



VINEYARD PROPERTY

El Paso County Impact Report

Colorado Springs, Colorado

January 2011



PREPARED FOR:

Colorado Springs Urban Renewal Authority (CSURA)
Colorado Springs City Council

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This report outlines the anticipated impact of the proposed Vineyard Property Urban Renewal Plan on El Paso County (the County). It 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.”



Summary of Urban Renewal Plan

Development Program

The proposed development program for the Vineyard Property Urban Renewal Plan is consistent with current policy documents and plans for the City of Colorado Springs. The development program is anticipated to be phased over 10 years, and the total build-out is summarized in Table 1.

Table 1
Vineyard Property Urban Renewal Plan
Proposed Development Program

	Improvement Sq Ft
New Development:	
Data Center Space (Real Property)	806,845
Data Center Space (Personal Property)	72,000

Source: Ricker|Cunningham.

Development Timing

The development timetable for the proposed program presented above will ultimately be determined by prevailing market conditions. A critical component of the analysis presented here is the assumption that key parcels within the planning area will be developed into a mix of “data center” and other industrial uses. For the purposes of this analysis, it was assumed that redevelopment and new development in the Vineyard Property Urban Renewal Area (the Area) would be substantially completed during the 25-year analysis period.



Summary Impacts to El Paso County

Property Tax Revenue

Table 2 at the end of this report provides a summary of property tax revenues that could be generated from new development within the Area. Estimates are based on the development program outlined above and reflect the 25-year tax increment period. For the purposes of this analysis, it is assumed that 100% of the total property tax increment over the 25-year period would be dedicated to the Area. This includes both real and personal property tax increment.

As presented in Table 2, and based on the proposed development program, investment in the Area could generate over \$303 million in incremental property tax revenues over the 25-year analysis period. Currently, the property tax base in the Area is approximately \$3,727.

During the 25-year analysis period, the County's share of property tax revenue would be limited to its share of the property tax base -- approximately \$10,500 over the 25-year period, or \$420 annually (on average) adjusted for general reassessments. The tax increment revenue will be applied to public infrastructure necessary to serve the specialized requirements of a sophisticated modern data center. After the 25-year analysis period is completed, the County's share of property tax revenues would be approximately \$2.4 million on an annual basis. These figures do reflect the impacts of inflation, conservatively estimated at approximately 1% on an annual basis.

County Services / Infrastructure

Because the entire Area is located within the City of Colorado Spring's municipal boundaries, there is anticipated to be a minimal impact on County services. Infrastructure impacts associated with the proposed development program are assumed to be financed by the Colorado Springs Urban Renewal Authority, a metropolitan district, the City of Colorado Springs



with increment revenues and/or some combination of increment dollars, general fund dollars and special district dollars (assuming future creation of an additional district layer) and developer contributions. Impacts to the County’s general government services could increase due to an increase in non-residential and residential development, but such impacts should be offset by the increase in value realized by properties contiguous to the Area.

Net Impact to County

Table 2 also illustrates the net tax increment dollars estimated to be allocated to this project from the County levy on the portion of the property tax assessment roll reserved by law for this purpose. This property tax revenue is estimated to be approximately \$32.3 million. But for the project and resulting new development, these dollars would not otherwise be available to the County.

Conclusion

In summary, and regarding “the impact of the reinvestment project on county revenues and on the cost and extent of additional county infrastructure and services required to serve development within the proposed reinvestment area” there do not appear to be any additional County infrastructure requirements required to serve development in the proposed reinvestment Area at this time. Further, the City does not contemplate that the County will have to provide any public improvements, police, fire, utility or other specific services to serve such development as properties in the area are entirely located within the municipal boundaries of the City and will therefore be served by the City. Finally, any additional demands (direct or indirect) on County services due to a general increase in population within the Area should be more than offset (as are all other such costs) by increases in the base assessed value due to the periodic adjustment in the base assessment roll, as well as increases in property value located in proximity to the Area.

TABLE 2
COLORADO SPRINGS URBAN RENEWAL AUTHORITY
PROPOSED VINEYARD PROPERTY URBAN RENEWAL AREA
TIF ANALYSIS SUMMARY
OCTOBER 2010

	Cumulative Total By:				
	2015	2020	2025	2030	2035
<i>Vineyards Data Center Urban Renewal Area</i>					
Total Incremental Property Tax Revenues from New Development	\$9,834,666	\$50,272,586	\$115,624,747	\$200,782,059	\$303,802,051
Total Tax Revenue Increment	\$9,834,666	\$50,272,586	\$115,624,747	\$200,782,059	\$303,802,051
<i>El Paso County</i>					
Property Tax Revenues from Existing Base	\$1,999	\$4,047	\$6,149	\$8,301	\$10,510
Property Tax Revenues Deferred From New Redevelopment	(\$1,046,841)	(\$5,351,215)	(\$12,307,559)	(\$21,372,043)	(\$32,337,902)
Net Tax Revenues -- 25-Year Period	(\$1,044,842)	(\$5,347,167)	(\$12,301,411)	(\$21,363,742)	(\$32,327,393)

Source: Ricker+Cunningham.

