

# A Resolution Approving an Economic Development Agreement Between the City of Colorado Springs and CS Dual Hotel, LLC

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# Background



- CS Dual Hotel, LLC has substantially completed a dual branded hotel project in Downtown Colorado Springs
- Springhill Suites and Element
- Located at 402 S. Tejon St. and 55 E. Costilla St.
- 8 stories
- 261 rooms
- 2 restaurants – rooftop bar
- Underground public parking garage – 224 spaces
- Approximately \$87 million project cost
- **City Council approved as an Urban Renewal project in December 2018**

# Location



## Proposed Area of Redevelopment



# element



# Springhill Suites



# Rooftop Restaurant/Bar



# Background



- Project has been **significantly** impacted by the COVID 19 pandemic
- Construction delays
- Escalating construction costs
- Supply shortages
- Labor shortages
- Lost revenue due to delayed opening
- Interest carry
- **Original projected construction cost: \$75 million**
- **Current estimated construction cost: \$87 million**

# Proposed EDA



- Due to significant COVID 19 negative impacts, staff is proposing an Economic Development Agreement (EDA) with CS Dual Hotel, LLC
- EDA provides for a sales and use tax rebate on the purchase of construction materials
  - 50% of the 2% general fund tax rate – 1% total rebate
- **The City has provided sales and use tax rebates for previous CSURA projects**
  - **Museum and Park**
  - **True North Commons (USAFA Visitor Center)**



# Financial Implications



## 25 Year Economic Impact Analysis

Construction (Temporary) Jobs	Jobs	Average Wage
Direct	618	\$50,056
Indirect	136	\$60,966
Induced	175	\$42,035
<b>Total Construction (Temporary) Jobs</b>	<b>929</b>	<b>\$50,149</b>

Permanent Jobs	Jobs	Average Wage
Direct	172	\$31,639
Indirect	27	\$48,409
Induced	30	\$42,054
<b>Total Permanent Jobs</b>	<b>229</b>	<b>\$35,015</b>

Economic Impact	Average Annual	25 Years
Construction Impact	\$2,296,963	\$57,424,080
Permanent Impact	\$14,764,156	\$369,103,900
<b>Total Economic Impact</b>	<b>\$17,061,119</b>	<b>\$426,527,980</b>



# Financial Implications



## Fiscal Impact

	25 Years	Average Annual
Total Net New City Revenue (2018 Est.)	\$9.6 Million	\$384,000
Estimated Total Rebate	\$194,000	
<b>Total Net New City Revenue after Rebate</b>	<b>\$9.4 Million</b>	<b>\$376,000</b>

# Recommendation



- Adopt a Resolution approving an Economic Development Agreement between the City of Colorado Springs and CS Dual Hotel, LLC

# Questions?