

Draft Report

El Paso County Impact Report

Gold Hill Mesa Urban Renewal Area

The Economics of Land Use



Prepared for:

Colorado Springs Urban Renewal Authority

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1. Introduction

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

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

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

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

Urban Renewal Plan Description

The Gold Hill Mesa 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 19 parcels on approximately 106.7 acres of land plus adjacent right-of-way (ROW). The boundaries of the Plan Area to which this Plan applies includes Highway 24 to the northeast, South 21st Street to the west, and existing Villa De Mesa and Gold Hill Mesa residential developments to the south as shown below in **Figure 1**.

Figure 1. Gold Hill Mesa URA Boundary



2. Development Program

The proposed project for the Plan Area, as expressed by the developer, is a traditional neighborhood development with a mix of uses in a walkable environment with streetscape, open space, parks, and trail connections, as shown in the concept plan illustrated in **Figure 2**. The development includes approximately 550 residential units consisting of single family detached, townhome, and apartment units. The retail component includes approximately 70,000 square feet of space and will include a mix of restaurants and bars, general retail, and a grocery store. The project also includes a 100-key hotel.

Figure 2. Gold Hill Mesa Concept Plan



The Gold Hill Mesa URA includes a variety of public improvements, totaling \$37.0 million, shown in **Table 1**. These include historic preservation, parks and play structures, amphitheater, 43 acres of open space, trails, and environmental remediation. The Plan Area is the location of the former Golden Cycle Mill. The smokestack from the gold mill currently remains in the Plan Area and will be preserved as part of Colorado Spring’s history. The Plan Area will include a significant amount of open space with native vegetation and trails with connections to the established trail network in Colorado Springs. Trails in the Plan Area will provide direct connections to Downtown and Old Colorado City. Fountain Creek will be restored to support the ecosystem and reduce flooding, erosion, and sedimentation. Additionally, concrete found in the Plan Area during environmental remediation will be recycled and reused to protect the banks of Fountain Creek from future erosion.

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.

Table 1. Gold Hill Mesa URA Public Improvements

Description	Factor	Cost	% Total
Environmental Remediation		\$11,948,867	32.3%
Regional Storm Water Control		\$1,550,000	4.2%
Retaining Walls		\$1,651,200	4.5%
Intersection Improvements at 21st/Broadway		\$250,000	0.7%
21st Street Widen - Broadway to Keystone		\$1,275,750	3.4%
Smokestack Repair		\$1,500,000	4.1%
Amphitheater Landscapes		\$250,000	0.7%
Amphitheater Terracing		\$1,500,000	4.1%
Trails		\$250,000	0.7%
Play Structures		\$225,000	0.6%
Monuments/Signage		\$450,000	1.2%
Residential Lot Overdig and Contouring		\$3,876,000	10.5%
NAD Cap & Cert		\$804,667	2.2%
Open Space Land Acquisition	43 acres	\$4,545,714	12.3%
Soft Costs	54%	<u>\$6,925,127</u>	<u>18.7%</u>
Total		\$37,002,325	100.0%

Source: Developer; Economic & Planning Systems

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 Gold Hill Mesa, EPS has estimated residential market values for the multifamily at \$240,000 per unit, townhomes at \$400,000 per unit, and single family at \$600,000 per unit. Commercial market values are estimated at \$90,000 per room for hotel, \$150 per square foot for grocery and general retail, and \$220 per square foot for restaurant. These estimated values are based on a comparison of construction costs, assessor data, and comparable property research in the surrounding area. EPS concludes that they are reasonable based on the analysis.

Property Tax Base

The current assessed value of properties in Gold Hill Mesa are roughly \$156,700 per year, shown below in **Table 2**. 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 residential property is 6.95 percent for single family and 6.80 percent for multifamily and attached units (other residential). 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 3**. The total mill levy in 2021 was 59.7620, which includes 7.2850 mills for El Paso County (including El Paso County Road and Bridge share).

