

North Nevada Avenue Corridor Redevelopment Plan



Impact Analysis of Urban Renewal Plan

Prepared For:

Colorado Springs Urban Renewal Authority

November 2005



Vision and Strategy

The Vision

The vision for the North Nevada Avenue Corridor – a mix of uses which leverage community and institutional investment in the corridor and create linkages to surrounding natural amenities, neighborhoods and educational institutions – was defined by stakeholders who participated in the *North Nevada Avenue Corridor Urban Renewal Plan* planning process. The directive for advancing the vision – encouraging new investment to develop in an environment which promotes access and creates a unique sense of place - was developed with input from property owners and representatives of the City, as well as guidance from the consultant team.

The Strategy

The strategy for revitalizing North Nevada Avenue is twofold: readying the whole environment through a series of strategic actions which remove barriers to investment and capitalize on market opportunities; and, strategic participation in catalyst projects containing an appropriate mix of land uses, with a greater emphasis to multiple forms of access, and resulting in a unique sense of place.

As the entity with the largest and longest-term interest and responsibility, the public sector participation must include strong involvement and a visible presence, as well as continuing leadership, incentives and capital for future projects. Private sector participation in the revitalization effort will include bringing experience, access to private funding, and a willingness to balance risk and return on real projects.

Therefore, the roadmap for moving the *North Nevada Avenue Corridor Redevelopment Plan* vision towards reality is based on the assumption that the City will move forward in partnership with the University of Colorado at Colorado Springs (UCCS), as well as private sector business and property owners. Through this approach, the City will be in a much stronger position to ensure that development is accomplished in a way that balances private investment objectives with community sustainability.

Methodology

Work completed and presented here focused on defining the major elements of the plan; quantifying the impact from development of a commercial / entertainment center, university research park, institutional, business / sports, campus retail, multi-family residential and civic facilities in the market and particularly on the

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Plan Priorities

corridor; understanding the financial feasibility of key catalyst projects (community retail center and off-site roadway improvements) and, defining the foundation from which the Plan would be implemented. This was accomplished through participation in multiple work sessions with key property owners; retaining professional opinions regarding cost and revenue assumptions related to plan elements and proposed projects; understanding the impact of improvements from and on key property owners including UCCS; as well as analysis of primary and secondary data sources and case study research.

Report Format

The analysis which follows has several critical components. The first includes a description of the key elements of the concept plan for the Corridor and market basis for the program. The second includes a discussion of case study initiatives similar to this one and their corresponding impacts. The third includes an analysis of the impact of the *North Nevada Avenue Corridor Redevelopment Plan* in terms of dollars and jobs. The fourth component includes a discussion on implementation of the Plan and the City's role.

Plan Priorities

During the month of August 2004, stakeholders within that portion of the North Nevada Avenue Corridor which is the subject of this report identified several priorities for the area as it redeveloped. These priorities included:

- Identify a site for a national flag hotel;
- Provide a range of financing mechanisms to promote private property reinvestment;
- Encourage public-private partnerships to implement the plan;
- Establish the corridor as a pre-eminent gateway to the City (downtown);
- Improve access and visibility for business;
- Work with corrections housing representatives to find an alternative location outside the Corridor;
- Advance the City's efforts to make the Corridor a major employment center; and
- Provide for stronger non-vehicular linkages to recreation and commercial centers.

The Plan presented here and described in the following paragraphs attempts to address each of these priorities.

Market Foundation

Market Foundation

As explained throughout the *North Nevada Avenue Urban Renewal Plan* process, no one project will catalyze reinvestment. Rather, development will be dependent on a series of actions designed to capitalize on market opportunities and overcome barriers – effectively readying the environment for investment. Key to the successful implementation of the strategy will be the continued identification of market opportunities which properties in the Corridor are uniquely positioned to take advantage of.

The market analysis completed for the urban renewal plan and reaffirmed here, indicates that the trade area (see illustration to the right) in which the Corridor competes, currently maintains a “void” of 300,000 square feet of commercial space, 100,000 square feet of which is concentrated in the *General Merchandise* category and a portion of which could be re-captured in the study area. Demand from future household growth is projected to support development of an additional 300,000 square feet, while demand from a growing student population at UCCS is projected to support development of 250,000 more square feet. During the five year period for which demand was quantified, the trade area was forecasted to grow by more than 3,000 housing units, one-third of which could be rental units with the remainder ownership units including both detached and attached products.

Note: With increasingly limited space on campus to accommodate future housing development, off-campus developments within the trade area will benefit from a captive campus market.

Employment space (both office and industrial) is expected to grow by approximately 1.1 million square feet. Market capture rates, timing and the character of development which occurs in the Corridor will be largely dependent on the City’s willingness to play multiple roles in the redevelopment and development process.

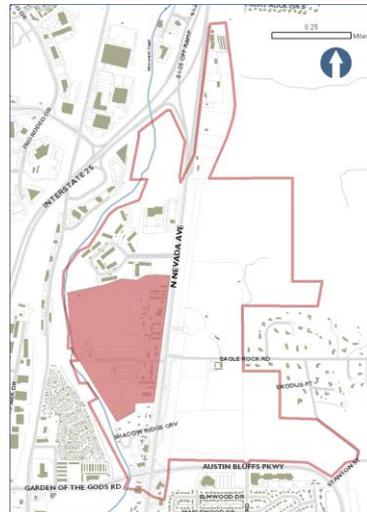


Plan Components

Plan Components

The proposed development character for the North Nevada Redevelopment Area includes a variety of land uses and densities that will distinguish one area from another, yet create an identity for the whole. Proposed use designations within the Plan include: community retail; institutional and gateway / open space; research and development; business, campus retail, sports / business; and multi-family residential. Future land uses have been designated based on market needs and trends, as well as existing characteristics, uses and opportunities. Each use is described in more detail below and its location within the planning area demonstrated in the corresponding illustrations.

