

Report

El Paso County Impact Report

City Gate 2.0 Urban Renewal Area

The Economics of Land Use



Prepared for:

Colorado Springs Urban Renewal Authority

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May 23, 2022

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1. Introduction

Economic & Planning Systems (EPS) has evaluated the proposed Weidner Development to be constructed around Switchback Stadium, which is known as City Gate 2.0. This report includes a summary of the expected fiscal impacts of the site included in the City Gate 2.0 Urban Renewal Plan (Plan) in El Paso County (the County). The El Paso County Impact Report for City Gate 2.0 Urban Renewal Area (report) was prepared by 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 City Gate 2.0 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 three blocks in downtown Colorado Springs, generally south of Cimarron Street and west of Sahwatch Street. As shown below in **Figure 1**, the plan area wraps around the recently constructed Switchback Stadium, which is located at the corner of Cimarron and Sahwatch Streets.

Figure 1. City Gate 2.0 URA Boundary



2. Development Program

The proposed project for the Plan Area is primarily residential development with a small portion of retail to be constructed at the first level of each building. As shown in the site plan illustrated in **Figure 2** below, each block will be developed with a single, wrap multi-family structure. While there are differences among the three blocks, which will be constructed as three phases, each building has approximately 400 units, 12,000 square feet of retail floor area, 700 structured parking spaces. Approximately half of the parking will be dedicated to the residents, with the balance provided for public use. Note that the developer will charge for use of the parking (both to residents and to public users).

The project includes a number of public improvements, totaling \$55.6M. The 869 public parking spaces are expected to cost \$32.9M. Pedestrian plazas and public spaces will total \$3M. There are street improvements, utilities upgrades, and demolition costs that total \$9.6M. Finally, the developer will spend approximately \$10M on façade enhancements and public art for the project. These improvements are expected to help activate downtown, recognizing that nearly 900 parking spaces for public use will help increase visitation to the stadium and other civic amenities downtown.

The current plan calls for this development program and set of public improvements. Actual units and square footage may see minor changes over the course of buildout.

Figure 2. City Gate Site Plan



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 keep 100 percent of the property tax revenues generated by the Plan increment, 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 property tax revenues of City Gate 2.0, EPS has estimated market values for the multi-family units at \$312,000 per unit with the retail valued at \$370 per square foot. These estimated values are based on a comparison of construction costs, assessor data, and comparable property research, for urban locations with projects that have structured parking and a vertically integrated mixed-use program. EPS concludes that they are reasonable based on the analysis.

Property Tax Base

The current assessed value of properties in City Gate 2.0 are roughly \$2.3 million 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 multifamily property is 6.80 percent. Note that per State regulations, vacant land is classified as commercial (29.0 percent) while multifamily is assessed as residential at 6.80 percent. 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 64.7620, which includes 7.2850 mills for El Paso County (including El Paso County Road and Bridge share).

Table 1. Property Base Value, 2021

Address	Land	Imp.	Total
Assessed Value			
655 Sierra Madre St	\$632,520	---	\$632,520
213 W Moreno Ave	\$84,938	\$9,689	\$94,628
207 W Moreno Ave	\$152,850	\$4,695	\$157,545
227 W Moreno Ave	\$97,718	\$3,946	\$101,664
235 W Moreno Ave	\$115,870	\$0	\$115,870
W Moreno Ave	\$37,936	\$0	\$37,936
211-215 W Cimarron St	\$157,272	\$497,744	\$655,017
S Sierra Madre St	\$27,781	\$0	\$27,781
514 S Sierra Madre St	<u>\$215,066</u>	<u>\$227,865</u>	<u>\$442,932</u>
Total	\$1,521,953	\$743,940	\$2,265,893

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
COLO SPGS SCHOOL NO 11	44.0540
PIKES PEAK LIBRARY	3.4900
SOUTHEASTERN COLO WATER CONSERVANCY	0.8390
CS DOWNTOWN DEVELOPMENT AUTHORITY	5.0000
TOTAL	64.7620

Source: El Paso County Assessor; Economic & Planning Systems

Property Tax Increment

Based on the assumptions stated above and information from the developer, the cumulative value of the residential development is estimated at \$638.0 million, and retail development is estimated at \$21.8 million, shown in **Table 3**. The future property taxes due to new development is referred to as the “Increment.” The development of City Gate over the next 25 years is expected to generate approximately \$43.9 million in property tax increment over the 25-year period, which equates to an average of approximately \$1.8 million per year, as shown in **Table 4**. Following the 25-year period, the parcels included in Plan Area are expected to generate approximately \$3.1 million in total property taxes, which includes approximately \$215,500 that is attributed to the base values and \$2.8 million that is generated by the increment or new development.