Table 2. Property Base Value, 2021

#	Parcel	Actual Value		Assessed Value	
		Land	Improv.	Land	Improv.
1	7413300085	\$75,000	\$0	\$21,750	\$0
2	7414100066	\$43,571	\$0	\$12,640	\$0
3	7414100056	\$25,718	\$0	\$7,460	\$0
4	7414100057	\$1,000	\$0	\$0	\$0
5	7414100036	\$12,023	\$0	\$3,490	\$0
6	7414100035	\$53,971	\$0	\$15,650	\$0
7	7414100007	\$73,943	\$0	\$21,440	\$0
8	7414100033	\$97,269	\$0	\$28,210	\$0
9	7414100024	\$57,020	\$0	\$16,540	\$0
10	7414100034	\$27,595	\$0	\$8,000	\$0
11	7414100018	\$5,425	\$0	\$1,570	\$0
12	7414100027	\$13,417	\$0	\$3,890	\$0
13	7414100044	\$1,000	\$0	\$290	\$0
14	7414108088	\$24,640	\$0	\$7,150	\$0
15	7414108064	\$200	\$0	\$60	\$0
16	7414108085	\$0	\$0	\$0	\$0
17	7414100054	\$500	\$0	\$150	\$0
18	7414108089	\$20,680	\$0	\$6,000	\$0
19	7414108084	\$8,300	\$0	\$2,410	\$0
Total		\$541,272	\$0	\$156,700	\$0

Source: El Paso County Assessor; Economic & Planning Systems

Table 3. 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
GOLD HILL MESA METRO #3	0.0000
GOLD HILL MESA COMMERCIAL AREA URA	0.0000
TOTAL	59.7620

Source: El Paso County Assessor; Economic & Planning Systems

Property Tax Increment

Based on the assumptions stated above and information from the developer, in 2047 the cumulative value of the single family development is estimated at \$181.8 million, other residential development (multifamily and townhome) is estimated at \$149.8 million, and commercial development is estimated at \$31.7 million, as shown below in **Table 4**. The future property taxes due to new development is referred to as the "Increment." The development of Gold Hill Mesa over the next 25 years is expected to generate approximately \$30.1 million in property tax increment over the 25-year period, which equates to an average of approximately \$1.25 million per year, as shown in **Table 5**. Following the 25-year period, the property tax that has been redirected through the URA will revert to the original taxing entities. At that time, the parcels shown in the Plan Area are expected to generate approximately \$1.74 million in total property taxes, which includes approximately \$13,352 that is attributed to the base values and \$1.73 million that is generated by the increment or new development.