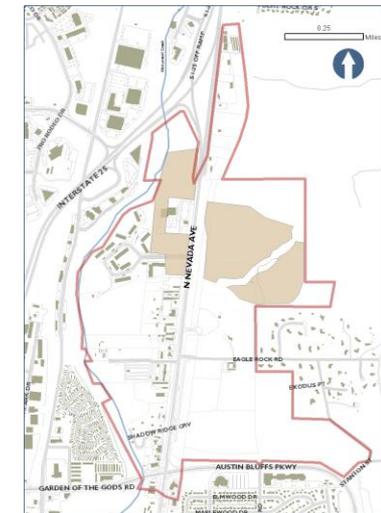
Community Retail – could include major region-serving commercial uses connected to higher density residential products located in the Corridor, as well as the existing trail system.



Institutional and Gateway / Open Space – adjacent to the UCCS campus and existing region-serving recreation facilities and supportive parking, this area offers the greatest opportunity for public recreation, open space, public art, public buildings and urban spaces and pedestrian linkages to City trail systems.



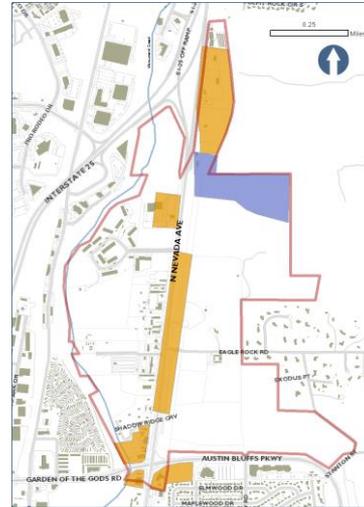
Research and Development – could include a range of office, light industrial and research and development products with supporting commercial space. Users would be targeted to those who desire access to an institutional anchor such as UCCS.



Plan Components

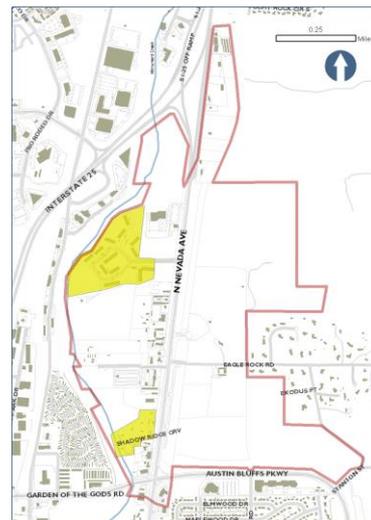
Business, Campus Retail, Sports / Business -

opportunities for commercial development - employment and service - establishing the Corridor's image and theme within gateway settings; including professional office and business uses, lodging, community and campus service-oriented uses, urban treatment scale and character.



Multi-Family Residential -

integrated with a range of non-residential uses, offerings could include high-density residential complexes, consistent with the intensity and character of urbanized commercial corridors.



Case Studies

University Town Centers

The essence of the Plan concept is development of a combination of uses which in combination serve as an institutional research-based town center campus within the larger North Nevada Avenue Corridor. The Urban Land Institute defines these places this way: *a university town center combines housing with non-residential uses designed to bring the student population, institutional functions, and surrounding community together for common purposes. It can foster closer social, cultural, and most important, economic ties between the academic institution and surrounding community, as well as local government. The selection and mix of uses of the university town center need to be designed to maximize synergies among the academic and nonacademic populations.*

From Crisis to Opportunity

Experience has shown that a coincidence of elements can lead to the creation of a “university town center” among them:

- College or university’s need for housing, academic or research facilities, or incubator space or other general office space for commercialization of intellectual property;
- Need to expand the local or regional economy;
- Willingness by the college or university to serve as the focal point for the surrounding community; an existing or easily created partnership among the college or university and local government and business community; and
- Proven need and identifiable benefits from a physical revitalization or development program.

Education institutions who have partnered with local government and the private sector to create university town center elements and revitalize neighborhoods and communities in the process, and from whom we can interpolate potential impacts include: Ohio State University, Johns Hopkins Health System, Columbia University, Northwestern University, University of Tennessee, Kansas State University, and Florida Atlantic University, to name a few. Significant elements of these partnerships include:

- Formation of a non-profit organization by the City and university;
- Property assemblage by the non-profit entity;
- Participation in selection of project developers;

Case Studies

- Negotiated relocation agreements with existing businesses; and
- Co-mingling of financial resources from both public entities;

A summary of case study research among these institutions follows.

Ohio State University

- Campus Partners for Community Urban Redevelopment
- \$187 million mixed-use project
- 210,000 sf of retail, restaurant and entertainment space
- 70,000 sf of office space
- 150 to 200 multifamily units
- 1,200-space parking garage

Johns Hopkins Health System

- East Baltimore Biotechnology Park (development)
- \$1 billion capital improvements plan
- 2 million sf of space
- Link to Johns Hopkins's medical research
- 8,000 new jobs
- 1,500 revitalized and new housing units

Northwestern University

- 160,000 sf of retail and entertainment (theatre) space
- 22,000 sf bookstore
- 178-room hotel
- 190,000 sf of office space
- 205 housing units (zero-lot)
- 1,500-space parking structure

Columbia University

- University Audubon Business and Technology Center
- 21 companies sited (17 of 21 companies chose location because of university-affiliation)
- \$42 million in expenditures from businesses in area
- 1,200 construction jobs each year
- Hundreds of millions of dollars in non-construction purchases from area vendors – \$42 million in construction and related goods and services

Items presented in “red” represent impacts.

Case Studies

Arizona Science & Technology Park

- 1,345 acre development, 345 acres developed
- \$48.7 million in tax revenue
- 5,949 direct jobs
- 31 tenants
- 12 buildings
- \$1 billion direct impact
- Average annual salary (2002) \$57,500 – compared to county average of \$31,151

University of California, Irvine

- 185 acre development
- Linked to 5,000 acre Irvine Spectrum to form one of largest master-planned centers for research and technology
- Businesses include pharmaceutical start-ups to national technology companies
- 40 companies sited
- 4,000 employees

Penn State

The Penn State example is more difficult to summarize. In this instance, Penn State participated in multiple projects at varying levels. The combination of roles has been estimated to have a greater economic impact (\$6.14 billion annually in net direct economic impact) than area airport hubs (\$3.6 billion), professional sports teams (\$1 billion) and arts and cultural organizations (\$600 million) combined.

