

# **Cost to Serve Fiscal Impact Analysis of Annexation of Southern Colorado Rail Park**

Prepared for:  
**City of Colorado Springs, Colorado**

February 27, 2025



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## EXECUTIVE SUMMARY

### OVERVIEW

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The City of Colorado Springs retained TischlerBise to conduct a Cost to Serve Fiscal Impact Analysis of the proposed annexation and development of the Southern Colorado Rail Park (SCRP).

Southern Colorado Rail Park, planned to be annexed by Colorado Springs, encompasses approximately 3,100 acres south of Fort Carson. The ultimate buildout of the site is anticipated to take at least 20 years.

**Fiscal Impact Analysis (FIA)** is a process to evaluate revenue generation and operating and capital costs to a jurisdiction associated with the provision of public services and facilities under a set of assumptions. A fiscal impact analysis shows direct revenues and costs from new development only and does not include revenues or costs generated from existing development.

The Cost to Serve Analysis herein is a **Fiscal Impact Analysis** and evaluates the direct **revenues** from growth in SCRCP as well as **operating and capital costs** to serve that growth.

Three reports are provided to the City of Colorado Springs on the overall fiscal and economic analysis of the annexation and development of the Southern Colorado Rail Park:

1. **Cost to Serve Fiscal Impact Analysis of Annexation of Southern Colorado Rail Park: The report on the fiscal impacts of the annexation of Southern Colorado Rail Park.**
2. *Level of Service Document: Appendix to the Cost to Serve Fiscal Impact Analysis of Growth in Southern Colorado Rail Park* providing supporting data, assumptions, and methodologies for the analyses.

This document is item number 1 above.

### DEVELOPMENT PROGRAM ANALYZED

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The proposed Southern Colorado Rail Park is located on a 3,110-acre property located south of Charter Oak Ranch Road, south, east, and north of Fort Carson, West of I-25, and the City's Ray Nixon power plant. The development program analyzed as part of this fiscal impact analysis is based on information contained in the Southern Colorado Rail Park Annexation, Zoning, and Land Use Plan Project Statement, prepared by N.E.S., Inc. Figure 1 on the next page summarizes the development program modeled in this analysis.

Figure 1. Southern Colorado Rail Park Development Program Summary (20-Year Total by Phase)

PHASE	TIMELINE	PROPOSED LAND USES	ACREAGE	SQ. FT./ EMPLOYEE	JOBS
PHASE 1	2025-2030	Rail Spur and Easement	37	N/A	N/A
		<b>PHASE 1 TOTAL</b>	<b>37</b>		
PHASE 2	2030-2035	Commercial	11	74,575	497
		Commercial Services	20	106,635	267
		Light Industrial	274	954,835	1,085
		Heavy/Rail-Served Industrial	498	672,941	765
		<b>PHASE 2 TOTAL</b>	<b>803</b>	<b>1,808,986</b>	<b>2,614</b>
PHASE 3	2035-2040	Heavy/Rail-Served Industrial	928	1,254,210	1,425
		<b>PHASE 3 TOTAL</b>	<b>928</b>	<b>1,254,210</b>	<b>1,425</b>
PHASE 4	2040-2045	Commercial Services	109	568,197	1,420
		Light Industrial	575	2,003,760	2,277
		<b>PHASE 4 TOTAL</b>	<b>684</b>	<b>2,571,957</b>	<b>3,697</b>
		Low Impact	101		
		Drainage/Open Space	234		
		No-Build Steep Slopes	190		
		Right-of-Way	121		
		Miscellaneous	12		
		<b>TOTAL</b>	<b>3,110</b>	<b>5,635,153</b>	<b>7,736</b>

## APPROACH AND MAJOR ASSUMPTIONS

### Fiscal Impact Analysis

A fiscal impact analysis determines whether revenues generated by new growth are sufficient to cover the resulting costs for service and facility demands placed on a jurisdiction. Fiscal analysis enables local governments to estimate the difference between the costs of providing services to development and the taxes, user fees, and other revenues that will be collected by the government from new development.