Table 4. Development Value, 2022-2047

Year	Plan Year	SFD	TH	MF	Hotel	Grocery	Gen. Retail	Rest.	CUMULATIVE TOTAL ^[1]			
		\$600,000/unit 212 units	\$400,000/unit 148 units	\$240,000/unit 190 units	\$90,000/key 100 keys	\$150/sf 25,810 sf	\$150/sf 10,000 sf	\$220/sf 35,400 sf	Single Family	Other Res.	Commercial	
2022	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2023	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2024	2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2025	3	\$65,522,310	\$30,494,660	\$23,489,130	\$2,318,006	\$997,129	\$386,334	\$2,005,848	\$65,522,310	\$53,983,790	\$5,707,318	
2026	4	\$133,010,289	\$61,904,160	\$47,682,934	\$7,058,329	\$3,036,258	\$1,176,388	\$6,107,807	\$133,010,289	\$109,587,094	\$17,378,782	
2027	5	\$135,005,444	\$62,832,722	\$48,398,178	\$9,552,272	\$4,109,069	\$1,592,045	\$8,265,899	\$135,005,444	\$111,230,900	\$23,519,286	
2028	6	\$137,030,525	\$63,775,213	\$49,124,151	\$9,695,556	\$4,170,705	\$1,615,926	\$8,389,888	\$137,030,525	\$112,899,364	\$23,872,075	
2029	7	\$139,085,983	\$64,731,841	\$49,861,013	\$9,840,989	\$4,233,266	\$1,640,165	\$8,515,736	\$139,085,983	\$114,592,854	\$24,230,156	
2030	8	\$141,172,273	\$65,702,819	\$50,608,928	\$9,988,604	\$4,296,765	\$1,664,767	\$8,643,472	\$141,172,273	\$116,311,747	\$24,593,608	
2031	9	\$143,289,857	\$66,688,361	\$51,368,062	\$10,138,433	\$4,361,216	\$1,689,739	\$8,773,124	\$143,289,857	\$118,056,423	\$24,962,512	
2032	10	\$145,439,205	\$67,688,687	\$52,138,583	\$10,290,510	\$4,426,634	\$1,715,085	\$8,904,721	\$145,439,205	\$119,827,269	\$25,336,950	
2033	11	\$147,620,793	\$68,704,017	\$52,920,662	\$10,444,867	\$4,493,034	\$1,740,811	\$9,038,292	\$147,620,793	\$121,624,678	\$25,717,004	
2034	12	\$149,835,105	\$69,734,577	\$53,714,472	\$10,601,540	\$4,560,429	\$1,766,923	\$9,173,866	\$149,835,105	\$123,449,049	\$26,102,759	
2035	13	\$152,082,631	\$70,780,596	\$54,520,189	\$10,760,564	\$4,628,836	\$1,793,427	\$9,311,474	\$152,082,631	\$125,300,784	\$26,494,301	
2036	14	\$154,363,871	\$71,842,305	\$55,337,991	\$10,921,972	\$4,698,268	\$1,820,329	\$9,451,146	\$154,363,871	\$127,180,296	\$26,891,715	
2037	15	\$156,679,329	\$72,919,939	\$56,168,061	\$11,085,802	\$4,768,742	\$1,847,634	\$9,592,914	\$156,679,329	\$129,088,001	\$27,295,091	
2038	16	\$159,029,519	\$74,013,738	\$57,010,582	\$11,252,089	\$4,840,273	\$1,875,348	\$9,736,807	\$159,029,519	\$131,024,321	\$27,704,517	
2039	17	\$161,414,962	\$75,123,944	\$57,865,741	\$11,420,870	\$4,912,878	\$1,903,478	\$9,882,859	\$161,414,962	\$132,989,685	\$28,120,085	
2040	18	\$163,836,186	\$76,250,804	\$58,733,727	\$11,592,183	\$4,986,571	\$1,932,030	\$10,031,102	\$163,836,186	\$134,984,531	\$28,541,887	
2041	19	\$166,293,729	\$77,394,566	\$59,614,733	\$11,766,066	\$5,061,369	\$1,961,011	\$10,181,569	\$166,293,729	\$137,009,299	\$28,970,015	
2042	20	\$168,788,135	\$78,555,484	\$60,508,954	\$11,942,557	\$5,137,290	\$1,990,426	\$10,334,292	\$168,788,135	\$139,064,438	\$29,404,565	
2043	21	\$171,319,957	\$79,733,816	\$61,416,588	\$12,121,695	\$5,214,349	\$2,020,283	\$10,489,307	\$171,319,957	\$141,150,405	\$29,845,634	
2044	22	\$173,889,756	\$80,929,824	\$62,337,837	\$12,303,520	\$5,292,564	\$2,050,587	\$10,646,646	\$173,889,756	\$143,267,661	\$30,293,318	
2045	23	\$176,498,103	\$82,143,771	\$63,272,905	\$12,488,073	\$5,371,953	\$2,081,346	\$10,806,346	\$176,498,103	\$145,416,676	\$30,747,718	
2046	24	\$179,145,574	\$83,375,928	\$64,221,998	\$12,675,394	\$5,452,532	\$2,112,566	\$10,968,441	\$179,145,574	\$147,597,926	\$31,208,934	
2047	25	\$181,832,758	\$84,626,566	\$65,185,328	\$12,865,525	\$5,534,320	\$2,144,254	\$11,132,968	\$181,832,758	\$149,811,895	\$31,677,068	