Table 3. Development Value, 2021-2046

Year	Plan Yr.	Phase 1	Phase 1	Phase 2	Phase 2	Phase 3	Phase 3	Cumulative Total ^[1]	
		Res. \$312,000/unit 408 units	Retail \$370/sf \$12,342 sf	Res. \$404,073/unit 361 units	Retail \$405/sf \$12,470 sf	Res. \$419,307/unit 413 units	Retail \$450/sf \$12,534 sf	Residential	Retail
2021	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2022	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2023	2	\$64,602,720	\$2,317,519	\$0	\$0	\$0	\$0	\$64,602,720	\$2,317,519
2024	3	\$131,143,522	\$4,704,564	\$0	\$0	\$0	\$0	\$131,143,522	\$4,704,564
2025	4	\$133,110,674	\$4,775,132	\$0	\$0	\$0	\$0	\$133,110,674	\$4,775,132
2026	5	\$135,107,335	\$4,846,759	\$77,410,738	\$2,680,129	\$0	\$0	\$212,518,072	\$7,526,888
2027	6	\$137,133,945	\$4,919,460	\$157,143,798	\$5,440,661	\$0	\$0	\$294,277,742	\$10,360,122
2028	7	\$139,190,954	\$4,993,252	\$159,500,955	\$5,522,271	\$0	\$0	\$298,691,909	\$10,515,524
2029	8	\$141,278,818	\$5,068,151	\$161,893,469	\$5,605,105	\$96,098,025	\$3,129,929	\$399,270,313	\$13,803,186
2030	9	\$143,398,000	\$5,144,173	\$164,321,871	\$5,689,182	\$195,078,992	\$6,353,756	\$502,798,863	\$17,187,111
2031	10	\$145,548,970	\$5,221,336	\$166,786,699	\$5,774,520	\$198,005,177	\$6,449,062	\$510,340,846	\$17,444,918
2032	11	\$147,732,205	\$5,299,656	\$169,288,500	\$5,861,137	\$200,975,254	\$6,545,798	\$517,995,959	\$17,706,592
2033	12	\$149,948,188	\$5,379,151	\$171,827,827	\$5,949,054	\$203,989,883	\$6,643,985	\$525,765,898	\$17,972,191
2034	13	\$152,197,411	\$5,459,838	\$174,405,245	\$6,038,290	\$207,049,731	\$6,743,645	\$533,652,387	\$18,241,774
2035	14	\$154,480,372	\$5,541,736	\$177,021,323	\$6,128,865	\$210,155,477	\$6,844,800	\$541,657,173	\$18,515,400
2036	15	\$156,797,577	\$5,624,862	\$179,676,643	\$6,220,798	\$213,307,809	\$6,947,472	\$549,782,030	\$18,793,131
2037	16	\$159,149,541	\$5,709,235	\$182,371,793	\$6,314,110	\$216,507,427	\$7,051,684	\$558,028,761	\$19,075,028
2038	17	\$161,536,784	\$5,794,873	\$185,107,370	\$6,408,821	\$219,755,038	\$7,157,459	\$566,399,192	\$19,361,154
2039	18	\$163,959,836	\$5,881,796	\$187,883,980	\$6,504,953	\$223,051,364	\$7,264,821	\$574,895,180	\$19,651,571
2040	19	\$166,419,234	\$5,970,023	\$190,702,240	\$6,602,528	\$226,397,134	\$7,373,793	\$583,518,608	\$19,946,344
2041	20	\$168,915,522	\$6,059,574	\$193,562,774	\$6,701,566	\$229,793,091	\$7,484,400	\$592,271,387	\$20,245,540
2042	21	\$171,449,255	\$6,150,467	\$196,466,215	\$6,802,089	\$233,239,987	\$7,596,666	\$601,155,458	\$20,549,223
2043	22	\$174,020,994	\$6,242,724	\$199,413,208	\$6,904,121	\$236,738,587	\$7,710,616	\$610,172,789	\$20,857,461
2044	23	\$176,631,309	\$6,336,365	\$202,404,407	\$7,007,682	\$240,289,666	\$7,826,276	\$619,325,381	\$21,170,323
2045	24	\$179,280,778	\$6,431,411	\$205,440,473	\$7,112,798	\$243,894,011	\$7,943,670	\$628,615,262	\$21,487,878
2046	25	\$181,969,990	\$6,527,882	\$208,522,080	\$7,219,490	\$247,552,421	\$8,062,825	\$638,044,491	\$21,810,196