The State's two largest industries – agriculture and tourism – are driven by Penn State. The University's impact on agricultural research is estimated at \$84.2 million and \$1.36 billion on visitor spending.

Research in University-affiliated businesses support more than 16,000 jobs, more than \$1.7 billion in additional economic impact, and \$52.8 million in additional tax revenue. Research expenditures are expected to grow to \$750 million over the near-term.

Case Studies

The key component that will differentiate this “place” from others in the market is the UCCS institutional presence, particularly in the form of research and development space. In order to understand the impact of this element in the study area, LCG looked to the Association of University Research Parks. They summarize national industry statistics the following way:

Research Parks in North America are ...

- Big and small
- Urban, suburban and rural
- Mixed-use developments
- Multi-disciplinary focus and single technology focus

Among the 195 research parks in 40 states, there are ...

- 3,399 employees (on average)

They are ...

- 532 acres (average) in size

Host ...

- 41 companies (on average) with approximately \$186 million in capital investment

Space by Type of Tenant breaks out ...

- Private space – 82.9%
- University – 9.9%
- Government – 7.2%

Dominant Technologies include ...

- Medical Biotechnology – 45.6%
- Information Technology – 34.2%
- Mixed / Other Technologies – 24.1%
- Computers / Electronics – 21.5%
- Software Development – 19.0%
- Aerospace / Electronics – 10.1%
- Agriculture – 6.3%

Project Impacts – Economic and Fiscal

Introduction

Part of the *North Nevada Corridor Redevelopment Plan* planning process involved quantifying potential economic and fiscal impacts generated by the proposed mix of land uses. The *economic impact analysis* presented here focused on the Plan's potential for creating jobs and personal income within the Colorado Springs market area. The *fiscal impact analysis* focused on the Plan's effects on the City of Colorado Springs' operating revenues and expenditures. The final analysis includes an evaluation of the Plan's public-private mechanism -- tax increment financing - relative to early catalyst projects and was completed in order to determine if the proposed public-private partnership terms provided equal returns to both parties.

Methodology

Estimates of potential economic and fiscal impacts generated by a proposed Plan primarily depend on the pace and level of development that occurs over time. New development and redevelopment of properties within the North Nevada Avenue Corridor will generate new job opportunities, personal income and tax revenues for the local jurisdiction, that is a given. However, the timing with which absorption of new investment in occurs, will have an important impact on the estimates presented herein.

As noted previously, the market analysis conducted for the Corridor planning process quantified demand for various land uses, assuming public improvements in the planning area were implemented to catalyze private investment. These estimates of market demand were used to form the foundation of the economic and fiscal impact analyses which follow.

Two scenarios were analyzed for their impacts: 1) no public improvements made to catalyze development and the Corridor continues to "react" to market forces; and 2) public investment to the level recommended in the Plan and made to catalyze private development, and thus, attempt to "create" the market. Projections under these two scenarios were prepared for a 20-year analysis period.

The economic and fiscal impact analyses relied on several sources of data, including interviews with: representatives of the development team and UCCS; El Paso County Assessor's Office; Colorado Department of Labor and Employment; Colorado Division of Local Affairs; and review of City of Colorado Springs 2005 General Fund Budget.

Project Impacts – Jobs and Income

Jobs

New development and redevelopment occurring under the Plan is estimated to generate opportunities for both permanent and construction jobs. Estimates of these jobs created under the two scenarios were based on the following assumptions:

- typical square feet per employee by land use;
- an average annual income of approximately \$30,000 for permanent employees and \$35,000 for construction employees; and
- economic multipliers for these employees to reflect the impact of their spending and economic activity on other sectors of the local economy.

Personal Income

The annual personal income that results from the permanent and construction jobs created by new development was estimated based on the average annual income and economic multiplier figures above. Detailed estimates of these indicators are included in the Appendix.

North Nevada Corridor Plan Economic Impact Estimates

<i>Indicator</i>	<i>Without Improvements</i>	<i>With Improvements</i>
2005-2025		
Estimated New Development Sq Ft:		
Retail	150,000	868,979
Office	135,000	715,000
Industrial	205,000	360,000
Civic	100,000	360,000
Estimated Permanent Employees:		
Retail	375	1,448
Office	540	2,860
Industrial	273	480
Civic	100	360
Estimated Construction Employees:		
Retail	193	1,117
Office	193	1,021
Industrial	146	257
Civic	143	514
Total New Annual Income from Permanent Employment:	\$77,300,000	\$308,897,900
Total New Annual Income from Construction Employment:	\$2,992,500	\$12,901,514
Total Annual New Income from Employment:	\$80,292,500	\$321,799,414

Source: Matrix Design Group and Leland Consulting Group.

Summary Impacts

As shown, the “With Improvements” scenario generates **four times** the job and income impacts, due to the greater absorption of new development over the 20-year analysis period.

Project Impacts – Tax Increment Revenues

Tax Increment Revenues

New development and redevelopment occurring under the Plan is estimated to generate property and sales tax revenues over and above what is being generated today. Estimates of these “incremental” tax revenues under the two scenarios were based on the following assumptions:

- typical unit market values by land use type (per square foot);
- assessment ratios for non-residential property;
- applicable mill levy rates for the City and County;
- projections of retail sales by major tenant; and
- application of the City’s 2.0 percent sales tax rate to projected retail sales.

Detailed estimates of these tax revenues are included in the Appendix.