^[1] Reflects annual escalation of 1.5%

Source: Economic & Planning Systems

Table 5. Property Tax Increment, 2023-2047

Year	Plan Year	Appraised Value				Assessed Value (1-Yr. Lag) ^[1]					Property Tax Increment (1-Yr. Lag) 59.762 mill levy
		Single Family 95.0% of Act.	Other Res. 95.0% of Act.	Hotel 80.0% of Act.	Retail 95.0% of Act.	Base Val. ^[2] 29.00%	Single Family 6.95%	Other Res. 6.80%	Commercial 29.00%	Increment Val.	
2023	1	\$0	\$0	\$0	\$0	\$156,700	\$0	\$0	\$0	\$0	\$0
2024	2	\$0	\$0	\$0	\$0	\$156,700	\$0	\$0	\$0	\$0	\$0
2025	3	\$62,246,195	\$51,284,601	\$1,854,405	\$3,219,846	\$161,401	\$0	\$0	\$0	\$0	\$0
2026	4	\$126,359,775	\$104,107,739	\$5,646,663	\$9,804,431	\$161,401	\$4,326,111	\$3,487,353	\$1,471,533	\$9,123,595	\$0
2027	5	\$128,255,171	\$105,669,355	\$7,641,818	\$13,268,663	\$166,243	\$8,782,004	\$7,079,326	\$4,480,817	\$20,175,905	\$545,244
2028	6	\$130,178,999	\$107,254,395	\$7,756,445	\$13,467,693	\$166,243	\$8,782,004	\$7,079,326	\$4,480,817	\$20,175,905	\$1,205,752
2029	7	\$132,131,684	\$108,863,211	\$7,872,792	\$13,669,708	\$171,230	\$9,047,440	\$7,293,299	\$6,155,000	\$22,324,509	\$1,205,752
2030	8	\$134,113,659	\$110,496,160	\$7,990,883	\$13,874,754	\$171,230	\$9,047,440	\$7,293,299	\$6,155,000	\$22,324,509	\$1,334,157
2031	9	\$136,125,364	\$112,153,602	\$8,110,747	\$14,082,875	\$176,367	\$9,320,899	\$7,513,739	\$6,341,035	\$22,999,306	\$1,334,157
2032	10	\$138,167,245	\$113,835,906	\$8,232,408	\$14,294,118	\$176,367	\$9,320,899	\$7,513,739	\$6,341,035	\$22,999,306	\$1,374,485
2033	11	\$140,239,753	\$115,543,445	\$8,355,894	\$14,508,530	\$181,658	\$9,602,624	\$7,740,842	\$6,532,693	\$23,694,499	\$1,374,485
2034	12	\$142,343,350	\$117,276,596	\$8,481,232	\$14,726,158	\$181,658	\$9,602,624	\$7,740,842	\$6,532,693	\$23,694,499	\$1,416,031
2035	13	\$144,478,500	\$119,035,745	\$8,608,451	\$14,947,050	\$187,108	\$9,892,863	\$7,974,809	\$6,730,143	\$24,410,707	\$1,416,031
2036	14	\$146,645,677	\$120,821,281	\$8,737,578	\$15,171,256	\$187,108	\$9,892,863	\$7,974,809	\$6,730,143	\$24,410,707	\$1,458,833
2037	15	\$148,845,362	\$122,633,601	\$8,868,641	\$15,398,825	\$192,721	\$10,191,875	\$8,215,847	\$6,933,562	\$25,148,562	\$1,458,833
2038	16	\$151,078,043	\$124,473,105	\$9,001,671	\$15,629,807	\$192,721	\$10,191,875	\$8,215,847	\$6,933,562	\$25,148,562	\$1,502,928
2039	17	\$153,344,214	\$126,340,201	\$9,136,696	\$15,864,255	\$198,503	\$10,499,924	\$8,464,171	\$7,143,129	\$25,908,721	\$1,502,928
2040	18	\$155,644,377	\$128,235,304	\$9,273,746	\$16,102,218	\$198,503	\$10,499,924	\$8,464,171	\$7,143,129	\$25,908,721	\$1,548,357
2041	19	\$157,979,042	\$130,158,834	\$9,412,853	\$16,343,752	\$204,458	\$10,817,284	\$8,720,001	\$7,359,030	\$26,691,857	\$1,548,357
2042	20	\$160,348,728	\$132,111,216	\$9,554,045	\$16,588,908	\$204,458	\$10,817,284	\$8,720,001	\$7,359,030	\$26,691,857	\$1,595,159
2043	21	\$162,753,959	\$134,092,884	\$9,697,356	\$16,837,742	\$210,592	\$11,144,237	\$8,983,563	\$7,581,456	\$27,498,664	\$1,595,159
2044	22	\$165,195,268	\$136,104,278	\$9,842,816	\$17,090,308	\$210,592	\$11,144,237	\$8,983,563	\$7,581,456	\$27,498,664	\$1,643,375
2045	23	\$167,673,197	\$138,145,842	\$9,990,459	\$17,346,662	\$216,909	\$11,481,071	\$9,255,091	\$7,810,606	\$28,329,859	\$1,643,375
2046	24	\$170,188,295	\$140,218,030	\$10,140,316	\$17,606,862	\$216,909	\$11,481,071	\$9,255,091	\$7,810,606	\$28,329,859	\$1,693,049
2047	25	\$172,741,120	\$142,321,300	\$10,292,420	\$17,870,965	\$223,417	\$11,828,087	\$9,534,826	\$8,046,682	\$29,186,177	\$1,693,049
Total											\$30,089,496

^[1]Reflects a biannual reassessment.