^[1]Reflects annual escalation of 1.5%

^[2]Reflects biannual reassessment

Source: El Paso County Assessor; Economic & Planning Systems

Table 4. Property Tax Increment, 2021-2046

Year	Plan Yr.	Appraised Value		Assessed Value (1-yr. Lag) ^[2]				Property Tax Increment (1-Yr. Lag) 64.762 mill levy
		New Res. 95.0% of Act.	New Retail 95.0% of Act.	Base Val. 29.00%	New Res. 6.80%	New Com. 29.00%	Increment Val.	
2021	0	\$0	\$0	\$2,265,893	\$0	\$0	\$0	\$0
2022	1	\$0	\$0	\$2,265,893	\$0	\$0	\$0	\$0
2023	2	\$61,372,584	\$2,201,643	\$2,333,869	\$0	\$0	\$0	\$0
2024	3	\$124,586,346	\$4,469,335	\$2,333,869	\$4,173,336	\$638,476	\$4,160,316	\$0
2025	4	\$126,455,141	\$4,536,376	\$2,403,886	\$8,471,871	\$1,296,107	\$9,096,938	\$269,430
2026	5	\$201,892,169	\$7,150,543	\$2,403,886	\$8,471,871	\$1,296,107	\$9,096,938	\$589,136
2027	6	\$279,563,855	\$9,842,116	\$2,476,002	\$13,728,667	\$2,073,658	\$14,556,438	\$589,136
2028	7	\$283,757,313	\$9,989,747	\$2,476,002	\$18,879,423	\$2,834,184	\$20,467,721	\$942,704
2029	8	\$379,306,797	\$13,113,026	\$2,550,282	\$19,295,497	\$2,897,027	\$20,909,261	\$1,325,531
2030	9	\$477,658,920	\$16,327,756	\$2,550,282	\$25,503,430	\$3,759,322	\$26,712,470	\$1,354,126
2031	10	\$484,823,804	\$16,572,672	\$2,626,791	\$32,480,807	\$4,735,049	\$34,589,065	\$1,729,953
2032	11	\$492,096,161	\$16,821,262	\$2,626,791	\$32,480,807	\$4,735,049	\$34,589,065	\$2,240,057
2033	12	\$499,477,603	\$17,073,581	\$2,705,594	\$33,462,539	\$4,878,166	\$35,635,111	\$2,240,057
2034	13	\$506,969,767	\$17,329,685	\$2,705,594	\$33,462,539	\$4,878,166	\$35,635,111	\$2,307,801
2035	14	\$514,574,314	\$17,589,630	\$2,786,762	\$34,473,944	\$5,025,609	\$36,712,791	\$2,307,801
2036	15	\$522,292,929	\$17,853,475	\$2,786,762	\$34,473,944	\$5,025,609	\$36,712,791	\$2,377,594
2037	16	\$530,127,323	\$18,121,277	\$2,870,365	\$35,515,919	\$5,177,508	\$37,823,062	\$2,377,594
2038	17	\$538,079,232	\$18,393,096	\$2,870,365	\$35,515,919	\$5,177,508	\$37,823,062	\$2,449,497
2039	18	\$546,150,421	\$18,668,992	\$2,956,476	\$36,589,388	\$5,333,998	\$38,966,910	\$2,449,497
2040	19	\$554,342,677	\$18,949,027	\$2,956,476	\$36,589,388	\$5,333,998	\$38,966,910	\$2,523,575
2041	20	\$562,657,817	\$19,233,263	\$3,045,170	\$37,695,302	\$5,495,218	\$40,145,350	\$2,523,575
2042	21	\$571,097,685	\$19,521,762	\$3,045,170	\$37,695,302	\$5,495,218	\$40,145,350	\$2,599,893
2043	22	\$579,664,150	\$19,814,588	\$3,136,525	\$38,834,643	\$5,661,311	\$41,359,428	\$2,599,893
2044	23	\$588,359,112	\$20,111,807	\$3,136,525	\$38,834,643	\$5,661,311	\$41,359,428	\$2,678,519
2045	24	\$597,184,499	\$20,413,484	\$3,230,621	\$40,008,420	\$5,832,424	\$42,610,222	\$2,678,519
2046	25	\$606,142,266	\$20,719,686	\$3,230,621	\$40,008,420	\$5,832,424	\$42,610,222	\$2,759,523
Total								\$43,913,411

^[1]Reflects annual escalation of 1.5%

^[2]Reflects biannual reassessment

Source: El Paso County Assessor; Economic & Planning Systems

Taxing District Impact

El Paso County Impact

El Paso County property tax revenues, which include El Paso County (7.1200 mills) and El Paso County Road and Bridge (0.1650 mills), are based on the combined 7.2850 mill levy. 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 \$16,507, shown in **Table 5**. This base amount is expected to grow at 3.0 percent every two years resulting in an annual amount of \$23,535 for El Paso County in year 25 and generating a total of approximately \$515,607 over the 25-year period. After the 25-year period is complete, the county’s share of property tax revenues will increase to approximately \$344,044 annually due to the new development. This includes approximately \$319,803 generated by the property tax increment from City Gate 2.0.

Table 5. El Paso County Property Tax Revenue, 2021-2047

Year	Plan Year	El Paso County Property Tax: 7.285 mills		
		Base	Increment 1-Yr. Lag	Total
2021	0	\$16,507	\$0	\$16,507
2022	1	\$16,507	\$0	\$16,507
2023	2	\$17,002	\$0	\$17,002
2024	3	\$17,002	\$0	\$17,002
2025	4	\$17,512	\$30,308	\$47,820
2026	5	\$17,512	\$66,271	\$83,783
2027	6	\$18,038	\$66,271	\$84,309
2028	7	\$18,038	\$106,044	\$124,081
2029	8	\$18,579	\$149,107	\$167,686
2030	9	\$18,579	\$152,324	\$170,903
2031	10	\$19,136	\$194,600	\$213,737
2032	11	\$19,136	\$251,981	\$271,118
2033	12	\$19,710	\$251,981	\$271,692
2034	13	\$19,710	\$259,602	\$279,312
2035	14	\$20,302	\$259,602	\$279,903
2036	15	\$20,302	\$267,453	\$287,754
2037	16	\$20,911	\$267,453	\$288,363
2038	17	\$20,911	\$275,541	\$296,452
2039	18	\$21,538	\$275,541	\$297,079
2040	19	\$21,538	\$283,874	\$305,412
2041	20	\$22,184	\$283,874	\$306,058
2042	21	\$22,184	\$292,459	\$314,643
2043	22	\$22,850	\$292,459	\$315,308
2044	23	\$22,850	\$301,303	\$324,153
2045	24	\$23,535	\$301,303	\$324,839
2046	25	\$23,535	\$310,415	\$333,951
Total		\$515,607	\$4,939,767	\$5,455,374
Future Tax Revenue				
	2047	\$24,241	\$319,803	\$344,044