North Nevada Corridor Plan Tax Increment Revenue Estimates

<i>Indicator</i>	<i>Without Improvements</i>	<i>With Improvements</i>
2005-2025		
Estimated New Development Sq Ft:		
Retail	150,000	868,979
Office	135,000	715,000
Industrial	205,000	360,000
Civic	100,000	360,000
Estimated Development Market Value:		
Retail	\$13,500,000	\$78,208,110
Office	\$13,500,000	\$71,500,000
Industrial	\$10,250,000	\$18,000,000
Civic	\$10,000,000	\$36,000,000
Estimated Development Assessed Value:		
Retail	\$3,915,000	\$22,680,352
Office	\$3,915,000	\$20,735,000
Industrial	\$2,972,500	\$5,220,000
Civic	\$2,900,000	\$10,440,000
Total New Development Market Value:	\$47,250,000	\$203,708,110
Total New Development Assessed Value:	\$13,702,500	\$59,075,352
Total Incremental Property Tax Revenues:	\$3,020,070	\$34,402,173
Total Incremental Sales Tax Revenues:	\$4,180,000	\$66,336,378
Total Incremental Tax Revenues:	\$7,200,070	\$100,738,550

Source: Matrix Design Group and Leland Consulting Group.

Summary Impacts

As shown, the “With Improvements” scenario generates over **four times** the development value and nearly **fourteen times** the incremental tax revenue over the 20-year analysis period.

Project Impacts – City Revenues/Costs

City Tax Increment Revenues

Further refinement of the tax revenue estimates under each scenario isolated the City’s portion of incremental property and sales tax revenue. Estimates of these “incremental” tax revenues under the two scenarios were based on the following assumptions:

- typical unit market values by land use type (per square foot);
- assessment ratios for non-residential property;
- application of the City’s mill levy rate;
- projections of retail sales by major tenant; and
- application of the City’s 2.0 percent sales tax rate to projected retail sales.

Detailed estimates of these tax revenues are included in the Appendix.

North Nevada Corridor Plan City Tax Revenue Estimates

<i>Indicator</i>	<i>Without Improvements</i>	<i>With Improvements</i>
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Total New Development Market Value:	\$47,250,000	\$203,708,110
Total New Development Assessed Value:	\$13,702,500	\$59,075,352
Total Incremental Property Tax Revenues:	\$266,158	\$2,901,014
Total Incremental Sales Tax Revenues:	\$4,180,000	\$66,336,378
Total Incremental Tax Revenues:	\$4,446,158	\$69,237,392

Source: Matrix Design Group and Leland Consulting Group.

Summary Impacts

As shown, the “With Improvements” scenario generates over **four times** the development value and over **fifteen times** the incremental tax revenue to the City over the 20-year analysis period.

Project Impacts – City Revenues/Costs

City Service Costs

In addition to City tax revenues generated by the Plan, there will also be cost impacts, as the City continues to provide basic services to the new development that will occur under each scenario.

The analysis summarized herein is designed primarily to provide a comparison of potential service costs under the two scenarios. It only considers operating costs and assumes that the City's current fiscal situation is relatively "balanced", that is, revenues generated are covering basic operating expenses. The difference in service costs between the two scenarios is intended to illustrate an "order of magnitude" comparison.

Estimates of service costs were based on the City's 2005 general fund budget assumptions by department. Within each department, an estimate was made of that portion of the department's expenses that were most affected by residential vs. non-residential growth.

North Nevada Corridor Plan City Service Cost Estimates

<i>Indicator</i>	<i>Without Improvements</i>	<i>With Improvements</i>
<i>Estimated New Development Sq Ft:</i>		
Retail	150,000	868,979
Office	135,000	715,000
Industrial	205,000	360,000
Civic	100,000	360,000
<i>Estimated Annual Service Costs by Department:</i>		
Public Safety	\$468,674	\$1,923,640
Public Works	\$146,900	\$602,939
Parks, Recreation and Cultural	\$16,119	\$66,160
City Planning and Community Development	\$18,115	\$74,350
Council Appointees	\$39,758	\$163,185
City Management	\$30,566	\$125,456
Miscellaneous Expenses	\$182,055	\$747,231
<i>Total New Annual Service Costs to City:</i>	<i>\$902,186</i>	<i>\$3,702,961</i>
<i>Per Sq. Ft. Annual Service Costs to City:</i>	<i>\$1.53</i>	<i>\$1.61</i>

Source: Matrix Design Group and Leland Consulting Group.

For example, parks, recreation and cultural expenses are predominately generated by residents of the community as opposed to employees. Therefore, these expenses are more attributable to new residential development than new non-residential development.

Once these departmental expenses are attributed to residential vs. nonresidential development growth, unit costs for each are estimated on a per household basis (portion attributable to residential development) and per employee basis (portion attributable to non-residential development). These estimates are summarized in the table on the following page.

Project Impacts – City Revenues/Costs

North Nevada Corridor Plan 2005 Cost Allocation by City Service Department

	2005 Budget	% Residential	% NonResidential	Expenses Residential	Expenses NonResidential	Residential/ Household	NonResid/ Employee
<i>Department:</i>						152,100	235,700
Public Safety	\$112,548,583	50%	50%	\$56,274,292	\$56,274,292	\$370	\$239
Public Works	\$32,069,852	45%	55%	\$14,431,433	\$17,638,419	\$95	\$75
Parks, Recreation and Cultural	\$19,354,455	90%	10%	\$17,419,010	\$1,935,446	\$115	\$8
City Planning and Community Development	\$4,350,093	50%	50%	\$2,175,047	\$2,175,047	\$14	\$9
Council Appointees	\$9,547,653	50%	50%	\$4,773,827	\$4,773,827	\$31	\$20
City Management	\$7,340,189	50%	50%	\$3,670,095	\$3,670,095	\$24	\$16
Miscellaneous Expenses	\$43,719,094	50%	50%	\$21,859,547	\$21,859,547	\$144	\$93

City Investment Summary

A comparison of the revenues and operating expenses that accrue to the City under the two scenarios provides an estimate of the surplus or deficit that results over the 20-year analysis period.

As shown, the “With Improvements” scenario generates a significant surplus over the analysis period, while the “Without Improvements” scenario generates a deficit over the same period.

Detailed estimates for these City revenues and service costs are presented in the Appendix.