^[2]Biannual escalation of 3.0%

Source: 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 \$1,142, shown in **Table 6**. This base amount is expected to grow at 3.0 percent every two years resulting in an annual amount of \$1,628 for El Paso County in year 25 and generating a total of approximately \$34,030 over the 25-year period. After the 25-year period is complete, the County’s share of property tax revenues will increase to approximately \$214,249 annually due to the new development. This includes approximately \$212,621 generated by the property tax increment from Gold Hill Mesa.

Table 6. El Paso County Property Tax Revenue, 2023-2048

Year	Plan Year	El Paso County Property Tax: 7.285 mills		Total
		Base	Increment 1-Yr. Lag	
2023	1	\$1,142	\$0	\$1,142
2024	2	\$1,142	\$0	\$1,142
2025	3	\$1,176	\$0	\$1,176
2026	4	\$1,176	\$0	\$1,176
2027	5	\$1,211	\$66,465	\$67,676
2028	6	\$1,211	\$146,981	\$148,193
2029	7	\$1,247	\$146,981	\$148,229
2030	8	\$1,247	\$162,634	\$163,881
2031	9	\$1,285	\$162,634	\$163,919
2032	10	\$1,285	\$167,550	\$168,835
2033	11	\$1,323	\$167,550	\$168,873
2034	12	\$1,323	\$172,614	\$173,938
2035	13	\$1,363	\$172,614	\$173,978
2036	14	\$1,363	\$177,832	\$179,195
2037	15	\$1,404	\$177,832	\$179,236
2038	16	\$1,404	\$183,207	\$184,611
2039	17	\$1,446	\$183,207	\$184,653
2040	18	\$1,446	\$188,745	\$190,191
2041	19	\$1,489	\$188,745	\$190,235
2042	20	\$1,489	\$194,450	\$195,940
2043	21	\$1,534	\$194,450	\$195,984
2044	22	\$1,534	\$200,328	\$201,862
2045	23	\$1,580	\$200,328	\$201,908
2046	24	\$1,580	\$206,383	\$207,963
2047	25	<u>\$1,628</u>	<u>\$206,383</u>	<u>\$208,011</u>
Total		\$34,030	\$3,667,916	\$3,701,945
Future Tax Revenue				
2048		\$1,628	\$212,621	\$214,249

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 44.0540 mill levy. The School District's share of the current property tax base is \$6,903, shown in **Table 7**, 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 \$9,842 in year 25 and generating a total over \$205,785 over the 25-year period. After the 25-year period is complete, the School District's share of property tax revenues will increase to approximately \$1.3 million annually due to the new development. This includes approximately \$1.29 million generated by the property tax increment from Gold Hill Mesa.

Table 7. School District Property Tax Revenue, 2023-2048

Year	Plan Year	School Dist. Property Tax: 44.054 mills		
		Base	Increment 1-Yr. Lag	Total
2023	1	\$6,903	\$0	\$6,903
2024	2	\$6,903	\$0	\$6,903
2025	3	\$7,110	\$0	\$7,110
2026	4	\$7,110	\$0	\$7,110
2027	5	\$7,324	\$401,931	\$409,255
2028	6	\$7,324	\$888,829	\$896,153
2029	7	\$7,543	\$888,829	\$896,373
2030	8	\$7,543	\$983,484	\$991,027
2031	9	\$7,770	\$983,484	\$991,254
2032	10	\$7,770	\$1,013,211	\$1,020,981
2033	11	\$8,003	\$1,013,211	\$1,021,214
2034	12	\$8,003	\$1,043,837	\$1,051,840
2035	13	\$8,243	\$1,043,837	\$1,052,080
2036	14	\$8,243	\$1,075,389	\$1,083,632
2037	15	\$8,490	\$1,075,389	\$1,083,879
2038	16	\$8,490	\$1,107,895	\$1,116,385
2039	17	\$8,745	\$1,107,895	\$1,116,640
2040	18	\$8,745	\$1,141,383	\$1,150,128
2041	19	\$9,007	\$1,141,383	\$1,150,390
2042	20	\$9,007	\$1,175,883	\$1,184,890
2043	21	\$9,277	\$1,175,883	\$1,185,160
2044	22	\$9,277	\$1,211,426	\$1,220,704
2045	23	\$9,556	\$1,211,426	\$1,220,982
2046	24	\$9,556	\$1,248,044	\$1,257,599
2047	25	<u>\$9,842</u>	<u>\$1,248,044</u>	<u>\$1,257,886</u>
Total		\$205,785	\$22,180,694	\$22,386,479
Future Tax Revenue				
2048		\$9,842	\$1,285,768	\$1,295,610