Source: Economic & Planning Systems

Colorado Springs School District 11 Impact

The Plan Area is located within the Colorado Springs School District Number 11, which has a 44.054 mill levy. The School District’s share of the current property tax base is \$99,822, 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 \$142,322 in year 25 and generating a total over \$3.1 million 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 \$2.1 million annually due to the new development. This includes approximately \$1.9 million generated by the property tax increment from City Gate 2.0.

Table 6. School District Property Tax Revenue, 2021-2047

Year	Plan Year	School Dist. Property Tax: 44.054 mills		
		Base	Increment 1-Yr. Lag	Total
2021	0	\$99,822	\$0	\$99,822
2022	1	\$99,822	\$0	\$99,822
2023	2	\$102,816	\$0	\$102,816
2024	3	\$102,816	\$0	\$102,816
2025	4	\$105,901	\$183,279	\$289,179
2026	5	\$105,901	\$400,756	\$506,657
2027	6	\$109,078	\$400,756	\$509,834
2028	7	\$109,078	\$641,269	\$750,347
2029	8	\$112,350	\$901,685	\$1,014,035
2030	9	\$112,350	\$921,137	\$1,033,487
2031	10	\$115,721	\$1,176,791	\$1,292,512
2032	11	\$115,721	\$1,523,787	\$1,639,507
2033	12	\$119,192	\$1,523,787	\$1,642,979
2034	13	\$119,192	\$1,569,869	\$1,689,061
2035	14	\$122,768	\$1,569,869	\$1,692,637
2036	15	\$122,768	\$1,617,345	\$1,740,113
2037	16	\$126,451	\$1,617,345	\$1,743,796
2038	17	\$126,451	\$1,666,257	\$1,792,708
2039	18	\$130,245	\$1,666,257	\$1,796,502
2040	19	\$130,245	\$1,716,648	\$1,846,893
2041	20	\$134,152	\$1,716,648	\$1,850,800
2042	21	\$134,152	\$1,768,563	\$1,902,715
2043	22	\$138,176	\$1,768,563	\$1,906,740
2044	23	\$138,176	\$1,822,048	\$1,960,225
2045	24	\$142,322	\$1,822,048	\$1,964,370
2046	25	<u>\$142,322</u>	<u>\$1,877,151</u>	<u>\$2,019,473</u>
Total		\$3,117,987	\$29,871,860	\$32,989,847
Future Tax Revenue				
2047		\$146,591	\$1,933,920	\$2,080,511

Source: Economic & Planning Systems

City of Colorado Springs Impact

The City of Colorado Springs has a 3.929 mill levy. The city’s share of the current property tax base is \$8,903, 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 \$12,693 in year 25 and generating a total of approximately \$278,081 over the 25-year period. After the 25-year period is complete, the city’s share of property tax revenues will increase to approximately \$185,552 annually due to the new development. This includes approximately \$172,479 generated by the property tax increment from City Gate 2.0.

Table 7. City of Colorado Springs Property Tax Revenue, 2021-2047

Year	Plan Year	Colorado Springs Property Tax: 3.929 mills		Total
		Base	Increment 1-Yr. Lag	
2021	0	\$8,903	\$0	\$8,903
2022	1	\$8,903	\$0	\$8,903
2023	2	\$9,170	\$0	\$9,170
2024	3	\$9,170	\$0	\$9,170
2025	4	\$9,445	\$16,346	\$25,791
2026	5	\$9,445	\$35,742	\$45,187
2027	6	\$9,728	\$35,742	\$45,470
2028	7	\$9,728	\$57,192	\$66,920
2029	8	\$10,020	\$80,418	\$90,438
2030	9	\$10,020	\$82,152	\$92,173
2031	10	\$10,321	\$104,953	\$115,274
2032	11	\$10,321	\$135,900	\$146,221
2033	12	\$10,630	\$135,900	\$146,531
2034	13	\$10,630	\$140,010	\$150,641
2035	14	\$10,949	\$140,010	\$150,960
2036	15	\$10,949	\$144,245	\$155,194
2037	16	\$11,278	\$144,245	\$155,522
2038	17	\$11,278	\$148,607	\$159,884
2039	18	\$11,616	\$148,607	\$160,223
2040	19	\$11,616	\$153,101	\$164,717
2041	20	\$11,964	\$153,101	\$165,065
2042	21	\$11,964	\$157,731	\$169,696
2043	22	\$12,323	\$157,731	\$170,054
2044	23	\$12,323	\$162,501	\$174,825
2045	24	\$12,693	\$162,501	\$175,194
2046	25	\$12,693	\$167,416	\$180,109
Total		\$278,081	\$2,664,152	\$2,942,232
Future Tax Revenue				
	2047	\$13,074	\$172,479	\$185,552

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 \$7,908, 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 \$11,275 in year 25 and generating a total of approximately \$247,010 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 \$164,820 annually due to the new development. This includes approximately \$153,207 generated by the property tax increment from City Gate 2.0.