North Nevada Corridor Plan City Investment Summary

Indicator	Without Improvements	With Improvements
Revenues		
<i>Total Incremental Tax Revenues:</i>	\$4,446,158	\$69,237,392
<i>Total City Revenues:</i>	\$4,446,158	\$69,237,392
Costs		
<i>Total Service Costs:</i>	\$9,180,000	\$46,105,755
<i>Total City Costs:</i>	\$9,180,000	\$46,105,755
Net Public Surplus/(Deficit):	(\$4,733,842)	\$23,131,637

Source: Matrix Design Group and Leland Consulting Group.

Private Sector Development Economics

Development Costs and Revenues

As part of the evaluation of public and private sector revenues and expenses, the project pro forma for the proposed University Village development (community retail center with off-site improvements) was reviewed and tested for reasonableness.

Development costs associated with the University Village project that were reviewed included: land; pre-development; site development; building construction; and “soft” costs (architectural fees, administrative expenses, etc.). Based on this review, these costs all appeared to be within a reasonable range for the type of project proposed (regional power center).

Project revenues associated with the University Village project that were reviewed included: land sale prices; land lease rates; and rental rates for retail/service space. Again, these revenues all appeared to be within a reasonable range for the type of project proposed.

Developer’s Return on Investment

Based on the projected costs and revenues associated with the University Village project, and considering project

financing implications (both construction and permanent financing), the developer’s annual return on investment is projected to be approximately 12% (net operating income divided by developer equity). This return calculation assumes that certain off-site public improvements (approximately \$36 million) are paid for through tax increment financing.

For a project of this type, particularly given the complexities of redevelopment within an aging commercial corridor, a higher return on investment would likely be required to attract investors (15% to 20%). Therefore, it appears that, even with the tax increment financing contribution, the level of return to the developer would be relatively low compared to other projects of this type.

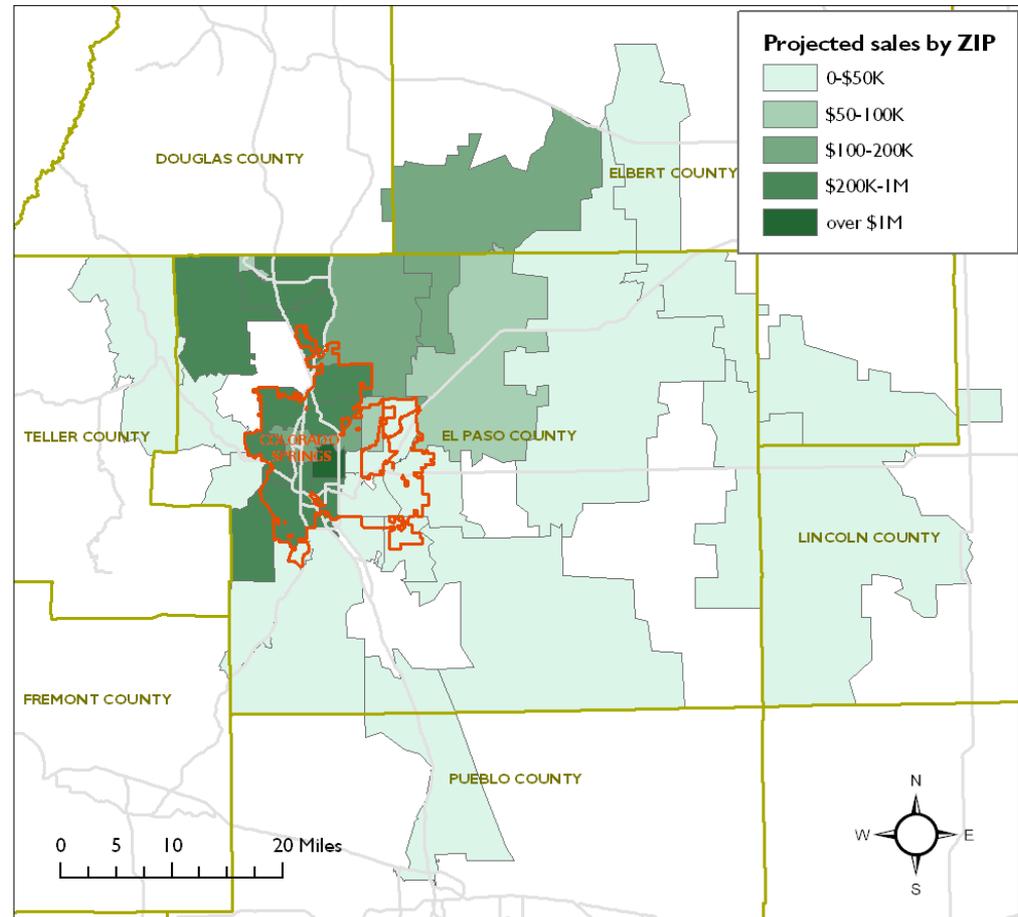
This level of private sector return highlights the need for, and the appropriateness of, a public-private partnership. Redevelopment projects are rife with uncertainty, which adds cost throughout the project’s development. The extent to which the public sector can “fill gaps” that exist in project economics will determine the ultimate success of the project.

Project Impacts – Costco Market Draw

Potential Costco Impact

As expressed earlier in this report, the private sector's contribution to the revitalization effort is a willingness to balance risk and return. The study area's first catalyst project, University Village, includes a major retail anchor – Costco which should provide the following positive economic and fiscal impacts:

- the potential to draw from a larger trade area that includes areas to the north and west that are now likely patronizing the Costco store in Douglas County (see map). Location within the study area further gives them a foothold on potential trade areas to the south.
- the high likelihood of being a long-term stakeholder in the Corridor. Unlike many big box retailers, Costco does not depreciate their building over a short-term time period (5 years) in order to accommodate a move. Rather, they more typically maintain a 20-year hold on their properties. The impact of this approach is stability and consistent investment to the Corridor.



Corridor Improvement Impacts

Impacts to UCCS

The proposed public improvements outlined in the Plan are critical to the expansion of the UCCS campus. Based on interviews with UCCS representatives, estimates of the effects on several campus economic indicators were prepared. The table to the right summarizes the expected impact of those improvements on faculty and student growth, as well as student spending and employment.