The fiscal impact analysis conducted on the SCRP for the City of Colorado Springs uses a marginal cost methodology to project revenues and expenditures (operating and capital) generated by the projected development. Because the development itself is large enough to trigger the need for certain facilities and accompanying operating impacts, the cost analysis employs a case study-marginal methodology, which takes site or geographic-specific information into consideration.

Service level and revenue assumptions are based on TischlerBise’s on-site interviews with City departments, follow-up discussions with staff, detailed analysis of the fiscal year 2025 budget, and other relevant documents. Additionally, our local fiscal experience with Colorado jurisdictions, as well as our national experience conducting over 800 fiscal impact analyses, was beneficial. Assumptions are outlined in the supporting document, *Level of Service Document—Cost to Serve Fiscal Impact Analysis: Southern Colorado Rail Park (Level of Service Document)* and are utilized along with the development projections

to calculate the fiscal impact on Colorado Springs over a 20-year projection period. Calculations are performed using a customized fiscal impact model designed specifically by TischlerBise for this assignment.

For this analysis, all revenues and expenditures directly attributable to the new development—by type of development—are included. Funds modeled in this analysis include the General Fund and Special Revenue Funds. Enterprise funds (e.g., utilities) are not included in this analysis as they are assumed to be self-sufficient.<sup>1</sup>

Some revenues and expenditures are not expected to be affected by development in SCRCP and are therefore considered “fixed” in this analysis. TischlerBise reviewed the FY2025 budget and available supporting documentation and interviewed staff to develop baseline assumptions for the analysis.

## Level of Service

The revenue projections are based on a “snapshot approach” in which it is assumed the current levels of service will continue through the 20-year analysis period. The current demand base data were used to calculate revenue and expenditures per demand unit. Examples of demand base data include population, dwelling units, employment by type, vehicle trips, etc. In summary, the “snapshot” approach does not attempt to speculate about how levels of service, revenues, policies, and other factors will change over time. Instead, it evaluates the fiscal impact of new growth in the Southern Colorado Rail Park as conducted under the current budgets used in this analysis. The *Level of Service Document* provides further detail on level-of-service assumptions.

## Revenue Structure

Revenues are projected assuming that the current revenue structures and rates for Colorado Springs, as defined in the FY2025 budget, will not change during the analysis period.

## Inflation Rate

The rate of inflation is assumed to be zero throughout the projection period, and revenue and expenditure projections are in constant 2025 dollars. This assumption is in accord with budget data and avoids the difficulty of speculating on inflation rates and their effect on revenue categories. It also avoids the problem of interpreting results expressed in inflated dollars over an extended period of time. In general, including inflation is complicated and unpredictable. Using constant dollars avoids these issues.

## Non-Fiscal Evaluations

It should be noted that while a fiscal impact analysis is an important consideration in planning and policy decisions, it is only one of several issues that should be considered. Environmental and social issues, for example, should also be considered when making planning and policy decisions. The above

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<sup>1</sup> Additional revenue sources that are restricted for specific uses are reported separately from the fiscal impact results for information purposes only.

notwithstanding, this analysis will enable interested parties to understand the fiscal implications of future development.

