

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

Bob Cope,
Economic Development Officer
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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
Total Construction (Temporary) Jobs	929	\$50,149

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

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



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	
Total Net New City Revenue after Rebate	\$9.4 Million	\$376,000

Recommendation



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

Questions?