As shown, these improvements are expected to create significant positive economic impact to the University over the long-term, well above impacts that would accrue under the “Without Improvements” scenario.

Growth	With Improvements to Corridor	W/o Improvements to Corridor
In-State	8,930	-14%
Out-of-State	1,100	-30%
Faculty Population	750	-16%
Non-Faculty Employee	420	-17%
Student Spending		
By On-Campus Students	\$9,240	-17%
By Off-Campus Students	\$6,490	-17%
By Faculty / Other Employ	\$52,750	-13%
Students Employed		
Full-Time	2,900	-13%
In a Professional Position	1,200	-21%
In a Semi-Pro Position	540	-7%
In a Non-Pro Position	1,160	-7%
Traditional Students	5,545	-16%
Non-Traditional Students	3,935	-16%
Married Students	2,844	-16%
Graduate Students	2,110	-16%

Project Impacts -- Conclusions

Project Impacts

The following summarizes conclusions drawn from the project impact analyses:

- The public improvements proposed as part of the Plan clearly generate significant positive economic and fiscal impacts, from increased jobs and income from property and sales tax revenues for the City and County.
- From a City service cost perspective, the proposed Plan generates significantly higher costs, due to the higher level of development. These costs, however, are more than offset by potential City tax revenues.
- The University Village project, a regional power center, is a critical element in preparing the study area for future private investment. Not only will it “prove up” the market for additional private investment, it will generate needed revenue to assist in future improvements in the Corridor. However, as the first project to redevelop, it will likely require the highest level of public assistance. The amount of public assistance requested in the form of tax increment financing appears to be reasonable as it relates to the developer’s return on investment.
- While the University Village project is a critical first step in revitalizing the Corridor, its real impact will be on the future expansion of the UCCS campus. University Village will serve to “catalyze” future investment in UCCS facilities and programs and most importantly, provide tax

revenues that will help to pay Corridor improvements directly benefiting UCCS’s future plans.

- The resulting public-private partnership that is formed as a basis for revitalizing the Corridor will provide a fair return to all parties. The City will stand to benefit from property and sales tax revenues far in excess of what current conditions provide. The private sector will be able to “fill the gap” in its pro forma and attract investors to a challenging redevelopment project. The University, as the Corridor’s primary anchor, will get desired public improvements to embark on the future expansion of their campus.
- Lastly, it should be noted that, in preparing estimates of revenues and costs associated with the Plan, a certain amount of conservatism was incorporated into the analysis. Assumptions regarding property values and retail sales generation were held constant in both scenarios. An argument can certainly be made, however, that a revitalized Corridor will generate higher property values and retail sales on a per unit basis than a Corridor that is not revitalized. Similarly, as it relates to service costs, it is likely that a revitalized Corridor would generate lower unit service costs than a Corridor that continues to deteriorate.

Implementation

City Role

A major element of the implementation strategy for redeveloping the Corridor is defining methods by which the City can actively participate in advancing catalyst investment. As explained earlier, the City has the largest and longest-term interest in the North Nevada Avenue Corridor. To this end, it must be involved in advancing the vision for the area and where appropriate, participate in new investment and reinvestment. The method by which the City participates in redevelopment efforts can be multifaceted, ranging from marketing and promotion to financing and development.

The single most significant factor-influencing ways in which the City will participate in the redevelopment of the Corridor is its status as a Council-approved urban renewal area. That urban renewal plan describes the City's intended participation in implementation the following way: "The Authority intends to direct revenue generated from the urban renewal area to those areas which are most likely to further the objectives of the Plan, as well as those areas where private investment is most imminent. The combination of public and private investment will assist in the reinvestment and conversion of the urban renewal area into a compatible and viable urban neighborhood and employment center."

Experience has proven when a market opportunity exists, but investment is not occurring, or occurring in a manner inconsistent with the community vision, barriers exist. There is a market for new product in the City and Corridor. However, should the City choose to do "nothing" or very little to eliminate barriers identified, it is highly unlikely that investment consistent with that expressed in the comprehensive plan will occur in any reasonable time frame. Rather, market share will be lost to other locations in the region that are actively promoting, targeting and incenting investment.

Just as the challenges or "barriers" to investment are multifaceted, so too are the solutions. The national trend of stagnating and declining commercial corridors is evident throughout the U.S. Facing increasing competition from development on other infill sites, fringe locations and downtown, North Nevada Avenue will continue to experience a flattening out of commercial property values and market share, and its competitive position continue to be eroded, unless the following specific actions are taken:

Implementation

- Significant reposition of its role in the market;
- City participation in the form of tax increment financing;
- Formalized partnerships with anchors including UCCS;
- Completion of strategic public investment in the form of public and community spaces;
- Recognition of the economic challenges inherent in infill development; and
- Aggressive recruitment of niche opportunities.

Together, the public and private sector face the challenge of developing this important commercial and employment hub in the community.

Appendix

North Nevada Corridor General Plan Economic Impact Estimates Buildout Without Improvements

Job Creation Estimates

	Total SF/Units	SF/Unit Per Employee	Total Employees
Permanent Employment			
Retail	150,000	400	375
Office	135,000	250	540
Industrial	205,000	750	273
Civic	100,000	1,000	100
Corridor Total	590,000	458	1,288

	\$ Value Per SF/Unit	Total \$ Value	% Labor to \$ Value	Labor \$ Value	Total Employees
Construction Employment					
					\$35,000
Retail	\$90	\$13,500,000	50%	\$6,750,000	193
Office	\$100	\$13,500,000	50%	\$6,750,000	193
Industrial	\$50	\$10,250,000	50%	\$5,125,000	146
Civic	\$100	\$10,000,000	50%	\$5,000,000	143
Corridor Total	–	\$47,250,000	–	\$23,625,000	675
				Annual:	45

Economic Impact Estimates

Permanent Employment	
Total Employees @ Build-Out	1,288
Regional Employment Multiplier*	2.0
Total New Employees Generated	2,577
Average Annual Income/Employee	\$30,000
Total Annual Income from New Employment	\$77,300,000
Construction Employment	
Total Annual Employees During Construction Period	45
Regional Employment Multiplier*	1.9
Total New Employees Generated	86
Average Annual Income/Employee	\$35,000
Total Annual Income from New Employment	\$2,992,500
* Economic multipliers developed by Colorado Division of Local Governments.	