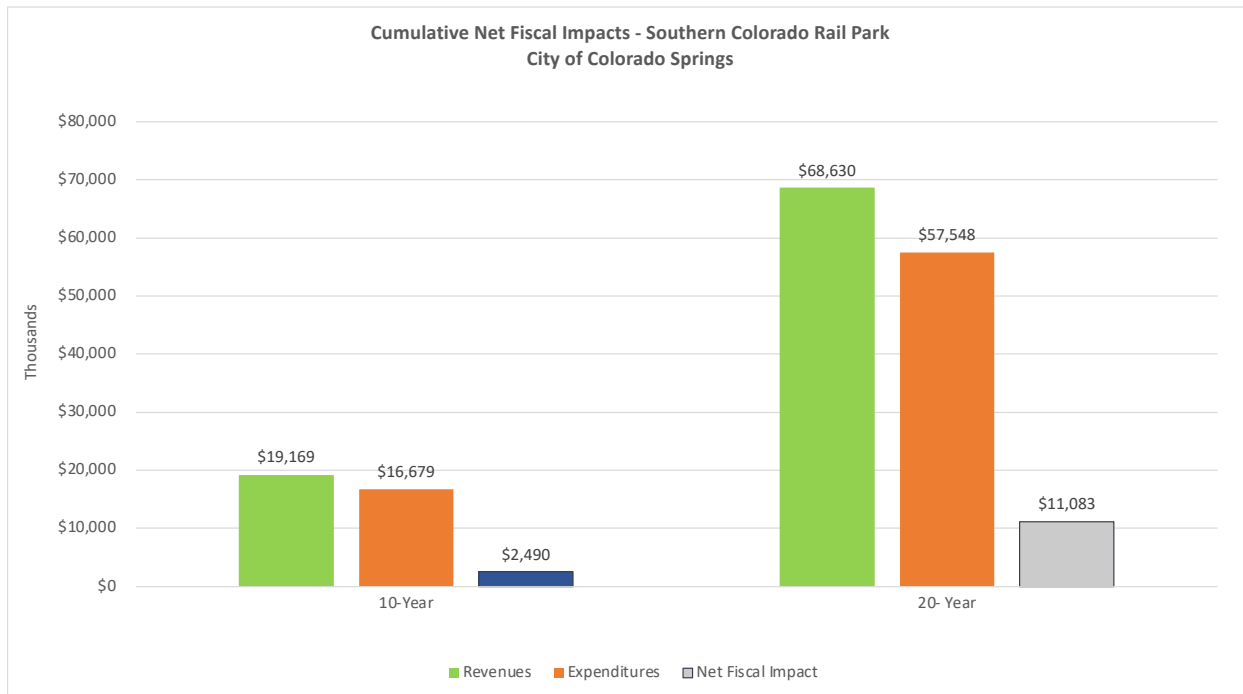
## SUMMARY OF FISCAL IMPACT ANALYSIS RESULTS

### Cumulative Fiscal Impact Results

**Cumulative** fiscal impact results reflect total revenues generated during the 20-year analysis period minus total operating and capital expenditures. A 10-year cumulative period is shown as well.

The analysis includes revenues generated to the City from Southern Colorado Rail Park. As shown in Figure 2, the annexation of the Southern Colorado Rail Park generates \$68.6 million in revenue over the 20-year analysis period compared to \$57.5 million in total expenditures, resulting in a cumulative surplus of \$11 million. Over the first 10 years, cumulative revenue is \$19.1 million compared to \$16.6 million, resulting in a 10-year cumulative surplus of \$2.4 million.