Source: Economic & Planning Systems

City of Colorado Springs Impact

The City of Colorado Springs has a 3.290 mill levy. The City’s share of the current property tax base is \$616, shown in **Table 8**, 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 \$878 in year 25 and generating a total of approximately \$18,353 over the 25-year period. After the 25-year period is complete, the City’s share of property tax revenues will increase to approximately \$115,550 annually due to the new development. This includes approximately \$114,672 generated by the property tax increment from Gold Hill Mesa.

Table 8. City of Colorado Springs Property Tax Revenue, 2023-2048

Year	Plan Year	Co. Springs Property Tax: 3.929 mills		Total
		Base	Increment 1-Yr. Lag	
2023	1	\$616	\$0	\$616
2024	2	\$616	\$0	\$616
2025	3	\$634	\$0	\$634
2026	4	\$634	\$0	\$634
2027	5	\$653	\$35,847	\$36,500
2028	6	\$653	\$79,271	\$79,924
2029	7	\$673	\$79,271	\$79,944
2030	8	\$673	\$87,713	\$88,386
2031	9	\$693	\$87,713	\$88,406
2032	10	\$693	\$90,364	\$91,057
2033	11	\$714	\$90,364	\$91,078
2034	12	\$714	\$93,096	\$93,809
2035	13	\$735	\$93,096	\$93,831
2036	14	\$735	\$95,910	\$96,645
2037	15	\$757	\$95,910	\$96,667
2038	16	\$757	\$98,809	\$99,566
2039	17	\$780	\$98,809	\$99,589
2040	18	\$780	\$101,795	\$102,575
2041	19	\$803	\$101,795	\$102,599
2042	20	\$803	\$104,872	\$105,676
2043	21	\$827	\$104,872	\$105,700
2044	22	\$827	\$108,042	\$108,870
2045	23	\$852	\$108,042	\$108,894
2046	24	\$852	\$111,308	\$112,160
2047	25	\$878	\$111,308	\$112,186
Total		\$18,353	\$1,978,207	\$1,996,561
Future Tax Revenue				
2048		\$878	\$114,672	\$115,550

Source: Economic & Planning Systems

Pikes Peak Library District Impact

The Plan Area is located within the Pikes Peak Library District, which has a 3.4900 mill levy. The Library District's share of the current property tax base is \$547, shown in **Table 9**, 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 \$780 in year 25 and generating a total of approximately \$16,302 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 \$102,639 annually due to the new development. This includes approximately \$101,860 generated by the property tax increment from Gold Hill Mesa.

Table 9. Library Property Tax Revenue, 2023-2048

Year	Plan Year	Library Property Tax: 3.49 mills		
		Base	Increment 1-Yr. Lag	Total
2023	1	\$547	\$0	\$547
2024	2	\$547	\$0	\$547
2025	3	\$563	\$0	\$563
2026	4	\$563	\$0	\$563
2027	5	\$580	\$31,841	\$32,422
2028	6	\$580	\$70,414	\$70,994
2029	7	\$598	\$70,414	\$71,012
2030	8	\$598	\$77,913	\$78,510
2031	9	\$616	\$77,913	\$78,528
2032	10	\$616	\$80,268	\$80,883
2033	11	\$634	\$80,268	\$80,902
2034	12	\$634	\$82,694	\$83,328
2035	13	\$653	\$82,694	\$83,347
2036	14	\$653	\$85,193	\$85,846
2037	15	\$673	\$85,193	\$85,866
2038	16	\$673	\$87,768	\$88,441
2039	17	\$693	\$87,768	\$88,461
2040	18	\$693	\$90,421	\$91,114
2041	19	\$714	\$90,421	\$91,135
2042	20	\$714	\$93,155	\$93,868
2043	21	\$735	\$93,155	\$93,890
2044	22	\$735	\$95,970	\$96,705
2045	23	\$757	\$95,970	\$96,727
2046	24	\$757	\$98,871	\$99,628
2047	25	<u>\$780</u>	<u>\$98,871</u>	<u>\$99,651</u>
Total		\$16,302	\$1,757,176	\$1,773,478
Future Tax Revenue				
	2048	\$780	\$101,860	\$102,639

