phase 1 Total
2023	1	\$31,540	\$0	\$0	\$31,540
2024	2	\$31,540	\$0	\$0	\$31,540
2025	3	\$32,486	\$0	\$0	\$32,486
2026	4	\$32,486	\$632,827	\$0	\$665,313
2027	5	\$33,461	\$980,453	\$0	\$1,013,914
2028	6	\$33,461	\$1,063,215	\$0	\$1,096,676
2029	7	\$34,465	\$1,218,806	\$0	\$1,253,271
2030	8	\$34,465	\$1,377,814	\$706,139	\$1,412,279
2031	9	\$35,499	\$1,377,814	\$1,075,097	\$1,413,313
2032	10	\$35,499	\$1,419,466	\$1,163,972	\$1,454,965
2033	11	\$36,564	\$1,419,466	\$1,329,110	\$1,456,030
2034	12	\$36,564	\$1,462,378	\$1,498,941	\$1,498,941
2035	13	\$37,661	\$1,462,378	\$1,498,941	\$1,500,038
2036	14	\$37,661	\$1,506,586	\$1,544,247	\$1,544,247
2037	15	\$38,790	\$1,506,586	\$1,544,247	\$1,545,377
2038	16	\$38,790	\$1,552,131	\$1,590,922	\$1,590,922
2039	17	\$39,954	\$1,552,131	\$1,590,922	\$1,592,085
2040	18	\$39,954	\$1,599,053	\$1,639,007	\$1,639,007
2041	19	\$41,153	\$1,599,053	\$1,639,007	\$1,640,206
2042	20	\$41,153	\$1,647,394	\$1,688,546	\$1,688,546
2043	21	\$42,387	\$1,647,394	\$1,688,546	\$1,689,781
2044	22	\$42,387	\$1,697,195	\$1,739,583	\$1,739,583
2045	23	\$43,659	\$1,697,195	\$1,739,583	\$1,740,854
2046	24	\$43,659	\$1,748,503	\$1,792,161	\$1,792,161
2047	25	\$44,969	\$1,748,503	\$1,792,161	\$1,793,471
Total		\$940,205	\$31,916,342	\$27,261,133	\$32,856,547
Future Tax Revenue					
	2048	\$44,969	\$1,801,361	\$1,846,329	\$1,846,329

Source: Economic & Planning Systems

City of Colorado Springs Impact

The City of Colorado Springs has a 3.929 mill levy in 2021. The City’s share of the current property tax base is \$2,193, shown in **Table 7**, and will continue to be collected by the City. The base amount is expected to grow at 3.0 percent every two years resulting in an annual amount of \$3,100 in Year 25 and generating a total of approximately \$65,400 over the 25-year period. After the 25-year period is complete, the City’s share of property tax revenues will increase to approximately \$128,400 annually due to the new development. This includes approximately \$125,300 generated by the property tax increment from Phase 1. If Phase 2 is constructed it would generate an additional \$128,400 annually once the URA has been retired.

Table 7. City of Colorado Springs Property Tax Revenue, 2023-2048

Year	Plan Year	Co. Springs Property Tax: 3.929 mills			
		Base	Phase 1 Incr. 1-Yr. Lag	Phase 2 Incr. 1-Yr. Lag	Phase 1 Total
2023	1	\$2,193	\$0	\$0	\$2,193
2024	2	\$2,193	\$0	\$0	\$2,193
2025	3	\$2,259	\$0	\$0	\$2,259
2026	4	\$2,259	\$44,001	\$0	\$46,260
2027	5	\$2,327	\$68,172	\$0	\$70,499
2028	6	\$2,327	\$73,927	\$0	\$76,253
2029	7	\$2,396	\$84,745	\$0	\$87,141
2030	8	\$2,396	\$95,801	\$49,099	\$98,197
2031	9	\$2,468	\$95,801	\$74,753	\$98,269
2032	10	\$2,468	\$98,697	\$80,932	\$101,165
2033	11	\$2,542	\$98,697	\$92,415	\$101,240
2034	12	\$2,542	\$101,681	\$104,223	\$104,223
2035	13	\$2,619	\$101,681	\$104,223	\$104,299
2036	14	\$2,619	\$104,755	\$107,373	\$107,373
2037	15	\$2,697	\$104,755	\$107,373	\$107,452
2038	16	\$2,697	\$107,922	\$110,619	\$110,619
2039	17	\$2,778	\$107,922	\$110,619	\$110,700
2040	18	\$2,778	\$111,184	\$113,962	\$113,962
2041	19	\$2,861	\$111,184	\$113,962	\$114,045
2042	20	\$2,861	\$114,545	\$117,407	\$117,407
2043	21	\$2,947	\$114,545	\$117,407	\$117,493
2044	22	\$2,947	\$118,008	\$120,955	\$120,955
2045	23	\$3,036	\$118,008	\$120,955	\$121,044
2046	24	\$3,036	\$121,575	\$124,611	\$124,611
2047	25	\$3,127	\$121,575	\$124,611	\$124,702
Total		\$65,374	\$2,219,182	\$1,895,500	\$2,284,555
Future Tax Revenue					
2048		\$3,127	\$125,251	\$128,378	\$128,378