Source: Matrix Design Group and Leland Consulting Group.

Appendix

North Nevada Corridor General Plan Economic Impact Estimates Buildout With Improvements

Job Creation Estimates

	<i>Total SF/Units</i>	<i>SF/Unit Per Employee</i>	<i>Total Employees</i>
Permanent Employment			
Retail	868,979	600	1,448
Office	715,000	250	2,860
Industrial	360,000	750	480
Civic	360,000	1,000	360
Corridor Total	2,303,979	448	5,148

	<i>\$ Value Per SF/Unit</i>	<i>Total \$ Value</i>	<i>% Labor to \$ Value</i>	<i>Labor \$ Value</i>	<i>Total Employees</i>
Construction Employment					
					\$35,000
Retail	\$90	\$78,208,110	50%	\$39,104,055	1,117
Office	\$100	\$71,500,000	50%	\$35,750,000	1,021
Industrial	\$50	\$18,000,000	50%	\$9,000,000	257
Civic	\$100	\$36,000,000	50%	\$18,000,000	514
Corridor Total	--	\$203,708,110	--	\$101,854,055	2,910
				Annual:	194

Personal Income Estimates

Permanent Employment	
Total Employees @ Build-Out	5,148
Regional Employment Multiplier*	2.0
Total New Employees Generated	10,297
Average Annual Income/Employee	\$30,000
Total Annual Income from New Employment	\$308,897,900
Construction Employment	
Total Annual Employees During Construction Period	194
Regional Employment Multiplier*	1.9
Total New Employees Generated	369
Average Annual Income/Employee	\$35,000
Total Annual Income from New Employment	\$12,901,514

* Economic multipliers developed by Colorado Division of Local Governments.

Source: Matrix Design Group and Leland Consulting Group.

Appendix

North Nevada Corridor General Plan Service Cost Estimates Buildout Without Improvements

<i>Public Safety</i>	<i>Total New @Buildout</i>	<i>Permanent Employees</i>	<i>Construction Employees</i>	<i>Expense Per Employee</i>	<i>Annual Pub Safety</i>
<i>Land Use:</i>					
Retail (SF)	150,000	375	193	\$239	\$135,612
Office (SF)	135,000	540	193	\$239	\$175,007
Industrial (SF)	205,000	273	146	\$239	\$100,038
Civic (SF)	100,000	100	143	\$239	\$58,017
			Annual Total:		<u>\$468,674</u>

<i>Public Works</i>	<i>Total New @Buildout</i>	<i>Permanent Employees</i>	<i>Construction Employees</i>	<i>Expense Per Employee</i>	<i>Annual Pub Works</i>
<i>Land Use:</i>					
Retail (SF)	150,000	375	193	\$75	\$42,506
Office (SF)	135,000	540	193	\$75	\$54,853
Industrial (SF)	205,000	273	146	\$75	\$31,356
Civic (SF)	100,000	100	143	\$75	\$18,185
			Annual Total:		<u>\$146,900</u>

<i>Parks, Recreation and Cultural</i>	<i>Total New @Buildout</i>	<i>Permanent Employees</i>	<i>Construction Employees</i>	<i>Expense Per Employee</i>	<i>Annual Parks, Rec</i>
<i>Land Use:</i>					
Retail (SF)	150,000	375	193	\$8	\$4,664
Office (SF)	135,000	540	193	\$8	\$6,019
Industrial (SF)	205,000	273	146	\$8	\$3,441
Civic (SF)	100,000	100	143	\$8	\$1,995
			Annual Total:		<u>\$16,119</u>

<i>City Planning and Community Development</i>	<i>Total New @Buildout</i>	<i>Permanent Employees</i>	<i>Construction Employees</i>	<i>Expense Per Employee</i>	<i>Annual Comm Dev</i>
<i>Land Use:</i>					
Retail (SF)	150,000	375	193	\$9	\$5,242
Office (SF)	135,000	540	193	\$9	\$6,764
Industrial (SF)	205,000	273	146	\$9	\$3,867
Civic (SF)	100,000	100	143	\$9	\$2,242
			Annual Total:		<u>\$18,115</u>

Appendix

North Nevada Corridor General Plan Service Cost Estimates Buildout Without Improvements (Cont'd)

<i>Council Appointees</i>	<i>Total New @Buildout</i>	<i>Permanent Employees</i>	<i>Construction Employees</i>	<i>Expense Per Employee</i>	<i>Annual Council</i>
<i>Land Use:</i>					
Retail (SF)	150,000	375	193	\$20	\$11,504
Office (SF)	135,000	540	193	\$20	\$14,846
Industrial (SF)	205,000	273	146	\$20	\$8,486
Civic (SF)	100,000	100	143	\$20	\$4,922
Annual Total:					\$39,758

<i>City Management</i>	<i>Total New @Buildout</i>	<i>Permanent Employees</i>	<i>Construction Employees</i>	<i>Expense Per Employee</i>	<i>Annual Mgt</i>
<i>Land Use:</i>					
Retail (SF)	150,000	375	193	\$16	\$8,844
Office (SF)	135,000	540	193	\$16	\$11,414
Industrial (SF)	205,000	273	146	\$16	\$6,524
Civic (SF)	100,000	100	143	\$16	\$3,784
Annual Total:					\$30,566

<i>Misc Expenses</i>	<i>Total New @Buildout</i>	<i>Permanent Employees</i>	<i>Construction Employees</i>	<i>Expense Per Employee</i>	<i>Annual Misc</i>
<i>Land Use:</i>					
Retail (SF)	150,000	375	193	\$93	\$52,678
Office (SF)	135,000	540	193	\$93	\$67,981
Industrial (SF)	205,000	273	146	\$93	\$38,859
Civic (SF)	100,000	100	143	\$93	\$22,537
Annual Total:					\$182,055