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 \$131, shown in **Table 10**, 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 \$187 in year 25 and generating a total of approximately \$3,919 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 \$24,675 annually due to the new development. This includes approximately \$24,487 generated by the property tax increment from Gold Hill Mesa.

Table 10. Water Conservancy Property Tax Revenue, 2023-2048

Year	Plan Year	Water Conserv. Property Tax: 0.839 mills		Total
		Base	Increment 1-Yr. Lag	
2023	1	\$131	\$0	\$131
2024	2	\$131	\$0	\$131
2025	3	\$135	\$0	\$135
2026	4	\$135	\$0	\$135
2027	5	\$139	\$7,655	\$7,794
2028	6	\$139	\$16,928	\$17,067
2029	7	\$144	\$16,928	\$17,071
2030	8	\$144	\$18,730	\$18,874
2031	9	\$148	\$18,730	\$18,878
2032	10	\$148	\$19,296	\$19,444
2033	11	\$152	\$19,296	\$19,449
2034	12	\$152	\$19,880	\$20,032
2035	13	\$157	\$19,880	\$20,037
2036	14	\$157	\$20,481	\$20,638
2037	15	\$162	\$20,481	\$20,642
2038	16	\$162	\$21,100	\$21,261
2039	17	\$167	\$21,100	\$21,266
2040	18	\$167	\$21,737	\$21,904
2041	19	\$172	\$21,737	\$21,909
2042	20	\$172	\$22,394	\$22,566
2043	21	\$177	\$22,394	\$22,571
2044	22	\$177	\$23,071	\$23,248
2045	23	\$182	\$23,071	\$23,253
2046	24	\$182	\$23,769	\$23,951
2047	25	\$187	\$23,769	\$23,956
Total		\$3,919	\$422,427	\$426,346
Future Tax Revenue				
2048		\$187	\$24,487	\$24,675

Source: Economic & Planning Systems

Sales Taxes

CSURA is expected to keep 1.75 percent of city sales tax and 1.0 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 Gold Hill Mesa, EPS has estimated annual sales per square foot of development based on the anticipated retail type. The 10,000 square feet of general retail is estimated to achieve \$300 per square foot. The 35,400 square feet of restaurant retail is estimated to achieve \$500 per square foot. The grocery store is excluded from this analysis since the majority of the sales are tax exempt. EPS has also assumed an annual growth rate in sales of 2.0 percent per year.

The 2022 El Pas County sales tax rate is 1.23 percent, of which 1.0 percent will be allocated for TIF for the 25-year period.

Sales Tax Increment

The future sales taxes due to new retail development is referred to as the "Increment." The development of Gold Hill Mesa over the next 25 years is expected to generate approximately \$5.8 million in county sales tax increment over the 25-year period, which equates to an average of approximately \$242,372 per year, as shown below in **Table 11**. Over this timeframe, El Paso County will receive 0.23 percent of sales tax in the Plan Area. This results in a total of \$1.3 million or an average of \$55,745 per year.