Table 8. Library Property Tax Revenue, 2021-2047

Year	Plan Year	Library Dist. Property Tax: 3.49 mills		Total
		Base	Increment 1-Yr. Lag	
2021	0	\$7,908	\$0	\$7,908
2022	1	\$7,908	\$0	\$7,908
2023	2	\$8,145	\$0	\$8,145
2024	3	\$8,145	\$0	\$8,145
2025	4	\$8,390	\$14,520	\$22,909
2026	5	\$8,390	\$31,748	\$40,138
2027	6	\$8,641	\$31,748	\$40,390
2028	7	\$8,641	\$50,802	\$59,443
2029	8	\$8,900	\$71,432	\$80,333
2030	9	\$8,900	\$72,973	\$81,874
2031	10	\$9,167	\$93,227	\$102,394
2032	11	\$9,167	\$120,716	\$129,883
2033	12	\$9,443	\$120,716	\$130,158
2034	13	\$9,443	\$124,367	\$133,809
2035	14	\$9,726	\$124,367	\$134,092
2036	15	\$9,726	\$128,128	\$137,853
2037	16	\$10,018	\$128,128	\$138,145
2038	17	\$10,018	\$132,002	\$142,020
2039	18	\$10,318	\$132,002	\$142,321
2040	19	\$10,318	\$135,995	\$146,313
2041	20	\$10,628	\$135,995	\$146,622
2042	21	\$10,628	\$140,107	\$150,735
2043	22	\$10,946	\$140,107	\$151,054
2044	23	\$10,946	\$144,344	\$155,291
2045	24	\$11,275	\$144,344	\$155,619
2046	25	<u>\$11,275</u>	<u>\$148,710</u>	<u>\$159,985</u>
Total		\$247,010	\$2,366,477	\$2,613,487
Future Tax Revenue				
2047		\$11,613	\$153,207	\$164,820

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 0.8390 mill levy. The Water Conservancy District’s share of the current property tax base is \$1,901, 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 \$2,710 in year 25 and generating a total of approximately \$59,381 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 \$39,623 annually due to the new development. This includes approximately \$36,831 generated by the property tax increment from City Gate 2.0.

Table 9. Water Conservancy Property Tax Revenue, 2021-2047

Year	Plan Year	Water Conserv. Property Tax: .839 mills		Total
		Base	Increment 1-Yr. Lag	
2021	0	\$1,901	\$0	\$1,901
2022	1	\$1,901	\$0	\$1,901
2023	2	\$1,958	\$0	\$1,958
2024	3	\$1,958	\$0	\$1,958
2025	4	\$2,017	\$3,491	\$5,507
2026	5	\$2,017	\$7,632	\$9,649
2027	6	\$2,077	\$7,632	\$9,710
2028	7	\$2,077	\$12,213	\$14,290
2029	8	\$2,140	\$17,172	\$19,312
2030	9	\$2,140	\$17,543	\$19,683
2031	10	\$2,204	\$22,412	\$24,616
2032	11	\$2,204	\$29,020	\$31,224
2033	12	\$2,270	\$29,020	\$31,290
2034	13	\$2,270	\$29,898	\$32,168
2035	14	\$2,338	\$29,898	\$32,236
2036	15	\$2,338	\$30,802	\$33,140
2037	16	\$2,408	\$30,802	\$33,210
2038	17	\$2,408	\$31,734	\$34,142
2039	18	\$2,480	\$31,734	\$34,214
2040	19	\$2,480	\$32,693	\$35,174
2041	20	\$2,555	\$32,693	\$35,248
2042	21	\$2,555	\$33,682	\$36,237
2043	22	\$2,632	\$33,682	\$36,313
2044	23	\$2,632	\$34,701	\$37,332
2045	24	\$2,710	\$34,701	\$37,411
2046	25	<u>\$2,710</u>	<u>\$35,750</u>	<u>\$38,460</u>
Total		\$59,381	\$568,904	\$628,285
Future Tax Revenue				
2047		\$2,792	\$36,831	\$39,623

Source: Economic & Planning Systems

Colorado Springs Downtown Development Authority (DDA)

The Plan Area is located within the Colorado Springs DDA which has a 5.0000 mill levy. The DDA's share of the current property tax base is \$11,329, shown in **Table 10** and will continue to be collected by the Authority. The base amount is expected to grow at 3.0 percent every two years resulting in an annual amount of \$16,153 in year 25 and generating a total of approximately \$353,882 over the 25-year period. After the 25-year period is complete, the DDA's share of property tax revenues will increase to approximately \$236,132 annually due to the new development. This includes approximately \$219,494 generated by the property tax increment from City Gate 2.0. This total accounts for the full 5.0 mills and reflects the maximum amount of impact to the DDA. Historically, based on agreements achieved on other URA projects within the DDA, there has been a 60/40 split, with the DDA retaining 40 percent of their property tax base. If a similar agreement can be achieved on Citygate 2.0, the impact would be reduced from what is shown below.