**Figure 2: Cumulative Results (20-Year) Fiscal Impact Results**

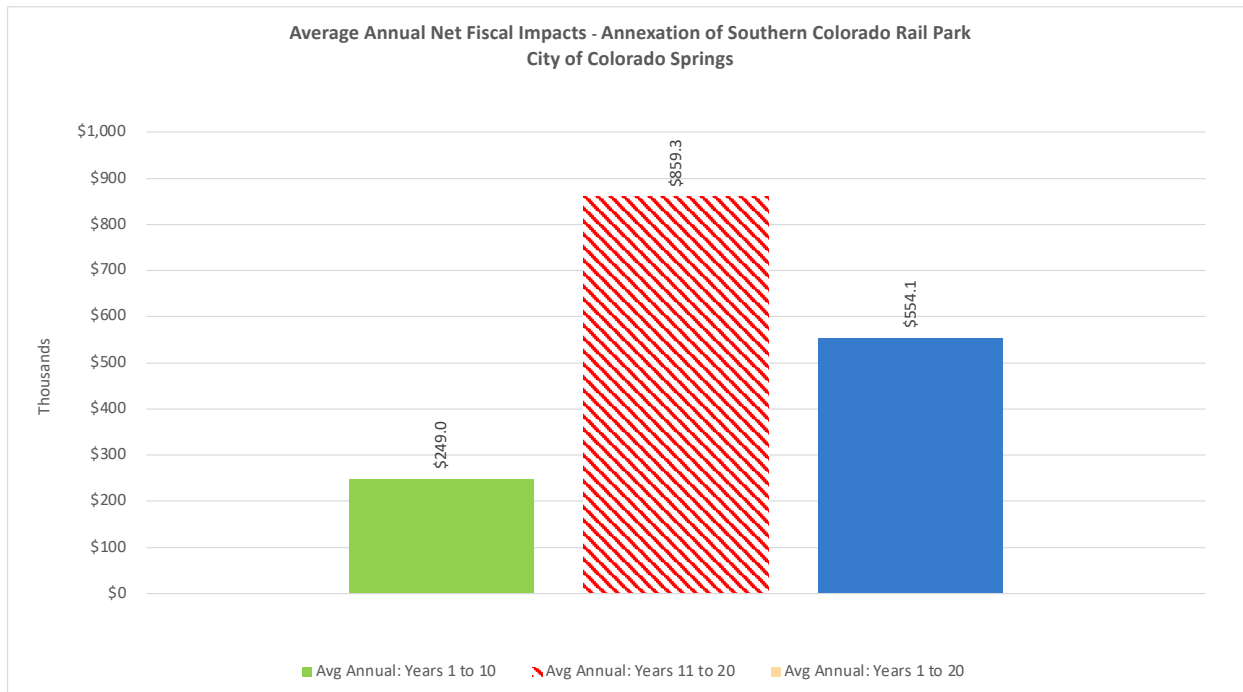


### Average Annual Results

Results are summarized below on an **average annual** basis—over three multi-year intervals: Years 1-10, Years 11-20, and Years 1-20. The fiscal results in Figure 3 include all operating and capital impacts.



Figure 3. Average Annual Fiscal Impact Results



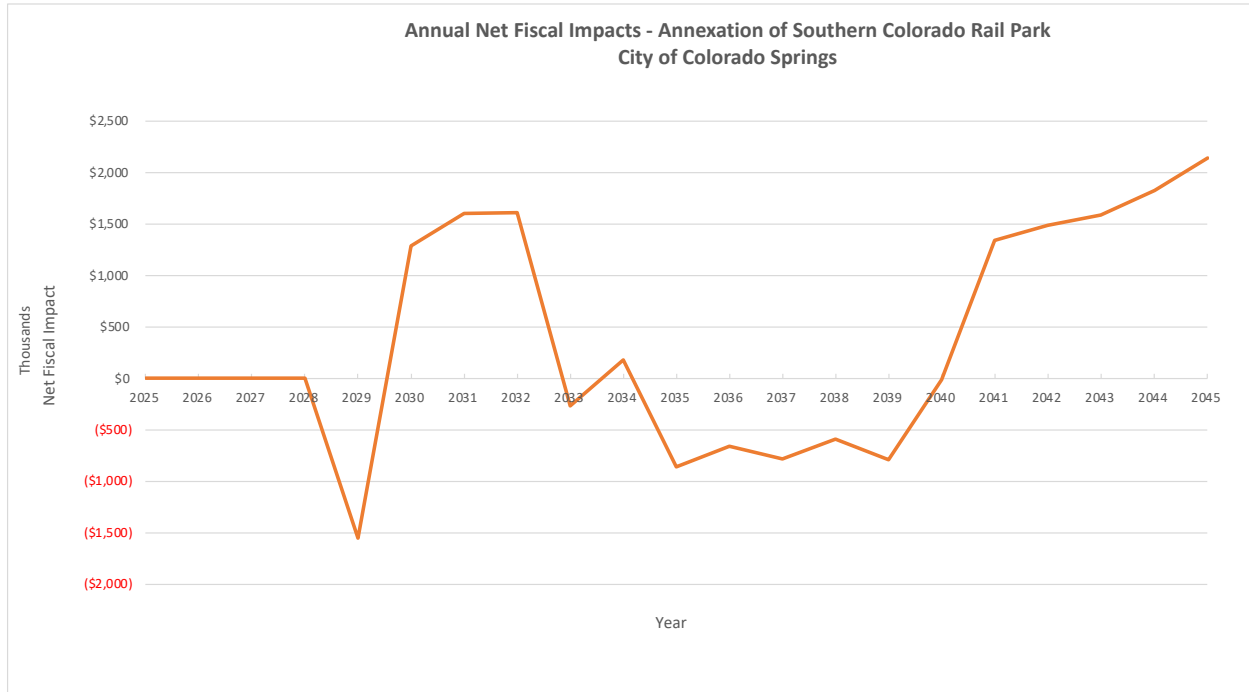
As shown above, average annual net surpluses are generated in all three time periods. Average annual net surpluses in years 1-10 average 249,000. Surpluses are lower in this time period due to the operating and one-time capital costs for a temporary fire station. From years 11 through 20 the average annual net surpluses average \$859,000. Over the 20-year analysis period, the average annual net surplus is \$554,000.