Table 11. El Paso County Sales Tax Increment, 2023-2047

Year	Plan Yr.	Stabilized Sales %	General Retail Taxable Sales ⁽¹⁾ \$300/sf	Rest. Retail Taxable Sales ⁽¹⁾ \$500/sf	Total Ann. Sales	El Paso County		Sales Tax Increment 1.00%
						Sales Tax County 0.23%	Sales Tax TIF Share 1.00%	
2023	1	0%	\$0	\$0	\$0	\$0	\$0	\$0
2024	2	0%	\$0	\$0	\$0	\$0	\$0	\$0
2025	3	25%	\$195,075	\$1,150,943	\$1,346,018	\$3,096	\$13,460	\$13,460
2026	4	50%	\$1,193,859	\$7,043,768	\$8,237,627	\$18,947	\$82,376	\$82,376
2027	5	75%	\$2,435,472	\$14,369,287	\$16,804,759	\$38,651	\$168,048	\$168,048
2028	6	100%	\$3,312,242	\$19,542,230	\$22,854,473	\$52,565	\$228,545	\$228,545
2029	7	100%	\$3,378,487	\$19,933,075	\$23,311,562	\$53,617	\$233,116	\$233,116
2030	8	100%	\$3,446,057	\$20,331,736	\$23,777,793	\$54,689	\$237,778	\$237,778
2031	9	100%	\$3,514,978	\$20,738,371	\$24,253,349	\$55,783	\$242,533	\$242,533
2032	10	100%	\$3,585,278	\$21,153,138	\$24,738,416	\$56,898	\$247,384	\$247,384
2033	11	100%	\$3,656,983	\$21,576,201	\$25,233,184	\$58,036	\$252,332	\$252,332
2034	12	100%	\$3,730,123	\$22,007,725	\$25,737,848	\$59,197	\$257,378	\$257,378
2035	13	100%	\$3,804,725	\$22,447,880	\$26,252,605	\$60,381	\$262,526	\$262,526
2036	14	100%	\$3,880,820	\$22,896,837	\$26,777,657	\$61,589	\$267,777	\$267,777
2037	15	100%	\$3,958,436	\$23,354,774	\$27,313,210	\$62,820	\$273,132	\$273,132
2038	16	100%	\$4,037,605	\$23,821,870	\$27,859,475	\$64,077	\$278,595	\$278,595
2039	17	100%	\$4,118,357	\$24,298,307	\$28,416,664	\$65,358	\$284,167	\$284,167
2040	18	100%	\$4,200,724	\$24,784,273	\$28,984,997	\$66,665	\$289,850	\$289,850
2041	19	100%	\$4,284,739	\$25,279,959	\$29,564,697	\$67,999	\$295,647	\$295,647
2042	20	100%	\$4,370,434	\$25,785,558	\$30,155,991	\$69,359	\$301,560	\$301,560
2043	21	100%	\$4,457,842	\$26,301,269	\$30,759,111	\$70,746	\$307,591	\$307,591
2044	22	100%	\$4,546,999	\$26,827,294	\$31,374,293	\$72,161	\$313,743	\$313,743
2045	23	100%	\$4,637,939	\$27,363,840	\$32,001,779	\$73,604	\$320,018	\$320,018
2046	24	100%	\$4,730,698	\$27,911,117	\$32,641,815	\$75,076	\$326,418	\$326,418
2047	25	100%	\$4,825,312	\$28,469,339	\$33,294,651	\$76,578	\$332,947	\$332,947
Total						\$1,337,892		\$5,816,920

⁽¹⁾Annual escalation of 2.0%

Source: Economic & Planning Systems

Summary of Impact

Cost of Service and Infrastructure Costs

Development projects such as Gold Hill Mesa will generate fiscal and economic impacts to El Paso County, with factors that are both positive and negative. Some uses, such as the residential 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 and community impact. The public improvements include significant environmental remediation that have hindered the Plan Area from development in the past. The topography and grading challenges given the environmental hazards have been particularly costly impediments to development. Gold Hill Mesa includes various public improvements and amenities that will increase visitation to the area and improve vehicle and trail connections to other neighborhoods of the city. This creation of a destination along with connectivity to surrounding areas will increase spending on- and off-site and create a new civic area for community events.

For the purposes of this analysis, EPS has provided detailed calculations of the TIF revenues to be used to service debt for Gold Hill Mesa, 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 ongoing basis. Future infrastructure costs that are associated with development on parcels included in the Plan boundary are anticipated to be financed by the developer initially, and by the 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 Gold Hill Mesa Urban Renewal Plan on El Paso County will be positive. The County will continue to receive the base property tax amount of \$1,142 annually with biannual escalation. By 2048, the end of the 25-year tax increment financing period, the County's portion of property tax is expected to increase to \$214,249 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 0.23 percent of sales tax 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 2048 are estimated at \$33.9 million, which would generate approximately \$417,715 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.