Table 10. Colorado Springs DDA Property Tax Revenue, 2012-2047

Year	Plan Year	DT Dev. Authority Property Tax: 5. mills		Total
		Base	Increment 1-Yr. Lag	
2021	0	\$11,329	\$0	\$11,329
2022	1	\$11,329	\$0	\$11,329
2023	2	\$11,669	\$0	\$11,669
2024	3	\$11,669	\$0	\$11,669
2025	4	\$12,019	\$20,802	\$32,821
2026	5	\$12,019	\$45,485	\$57,504
2027	6	\$12,380	\$45,485	\$57,865
2028	7	\$12,380	\$72,782	\$85,162
2029	8	\$12,751	\$102,339	\$115,090
2030	9	\$12,751	\$104,546	\$117,298
2031	10	\$13,134	\$133,562	\$146,696
2032	11	\$13,134	\$172,945	\$186,079
2033	12	\$13,528	\$172,945	\$186,473
2034	13	\$13,528	\$178,176	\$191,704
2035	14	\$13,934	\$178,176	\$192,109
2036	15	\$13,934	\$183,564	\$197,498
2037	16	\$14,352	\$183,564	\$197,916
2038	17	\$14,352	\$189,115	\$203,467
2039	18	\$14,782	\$189,115	\$203,898
2040	19	\$14,782	\$194,835	\$209,617
2041	20	\$15,226	\$194,835	\$210,060
2042	21	\$15,226	\$200,727	\$215,953
2043	22	\$15,683	\$200,727	\$216,409
2044	23	\$15,683	\$206,797	\$222,480
2045	24	\$16,153	\$206,797	\$222,950
2046	25	<u>\$16,153</u>	<u>\$213,051</u>	<u>\$229,204</u>
Total		\$353,882	\$3,390,369	\$3,744,251
Future Tax Revenue				
2047		\$16,638	\$219,494	\$236,132

Source: Economic & Planning Systems

Sales Taxes

CSURA is expected to keep 2.0 percent of city sales tax and 0.75 percent of county sales tax revenues generated by sales on-site. This is the increment sales tax, which includes all sales tax generated from the new retail development on 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 sales tax revenues of City Gate 2.0, EPS estimated annual sales per square foot of development based on the anticipated retail type. The 37,346 square feet of general retail is estimated to achieve \$350 per square foot. EPS has also assumed an annual growth rate in sales of 2.0 percent per year.

The 2022 El Paso County sales tax rate is 1.23 percent, of which 0.75 percent will be allocated for TIF for the 25-year period. The remaining 0.25 percent will go into the county's general fund and the 0.23 percent is dedicated to Public Safety Critical Needs.

The 2022 City of Colorado Springs sales tax rate is 3.07 percent, of which 2.0 percent will be allocated for TIF for the 25-year period. The remaining 1.07 percent is dedicated sales for specific uses including 0.10 percent for Trails, Open Space and Parks (TOPS), 0.40 percent for Public Safety Sales Tax (PSST), and 0.57 percent for 2C Road Tax.

El Paso County Sales Tax Increment

The future sales taxes due to new retail development is referred to as the "Increment." The development of City Gate 2.0 is expected to generate approximately \$2.6 million in county sales tax increment from the 0.75 percent County commitment over the 25-year period, which equates to an average of approximately \$107,000 per year, as shown below in **Table 11**. The present value of these revenues translates to \$1.3M, based on a discount rate of 5.0 percent.

The revenues that El Paso County will retain over this timeframe, includes the 0.23 percent of sales tax in the Plan Area for Public Safety Critical Needs, which has a sunset date of January 1, 2029. If this sales tax were to be extended past the sunset of 2029, it would generate a total of \$787,413 over the 25-year period or an average of \$32,809 per year. If it is not extended past the sunset date, it will generate a total of \$65,497 through 2028. Additionally, El Paso County will receive 0.25 percent sales tax, which flows into the general fund. This is estimated to generate a total of \$855,883 over the TIF period or an average of \$35,662 per year.