TABLE 2
COLORADO SPRINGS URBAN RENEWAL AUTHORITY
PROPOSED VINEYARD PROPERTY URBAN RENEWAL AREA
TIF ANALYSIS
JANUARY 2011

Development Program

	Improvement Sq Ft
New Development:	
Data Center Space (Real Property)	806,845
Data Center Space (Personal Property)	72,000

Annual Property Tax Revenue Estimates	Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	
<i>Estimated Cumulative Development Demand:</i>										
Data Center Space (Real Property)	0	40,000	90,000	230,000	330,000	395,000	525,000	665,000	806,845	
Data Center Space (Personal Property)	0	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	
<i>Estimated Development Market Value:</i>										
Data Center Space (Real Property)	\$100	\$0	\$4,000,000	\$9,000,000	\$23,000,000	\$33,000,000	\$39,500,000	\$52,500,000	\$66,500,000	\$80,684,500
Data Center Space (Personal Property)	\$1,400	\$0	\$85,859,284	\$156,096,851	\$210,712,703	\$249,706,838	\$273,079,257	\$349,309,960	\$409,918,947	\$455,096,217
<i>Estimated Development Assessed Value:</i>										
Data Center Space (Real Property)	29%	\$0	\$1,160,000	\$2,610,000	\$6,670,000	\$9,570,000	\$11,455,000	\$15,225,000	\$19,285,000	\$23,398,505
Data Center Space (Personal Property)	29%	\$0	\$24,899,192	\$45,268,087	\$61,106,684	\$72,414,983	\$79,192,985	\$101,299,888	\$118,876,495	\$131,977,903
<i>Estimated Development Property Tax Revenues (60 mills):</i>										
Data Center Space (Real Property)	0.069398	\$0	\$0	\$80,502	\$181,129	\$462,885	\$664,139	\$794,954	\$1,056,585	\$1,338,340
Data Center Space (Personal Property)	0.069398	\$0	\$0	\$1,727,954	\$3,141,515	\$4,240,682	\$5,025,455	\$5,495,835	\$7,030,010	\$8,249,791
Total Property Tax Revenues from New Development:		\$0	\$0	\$1,808,456	\$3,322,643	\$4,703,566	\$5,689,594	\$6,290,789	\$8,086,594	\$9,588,131
Total Property Tax Revenues from Existing Development:		\$3,727	\$3,727	\$3,764	\$3,764	\$3,802	\$3,802	\$3,840	\$3,840	\$3,878
Total Property Tax Revenues:		\$3,727	\$3,727	\$1,812,220	\$3,326,408	\$4,707,368	\$5,693,396	\$6,294,629	\$8,090,434	\$9,592,010
Existing Property Tax Base:		\$3,727	\$3,727	\$3,764	\$3,764	\$3,802	\$3,802	\$3,840	\$3,840	\$3,878
Total Property Tax Increment:		\$0	\$0	\$1,808,456	\$3,322,643	\$4,703,566	\$5,689,594	\$6,290,789	\$8,086,594	\$9,588,131
<i>County Impact:</i>										
County Share of Property Tax Base:	0.007387	\$397	\$397	\$401	\$401	\$405	\$405	\$409	\$409	\$413
County Share of Property Tax Increment:	0.007387	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total County Share of Property Tax Revenue:		\$397	\$397	\$401	\$401	\$405	\$405	\$409	\$409	\$413

Source: Ricker+Cunningham.

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JANUARY 2011

Development Program

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New Development:	
Data Center Space (Real Property)	806,845
Data Center Space (Personal Property)	72,000