Source: Economic & Planning Systems

Pikes Peak Library District Impact

The Plan Area is located within the Pikes Peak Library District, which has a 3.490 mill levy. The Library District’s share of the current property tax base is \$1,948, shown in **Table 8**, and will continue to be collected by the Library District. The base amount is expected to grow at 3.0 percent every two years resulting in an annual amount of \$2,777 in Year 25 and generating a total of approximately \$58,100 over the 25-year period. After the 25-year period is complete, the Pikes Peak Library District’s share of property tax revenues will increase to approximately \$114,000 annually due to the new development. This includes approximately \$111,300 generated by the property tax increment from Phase 1. If Phase 2 is constructed it would generate an additional \$114,000 annually.

Table 8. Library Property Tax Revenue, 2023-2048

Year	Plan Year	Library Property Tax: 3.49 mills			
		Base	Phase 1 Incr. 1-Yr. Lag	Phase 2 Incr. 1-Yr. Lag	Phase 1 Total
2023	1	\$1,948	\$0	\$0	\$1,948
2024	2	\$1,948	\$0	\$0	\$1,948
2025	3	\$2,006	\$0	\$0	\$2,006
2026	4	\$2,006	\$39,085	\$0	\$41,091
2027	5	\$2,067	\$60,555	\$0	\$62,622
2028	6	\$2,067	\$65,667	\$0	\$67,733
2029	7	\$2,129	\$75,276	\$0	\$77,405
2030	8	\$2,129	\$85,097	\$43,613	\$87,226
2031	9	\$2,192	\$85,097	\$66,400	\$87,289
2032	10	\$2,192	\$87,669	\$71,890	\$89,862
2033	11	\$2,258	\$87,669	\$82,089	\$89,928
2034	12	\$2,258	\$90,320	\$92,578	\$92,578
2035	13	\$2,326	\$90,320	\$92,578	\$92,646
2036	14	\$2,326	\$93,050	\$95,376	\$95,376
2037	15	\$2,396	\$93,050	\$95,376	\$95,446
2038	16	\$2,396	\$95,863	\$98,259	\$98,259
2039	17	\$2,468	\$95,863	\$98,259	\$98,331
2040	18	\$2,468	\$98,761	\$101,229	\$101,229
2041	19	\$2,542	\$98,761	\$101,229	\$101,303
2042	20	\$2,542	\$101,747	\$104,288	\$104,288
2043	21	\$2,618	\$101,747	\$104,288	\$104,365
2044	22	\$2,618	\$104,823	\$107,441	\$107,441
2045	23	\$2,696	\$104,823	\$107,441	\$107,519
2046	24	\$2,696	\$107,991	\$110,688	\$110,688
2047	25	\$2,777	\$107,991	\$110,688	\$110,769
Total		\$58,069	\$1,971,225	\$1,683,709	\$2,029,295
Future Tax Revenue					
2048		\$2,777	\$111,256	\$114,033	\$114,033

Source: Economic & Planning Systems

Southeastern Colorado Water Conservancy District Impact

The Plan Area is located within the Southeastern Colorado Water Conservancy District, which has a 0.839 mill levy. The Water Conservancy District’s share of the current property tax base is \$468, shown in **Table 9**, and will continue to be collected by the Water Conservancy District. The base amount is expected to grow at 3.0 percent every two years resulting in an annual amount of \$668 in Year 25 and generating a total of approximately \$14,000 over the 25-year period. After the 25-year period is complete, the Southeastern Colorado Water Conservancy District’s share of property tax revenues will increase to approximately \$27,400 annually due to the new development. This includes approximately \$26,700 generated by the property tax increment from Phase 1. If Phase 2 is constructed it would generate an additional \$27,400 annually.