Table 11. El Paso County Sales Tax Increment, 2021-2046

Year	Plan Yr.	Phase 1	Phase 2	Phase 3	Total Ann. Sales	El Paso County Sales Tax			County TIF Share Present Val. 5.00%
		Tax. Sales ^[1] \$12,342 sf \$350/sf	Tax. Sales ^[1] \$12,470 sf \$350/sf	Tax. Sales ^[1] \$12,534 sf \$350/sf		Public Safety 0.23%	Gen. Fund 0.25%	TIF Share 0.75%	
2021	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2022	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2023	2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2024	3	\$2,247,108	\$0	\$0	\$2,247,108	\$5,168	\$5,618	\$16,853	\$15,286
2025	4	\$4,584,100	\$0	\$0	\$4,584,100	\$10,543	\$11,460	\$34,381	\$29,699
2026	5	\$4,675,782	\$0	\$0	\$4,675,782	\$10,754	\$11,689	\$35,068	\$28,851
2027	6	\$4,769,298	\$2,409,380	\$0	\$7,178,678	\$16,511	\$17,947	\$53,840	\$42,185
2028	7	\$4,864,684	\$4,915,136	\$0	\$9,779,820	\$22,494	\$24,450	\$73,349	\$54,734
2029	8	\$4,961,977	\$5,013,439	\$0	\$9,975,416	\$22,943	\$24,939	\$74,816	\$53,170
2030	9	\$5,061,217	\$5,113,707	\$2,569,976	\$12,744,901	\$29,313	\$31,862	\$95,587	\$64,697
2031	10	\$5,162,441	\$5,215,982	\$5,242,752	\$15,621,174	\$35,929	\$39,053	\$117,159	\$75,522
2032	11	\$5,265,690	\$5,320,301	\$5,347,607	\$15,933,598	\$36,647	\$39,834	\$119,502	\$73,364
2033	12	\$5,371,004	\$5,426,707	\$5,454,559	\$16,252,270	\$37,380	\$40,631	\$121,892	\$71,268
2034	13	\$5,478,424	\$5,535,241	\$5,563,650	\$16,577,315	\$38,128	\$41,443	\$124,330	\$69,232
2035	14	\$5,587,993	\$5,645,946	\$5,674,923	\$16,908,862	\$38,890	\$42,272	\$126,816	\$67,253
2036	15	\$5,699,752	\$5,758,865	\$5,788,421	\$17,247,039	\$39,668	\$43,118	\$129,353	\$65,332
2037	16	\$5,813,747	\$5,874,042	\$5,904,190	\$17,591,980	\$40,462	\$43,980	\$131,940	\$63,465
2038	17	\$5,930,022	\$5,991,523	\$6,022,274	\$17,943,819	\$41,271	\$44,860	\$134,579	\$61,652
2039	18	\$6,048,623	\$6,111,354	\$6,142,719	\$18,302,696	\$42,096	\$45,757	\$137,270	\$59,891
2040	19	\$6,169,595	\$6,233,581	\$6,265,573	\$18,668,750	\$42,938	\$46,672	\$140,016	\$58,179
2041	20	\$6,292,987	\$6,358,252	\$6,390,885	\$19,042,125	\$43,797	\$47,605	\$142,816	\$56,517
2042	21	\$6,418,847	\$6,485,417	\$6,518,703	\$19,422,967	\$44,673	\$48,557	\$145,672	\$54,902
2043	22	\$6,547,224	\$6,615,126	\$6,649,077	\$19,811,426	\$45,566	\$49,529	\$148,586	\$53,334
2044	23	\$6,678,168	\$6,747,428	\$6,782,058	\$20,207,655	\$46,478	\$50,519	\$151,557	\$51,810
2045	24	\$6,811,732	\$6,882,377	\$6,917,699	\$20,611,808	\$47,407	\$51,530	\$154,589	\$50,330
2046	25	\$6,947,966	\$7,020,024	\$7,056,053	\$21,024,044	\$48,355	\$52,560	\$157,680	\$48,892
Total	Ann. #					\$787,413	\$855,883	\$2,567,650	\$1,269,564
						\$32,809	\$35,662	\$106,985	\$52,899

^[1]Annual escalation of 2.0%

Source: Economic & Planning Systems

City of Colorado Springs Sales Tax Increment

The future sales taxes due to new retail development is referred to as the "Increment." The development of City Gate 2.0 is expected to generate approximately \$6.8 million in City sales tax increment over the 25-year period, which equates to an average of approximately \$285,294 per year, as shown in **Table 12**. This is based on a commitment of the 2.0 percent sales tax to the URA. This revenue stream, when discounted at 5.0 percent, translates to a present value of \$3.4M.

Revenues to be retained by the City over this timeframe include the 1.07 percent sales tax for three dedicated uses from sales activity within City Gate 2.0. The 0.10 percent TOPS will generate a total of approximately \$342,353 or an average of \$14,265 per year. The 0.40 percent PSST will generate approximately \$1.4 million or an average of \$57,059 per year. The 0.57 percent sales tax for 2C Road will generate approximately \$1.95 million or an average of \$81,309 per year.