Annual Property Tax Revenue Estimates	Year								
	2020	2021	2022	2023	2024	2025	2026	2027	
<i>Estimated Cumulative Development Demand:</i>									
Data Center Space (Real Property)	806,845	806,845	806,845	806,845	806,845	806,845	806,845	806,845	806,845
Data Center Space (Personal Property)	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000
<i>Estimated Development Market Value:</i>									
Data Center Space (Real Property)	\$100	\$80,684,500	\$80,684,500	\$80,684,500	\$80,684,500	\$80,684,500	\$80,684,500	\$80,684,500	\$80,684,500
Data Center Space (Personal Property)	\$1,400	\$484,651,771	\$498,585,610	\$569,635,131	\$625,317,337	\$665,632,227	\$690,579,800	\$700,350,057	\$766,582,998
<i>Estimated Development Assessed Value:</i>									
Data Center Space (Real Property)	29%	\$23,398,505	\$23,398,505	\$23,398,505	\$23,398,505	\$23,398,505	\$23,398,505	\$23,398,505	\$23,398,505
Data Center Space (Personal Property)	29%	\$140,549,014	\$144,589,827	\$165,194,188	\$181,342,028	\$193,033,346	\$200,268,142	\$203,101,517	\$222,309,069
<i>Estimated Development Property Tax Revenues (60 mills):</i>									
Data Center Space (Real Property)	0.069398	\$1,623,809	\$1,623,809	\$1,623,809	\$1,623,809	\$1,623,809	\$1,623,809	\$1,623,809	\$1,623,809
Data Center Space (Personal Property)	0.069398	\$9,159,003	\$9,753,820	\$10,034,245	\$11,464,146	\$12,584,774	\$13,396,128	\$13,898,209	\$14,094,839
Total Property Tax Revenues from New Development:		\$10,782,812	\$11,377,630	\$11,658,054	\$13,087,956	\$14,208,583	\$15,019,938	\$15,522,018	\$15,718,648
Total Property Tax Revenues from Existing Development:		\$3,878	\$3,917	\$3,917	\$3,956	\$3,956	\$3,996	\$3,996	\$4,036
Total Property Tax Revenues:		\$10,786,690	\$11,381,547	\$11,661,971	\$13,091,912	\$14,212,540	\$15,023,933	\$15,526,014	\$15,722,684
Existing Property Tax Base:		\$3,878	\$3,917	\$3,917	\$3,956	\$3,956	\$3,996	\$3,996	\$4,036
Total Property Tax Increment:		\$10,782,812	\$11,377,630	\$11,658,054	\$13,087,956	\$14,208,583	\$15,019,938	\$15,522,018	\$15,718,648
<i>County Impact:</i>									
County Share of Property Tax Base:	0.007387	\$413	\$417	\$417	\$421	\$421	\$425	\$425	\$430
County Share of Property Tax Increment:	0.007387	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total County Share of Property Tax Revenue:		\$413	\$417	\$417	\$421	\$421	\$425	\$425	\$430

Source: Ricker+Cunningham.

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PROPOSED VINEYARD PROPERTY URBAN RENEWAL AREA
TIF ANALYSIS
JANUARY 2011

Development Program

	Improvement Sq Ft
New Development:	
Data Center Space (Real Property)	806,845
Data Center Space (Personal Property)	72,000

Annual Property Tax Revenue Estimates	Year								
	2028	2029	2030	2031	2032	2033	2034	2035	
<i>Estimated Cumulative Development Demand:</i>									
Data Center Space (Real Property)	806,845	806,845	806,845	806,845	806,845	806,845	806,845	806,845	806,845
Data Center Space (Personal Property)	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000
<i>Estimated Development Market Value:</i>									
Data Center Space (Real Property)	\$100	\$80,684,500	\$80,684,500	\$80,684,500	\$80,684,500	\$80,684,500	\$80,684,500	\$80,684,500	\$80,684,500
Data Center Space (Personal Property)	\$1,400	\$817,448,623	\$852,946,931	\$873,077,924	\$877,841,600	\$950,118,960	\$1,007,219,004	\$1,048,951,731	\$1,075,317,143
<i>Estimated Development Assessed Value:</i>									
Data Center Space (Real Property)	29%	\$23,398,505	\$23,398,505	\$23,398,505	\$23,398,505	\$23,398,505	\$23,398,505	\$23,398,505	\$23,398,505
Data Center Space (Personal Property)	29%	\$237,060,101	\$247,354,610	\$253,192,598	\$254,574,064	\$275,534,498	\$292,093,511	\$304,196,002	\$311,841,971
<i>Estimated Development Property Tax Revenues (60 mills):</i>									
Data Center Space (Real Property)	0.069398	\$1,623,809	\$1,623,809	\$1,623,809	\$1,623,809	\$1,623,809	\$1,623,809	\$1,623,809	\$1,623,809
Data Center Space (Personal Property)	0.069398	\$15,427,805	\$16,451,497	\$17,165,915	\$17,571,060	\$17,666,931	\$19,121,543	\$20,270,705	\$20,270,705
Total Property Tax Revenues from New Development:		\$17,051,614	\$18,075,306	\$18,789,725	\$19,194,869	\$19,290,740	\$20,745,353	\$21,894,515	\$21,894,515
Total Property Tax Revenues from Existing Development:		\$4,036	\$4,076	\$4,076	\$4,117	\$4,117	\$4,158	\$4,158	\$4,200
Total Property Tax Revenues:		\$17,055,650	\$18,079,382	\$18,793,801	\$19,198,986	\$19,294,857	\$20,749,511	\$21,898,673	\$21,898,715
Existing Property Tax Base:		\$4,036	\$4,076	\$4,076	\$4,117	\$4,117	\$4,158	\$4,158	\$4,200
Total Property Tax Increment:		\$17,051,614	\$18,075,306	\$18,789,725	\$19,194,869	\$19,290,740	\$20,745,353	\$21,894,515	\$21,894,515
<i>County Impact:</i>									
County Share of Property Tax Base:	0.007387	\$430	\$434	\$434	\$438	\$438	\$443	\$443	\$447
County Share of Property Tax Increment:	0.007387	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total County Share of Property Tax Revenue:		\$430	\$434	\$434	\$438	\$438	\$443	\$443	\$447

Source: Ricker+Cunningham.