## Annual Results

Annual net fiscal results are **revenues minus costs in each year**, reflecting operating and capital costs for all services modeled. Data points above the \$0 line represent annual surpluses; points below the \$0 line represent annual deficits. Surpluses in any one year are not carried forward to the next year.

As shown in Figure 4, annual net deficits are incurred in 2029 with the opening of a temporary fire station and the hiring of staff. As the Southern Colorado Rail Park begins to develop and property and sales tax begins accruing, net surpluses are generated until 2033, when the design of the permanent fire station begins, and additional staff are hired. Deficits are incurred for several years until sufficient revenue begins accruing around 2040.

Figure 4. Annual Fiscal Impact Results



## Summary of Fiscal Results

Figure 5 summarizes the fiscal impact results by type of Fund. As shown in Figure 5, cumulative net surpluses are projected for the General Fund, totaling \$12.9 million over the 20-year analysis (and \$3.3 million over the first 10 years). A cumulative net surplus is also projected for the Special Revenue Funds, totaling \$12.1 million. From a capital impacts perspective, public safety impact fee revenue is insufficient to cover the cost for public safety capital needs, therefore net deficits are incurred. There are also minor public works equipment expenses. The total cumulative net surplus for all Funds combined is \$11 million, or \$554,133 annually.

Figure 5. Summary of Cumulative Net Fiscal Impacts

20 and 10-Year Total Net Fiscal Impact Southern Colorado Rail Park Annexation		
Category	10-Year	20-Year
<i>Operating</i>		
General Fund Revenues	\$13,264,886	\$51,043,967
General Fund Expenditures	\$9,878,640	\$38,062,420
<b>GENERAL FUND NET FISCAL IMPACT</b>	<b>\$3,386,247</b>	<b>\$12,981,547</b>
<i>Special Revenue Funds</i>		
Revenues	\$4,966,169	\$14,602,862
Expenditures	\$711,794	\$2,448,633
<b>SPECIAL REVENUE FUND NET FISCAL IMPACT</b>	<b>\$4,254,375</b>	<b>\$12,154,229</b>
<i>Capital</i>		
Capital Revenues	\$937,543	\$2,983,419
Capital Expenditures	\$6,088,370	\$17,036,531
<b>CAPITAL FUND NET FISCAL IMPACT</b>	<b>(\$5,150,826)</b>	<b>(\$14,053,112)</b>
<b>GRAND TOTAL NET FISCAL IMPACT</b>	<b>\$2,489,795</b>	<b>\$11,082,664</b>
<i>Average Annual</i>	<i>\$248,980</i>	<i>\$554,133</i>

## CONCLUSIONS

### Fiscal Findings

The following bullet points highlight the key findings from our fiscal impact analysis of the proposed annexation of the Southern Colorado Rail Park.