Table 9. Water Conservancy Property Tax Revenue, 2023-2048

Year	Plan Year	Water Conserv. Property Tax: 0.839 mills			
		Base	Phase 1 Incr. 1-Yr. Lag	Phase 2 Incr. 1-Yr. Lag	Phase 1 Total
2023	1	\$468	\$0	\$0	\$468
2024	2	\$468	\$0	\$0	\$468
2025	3	\$482	\$0	\$0	\$482
2026	4	\$482	\$9,396	\$0	\$9,878
2027	5	\$497	\$14,557	\$0	\$15,054
2028	6	\$497	\$15,786	\$0	\$16,283
2029	7	\$512	\$18,096	\$0	\$18,608
2030	8	\$512	\$20,457	\$10,485	\$20,969
2031	9	\$527	\$20,457	\$15,963	\$20,984
2032	10	\$527	\$21,076	\$17,282	\$21,603
2033	11	\$543	\$21,076	\$19,734	\$21,619
2034	12	\$543	\$21,713	\$22,256	\$22,256
2035	13	\$559	\$21,713	\$22,256	\$22,272
2036	14	\$559	\$22,369	\$22,929	\$22,929
2037	15	\$576	\$22,369	\$22,929	\$22,945
2038	16	\$576	\$23,046	\$23,622	\$23,622
2039	17	\$593	\$23,046	\$23,622	\$23,639
2040	18	\$593	\$23,742	\$24,336	\$24,336
2041	19	\$611	\$23,742	\$24,336	\$24,353
2042	20	\$611	\$24,460	\$25,071	\$25,071
2043	21	\$629	\$24,460	\$25,071	\$25,089
2044	22	\$629	\$25,199	\$25,829	\$25,829
2045	23	\$648	\$25,199	\$25,829	\$25,848
2046	24	\$648	\$25,961	\$26,610	\$26,610
2047	25	<u>\$668</u>	<u>\$25,961</u>	<u>\$26,610</u>	<u>\$26,629</u>
Total		\$13,960	\$473,885	\$404,766	\$487,845
Future Tax Revenue					
2048		\$668	\$26,746	\$27,414	\$27,414

Source: Economic & Planning Systems

Summary of Impact

Cost of Service and Infrastructure Costs

Development projects such as Project Garnet will generate fiscal and economic impacts to El Paso County, with factors that are both positive and negative. It is important to recognize that the cost of service and infrastructure costs vary depending on whether or not the development occurs within incorporated or unincorporated areas. The entire Plan Area is located within the City of Colorado Springs municipal boundaries; therefore, the majority of urban services required by the new development will be provided by the City including police, parks and recreation, water, sewer, and general administration such as planning, zoning, land use code enforcement, business licensing, etc.

For the purposes of this analysis, EPS has provided detailed calculations of the TIF revenues to be used to service debt for Project Garnet, which is shown for each of the taxing entities within the county. The analysis assumes that the modest additional service cost to the County associated with the future development within the City of Colorado Springs is balanced by additional revenue sources, such as intergovernmental transfers, fees for services, and revenues collected through conventional methods (sales tax) that are likely to increase based on the expansion of economic activity at this location.

The County is expected to have no financial exposure for infrastructure costs or other capital improvements, at time of construction or on an ongoing basis. Future infrastructure costs that are associated with development on parcels included in the Plan boundary are anticipated to be financed by the Developer initially, and by the City of Colorado Springs in the future.

Summary of the Net County Impact

Based on the analysis included in this report, EPS anticipates that there will be no negative impacts of the proposed Project Garnet Urban Renewal Plan on El Paso County. The County will continue to receive the base property tax amount of \$4,066 annually with biannual escalation, and that there is no significant increase in the costs of providing County services. Based on previous experience evaluating El Paso County's fiscal structure, EPS has an understanding of expenditures, revenues, and alternative revenue sources that new development generates as well as the corresponding costs of service attributed to various development types. Moreover, because the future development will be located within the City of Colorado Springs, and the City is responsible for a majority of services, including ones with typically higher costs to local government (i.e., police, public works, water), the County's exposure in terms of its financial outlay will be modest and is expected to be mitigated with other revenue sources.

By 2048, the end of the 25-year tax increment financing period, the County's portion of property tax is expected to increase to \$238,000 per year as a result of the new development of Phase 1. If Phase 2 is constructed it would generate an additional \$238,000 annually.

Aside from the direct fiscal impacts of the project, the County will also benefit from the additional 600 jobs and \$45.0 million in total personal income generated by the project on an annual basis. This direct economic activity, as well as the spinoff from indirect and induced spending in the area economy will more than offset any increases in County service costs.