Table 12. Colorado Springs Sales Tax Increment, 2021-2046

Year	Plan Yr.	Phase 1	Phase 2	Phase 3	Total Ann. Sales	Colorado Springs Sales Tax				City TIF Share Present Val. 5.00%
		Tax. Sales ^[1] \$12,342 sf \$350/sf	Tax. Sales ^[1] \$12,470 sf \$350/sf	Tax. Sales ^[1] \$12,534 sf \$350/sf		TOPS 0.10%	PSST 0.40%	2C Road 0.57%	TIF Share 2.00%	
2021	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2022	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2023	2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2024	3	\$2,247,108	\$0	\$0	\$2,247,108	\$2,247	\$8,988	\$12,809	\$44,942	\$40,764
2025	4	\$4,584,100	\$0	\$0	\$4,584,100	\$4,584	\$18,336	\$26,129	\$91,682	\$79,198
2026	5	\$4,675,782	\$0	\$0	\$4,675,782	\$4,676	\$18,703	\$26,652	\$93,516	\$76,936
2027	6	\$4,769,298	\$2,409,380	\$0	\$7,178,678	\$7,179	\$28,715	\$40,918	\$143,574	\$112,494
2028	7	\$4,864,684	\$4,915,136	\$0	\$9,779,820	\$9,780	\$39,119	\$55,745	\$195,596	\$145,957
2029	8	\$4,961,977	\$5,013,439	\$0	\$9,975,416	\$9,975	\$39,902	\$56,860	\$199,508	\$141,787
2030	9	\$5,061,217	\$5,113,707	\$2,569,976	\$12,744,901	\$12,745	\$50,980	\$72,646	\$254,898	\$172,525
2031	10	\$5,162,441	\$5,215,982	\$5,242,752	\$15,621,174	\$15,621	\$62,485	\$89,041	\$312,423	\$201,391
2032	11	\$5,265,690	\$5,320,301	\$5,347,607	\$15,933,598	\$15,934	\$63,734	\$90,822	\$318,672	\$195,637
2033	12	\$5,371,004	\$5,426,707	\$5,454,559	\$16,252,270	\$16,252	\$65,009	\$92,638	\$325,045	\$190,047
2034	13	\$5,478,424	\$5,535,241	\$5,563,650	\$16,577,315	\$16,577	\$66,309	\$94,491	\$331,546	\$184,617
2035	14	\$5,587,993	\$5,645,946	\$5,674,923	\$16,908,862	\$16,909	\$67,635	\$96,381	\$338,177	\$179,343
2036	15	\$5,699,752	\$5,758,865	\$5,788,421	\$17,247,039	\$17,247	\$68,988	\$98,308	\$344,941	\$174,219
2037	16	\$5,813,747	\$5,874,042	\$5,904,190	\$17,591,980	\$17,592	\$70,368	\$100,274	\$351,840	\$169,241
2038	17	\$5,930,022	\$5,991,523	\$6,022,274	\$17,943,819	\$17,944	\$71,775	\$102,280	\$358,876	\$164,405
2039	18	\$6,048,623	\$6,111,354	\$6,142,719	\$18,302,696	\$18,303	\$73,211	\$104,325	\$366,054	\$159,708
2040	19	\$6,169,595	\$6,233,581	\$6,265,573	\$18,668,750	\$18,669	\$74,675	\$106,412	\$373,375	\$155,145
2041	20	\$6,292,987	\$6,358,252	\$6,390,885	\$19,042,125	\$19,042	\$76,168	\$108,540	\$380,842	\$150,712
2042	21	\$6,418,847	\$6,485,417	\$6,518,703	\$19,422,967	\$19,423	\$77,692	\$110,711	\$388,459	\$146,406
2043	22	\$6,547,224	\$6,615,126	\$6,649,077	\$19,811,426	\$19,811	\$79,246	\$112,925	\$396,229	\$142,223
2044	23	\$6,678,168	\$6,747,428	\$6,782,058	\$20,207,655	\$20,208	\$80,831	\$115,184	\$404,153	\$138,160
2045	24	\$6,811,732	\$6,882,377	\$6,917,699	\$20,611,808	\$20,612	\$82,447	\$117,487	\$412,236	\$134,212
2046	25	\$6,947,966	\$7,020,024	\$7,056,053	\$21,024,044	\$21,024	\$84,096	\$119,837	\$420,481	\$130,378
Total	Ann. #					\$342,353	\$1,369,413	\$1,951,414	\$6,847,067	\$3,385,505
						\$14,265	\$57,059	\$81,309	\$285,294	\$141,063

^[1]Annual escalation of 2.0%

Source: Economic & Planning Systems

Summary of Impact

Cost of Service and Infrastructure Costs

Development projects such as Citygate 2.0 will generate fiscal and economic impacts to El Paso County, with factors that are both positive and negative. Some uses, such as the residential (which accounts for a majority of the floor area in the development) will have an impact on County services and costs.

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. It is also noteworthy that the majority of urban services required by the new development will be provided by the City of Colorado Springs, such as police, parks and recreation, water, sewer, and general administration such as planning, zoning, land use code enforcement, business licensing, etc.

It is also important to recognize that the fiscal analysis shown above stands alone from a larger landscape of economic impact. The public improvements – specially the 869 public structured parking spaces – will increase visitation to downtown Colorado Springs with an accompanying level of spend that can be expected to support existing business and civic amenity in the area.

For the purposes of this analysis, EPS has provided detailed calculations of the TIF revenues to be used to service debt for City Gate 2.0, 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 the additional visitor spend referenced above. The County is expected to have no financial exposure for infrastructure costs or other capital improvements, at time of construction or on an on-going 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 Colorado Springs Urban Renewal Authority and 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 the impact of the proposed Citygate 2.0 Urban Renewal Plan on El Paso County will be positive. The County will continue to receive the base property tax amount of \$16,507 annually with biannual escalation. By 2047, the end of the 25-year tax increment financing period, the County's portion of property tax is expected to increase to \$344,044 per year as a result of the new development. The County can expect to receive this approximate level of revenue upon the sunseting of the TIF in 2047.

All of the sales tax generated in the Plan Area will be net new. The County will collect 0.25 percent of sales tax for the general fund and 0.23 percent for Public Safety Critical Needs in the Plan Area during the 25-year period. Following the TIF timeframe, the County will collect the full 1.23 percent of sales tax. The estimated taxable sales in 2047 are estimated at \$21.4, which would generate approximately \$263,800 annually in county sales tax revenue.

Based on previous experience evaluating county fiscal structures, 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.