<i>Summary of Expenses</i>	<i>Public Safety</i>	<i>Public Works</i>	<i>Parks, Rec & Cultural</i>	<i>Community Development</i>	<i>Council Appointees</i>	<i>City Management</i>	<i>Misc Expenses</i>	<i>Total Expenses</i>
<i>Land Use:</i>								
Retail (SF)	\$135,612	\$42,506	\$4,664	\$5,242	\$11,504	\$8,844	\$52,678	\$261,050
Office (SF)	\$175,007	\$54,853	\$6,019	\$6,764	\$14,846	\$11,414	\$67,981	\$336,884
Industrial (SF)	\$100,038	\$31,356	\$3,441	\$3,867	\$8,486	\$6,524	\$38,859	\$192,571
Civic (SF)	\$58,017	\$18,185	\$1,995	\$2,242	\$4,922	\$3,784	\$22,537	\$111,682
Annual Total:								\$902,186

Appendix

North Nevada Corridor General Plan Service Cost Estimates Buildout With Improvements

<i>Public Safety</i>	<i>Total New @Buildout</i>	<i>Permanent Employees</i>	<i>Construction Employees</i>	<i>Expense Per Employee</i>	<i>Annual Pub Safety</i>
<i>Land Use:</i>					
Retail (SF)	868,979	1,448	1,117	\$239	\$612,404
Office (SF)	715,000	2,860	1,021	\$239	\$926,604
Industrial (SF)	360,000	480	257	\$239	\$175,962
Civic (SF)	360,000	360	514	\$239	\$208,671
			Annual Total:		<u>\$1,923,640</u>

<i>Public Works</i>	<i>Total New @Buildout</i>	<i>Permanent Employees</i>	<i>Construction Employees</i>	<i>Expense Per Employee</i>	<i>Annual Pub Works</i>
<i>Land Use:</i>					
Retail (SF)	868,979	1,448	1,117	\$75	\$191,950
Office (SF)	715,000	2,860	1,021	\$75	\$290,431
Industrial (SF)	360,000	480	257	\$75	\$55,153
Civic (SF)	360,000	360	514	\$75	\$65,405
			Annual Total:		<u>\$602,939</u>

<i>Parks, Recreation and Cultural</i>	<i>Total New @Buildout</i>	<i>Permanent Employees</i>	<i>Construction Employees</i>	<i>Expense Per Employee</i>	<i>Annual Parks, Rec</i>
<i>Land Use:</i>					
Retail (SF)	868,979	1,448	1,117	\$8	\$21,062
Office (SF)	715,000	2,860	1,021	\$8	\$31,869
Industrial (SF)	360,000	480	257	\$8	\$6,052
Civic (SF)	360,000	360	514	\$8	\$7,177
			Annual Total:		<u>\$66,160</u>

<i>City Planning and Community Development</i>	<i>Total New @Buildout</i>	<i>Permanent Employees</i>	<i>Construction Employees</i>	<i>Expense Per Employee</i>	<i>Annual Comm Dev</i>
<i>Land Use:</i>					
Retail (SF)	868,979	1,448	1,117	\$9	\$23,670
Office (SF)	715,000	2,860	1,021	\$9	\$35,814
Industrial (SF)	360,000	480	257	\$9	\$6,801
Civic (SF)	360,000	360	514	\$9	\$8,065
			Annual Total:		<u>\$74,350</u>

Appendix

North Nevada Corridor General Plan Service Cost Estimates Buildout With Improvements (Cont'd)

<i>Council Appointees</i>	<i>Total New @Buildout</i>	<i>Permanent Employees</i>	<i>Construction Employees</i>	<i>Expense Per Employee</i>	<i>Annual Council</i>
<i>Land Use:</i>					
Retail (SF)	868,979	1,448	1,117	\$20	\$51,951
Office (SF)	715,000	2,860	1,021	\$20	\$78,605
Industrial (SF)	360,000	480	257	\$20	\$14,927
Civic (SF)	360,000	360	514	\$20	\$17,702
Annual Total:					\$163,185

<i>City Management</i>	<i>Total New @Buildout</i>	<i>Permanent Employees</i>	<i>Construction Employees</i>	<i>Expense Per Employee</i>	<i>Annual Mgt</i>
<i>Land Use:</i>					
Retail (SF)	868,979	1,448	1,117	\$16	\$39,940
Office (SF)	715,000	2,860	1,021	\$16	\$60,431
Industrial (SF)	360,000	480	257	\$16	\$11,476
Civic (SF)	360,000	360	514	\$16	\$13,609
Annual Total:					\$125,456

<i>Misc Expenses</i>	<i>Total New @Buildout</i>	<i>Permanent Employees</i>	<i>Construction Employees</i>	<i>Expense Per Employee</i>	<i>Annual Misc</i>
<i>Land Use:</i>					
Retail (SF)	868,979	1,448	1,117	\$93	\$237,886
Office (SF)	715,000	2,860	1,021	\$93	\$359,936
Industrial (SF)	360,000	480	257	\$93	\$68,352
Civic (SF)	360,000	360	514	\$93	\$81,057
Annual Total:					\$747,231

<i>Summary of Expenses</i>	<i>Public Safety</i>	<i>Public Works</i>	<i>Parks, Rec & Cultural</i>	<i>Community Development</i>	<i>Council Appointees</i>	<i>City Management</i>	<i>Misc Expenses</i>	<i>Total Expenses</i>
<i>Land Use:</i>								
Retail (SF)	\$612,404	\$191,950	\$21,062	\$23,670	\$51,951	\$39,940	\$237,886	\$1,178,863
Office (SF)	\$926,604	\$290,431	\$31,869	\$35,814	\$78,605	\$60,431	\$359,936	\$1,783,690
Industrial (SF)	\$175,962	\$55,153	\$6,052	\$6,801	\$14,927	\$11,476	\$68,352	\$338,722
Civic (SF)	\$208,671	\$65,405	\$7,177	\$8,065	\$17,702	\$13,609	\$81,057	\$401,687
Annual Total:								\$3,702,961