- Since the City’s primary growth-related revenue source is sales tax (approximately 60% of the General Fund), the net surpluses generated by the Southern Colorado Rail Park are not surprising given the amount of commercial/retail space (749,400 square feet) assumed as part of the development program. The annexation of the Southern Colorado Rail Park is also **expected to increase the City’s sales tax by approximately \$2.1 million annually.**
- Another way of evaluating the fiscal results is to compare the return on every dollar invested. When total revenue is compared to total expenditures generated by the annexation of the Southern Colorado Rail Park, **the City receives \$1.12 in revenue for every dollar of expenditures.**
- A temporary fire station is constructed in 2029, with a permanent station opening in 2035 that is necessary to serve the Southern Colorado Rail Park, but future annexations in the surrounding area. However, 100% of this cost is allocated to the Southern Colorado Rail Park due the marginal

cost approach used in this analysis. **Fire operating and capital cost associated account for the largest share of the operating costs from the annexation of the Southern Colorado Rail Park.**

- Public Safety impact fees do not cover the projected infrastructure costs associated with the annexation of the Southern Colorado Rail Park. One reason is that the impact fees were not adopted at the 100% level. It also appears the cost assumptions used in the analysis are significantly less than current estimated construction and apparatus costs.
- Fire and Police operating costs comprise 92 percent of the projected costs in the General Fund.
- Enterprise Funds (e.g., water and sewer) are not included in the analysis. The operating and capital expenses generated from annexation of the Southern Colorado Rail Park are assumed to be covered by fee revenue from users.
- Also, a fiscal impact analysis is not the same as municipal budgeting. Regardless of the findings of the fiscal impact analysis, the City will continue to develop a service plan, budget for those services, and identify necessary capital improvements based on the revenues available.
- Lastly, it is important to acknowledge that fiscal issues are only one concern. Environmental, housing affordability, jobs/housing balance, traffic and other issues must also be taken into consideration when making final assessments on what is best for the City.

## Other Considerations

The following bullet points highlight other considerations relative to the proposed annexation of the Southern Colorado Rail Park.

- In addition to the positive *fiscal* impact results, the **annexation of the Southern Colorado Rail Park will also have a tremendous positive economic impact on the City and region.** To the extent the City can capture the construction phase, indirect (spin-off) and induced economic activity, it will only improve the City's fiscal position.
- Phase 1 of the Southern Colorado Rail Park extends the railroad spur to Fort Carson, which helps to make the base more resilient and BRAC proof.
- The Southern Colorado Rail Park is a unique and significant economic growth and employment creation opportunity for the City of Colorado Springs, particularly if the development is successful at capturing industries in the ballistics, aerospace, and military support sectors. The project is a nice compliment to both Fort Carson and the region, providing employment opportunities for those retiring from the military and wishing to remain in the area, as well as attracting talent from areas of the country.

- From a transportation perspective, the Southern Colorado Rail Park will remove truck trips from the region's highways, improving safety and saving on highway maintenance
- The City of Colorado Springs has lost over 50% of its manufacturing base since 2020. The Southern Colorado Rail Park project represents a significant opportunity to attract manufacturing jobs back to the region.

## BACKGROUND

The City of Colorado Springs retained TischlerBise to conduct a Cost to Serve Fiscal Impact Analysis of new development in the Southern Colorado Rail Park (SCRP).

Southern Colorado Rail Park, planned to be annexed by Colorado Springs, encompasses approximately 3,100 acres south of Fort Carson. The ultimate buildout of the site is anticipated to take at least 20 years.

**A fiscal impact evaluation** analyzes revenue generation and operating and capital costs to a jurisdiction associated with the provision of public services and facilities under a set of assumptions. A fiscal impact analysis shows direct revenues and costs from new development only and does not include revenues or costs generated from existing development. A fiscal analysis relies on a set of assumptions. Changes to any of these assumptions may affect the results; however, some elements are more sensitive to modifications than others.

This document, and the accompanying *Level of Service Document* issued as an Appendix to this study, provides the baseline fiscal impact analysis of the Southern Colorado Rail Park. It is a snapshot of the current policies and practices in Colorado Springs as applied to SCRCP.

The development program (scenario) analyzed for this fiscal impact analysis is based on information submitted by the applicant. The growth scenario consists of numerical projections of nonresidential building area and employment. These projections are inputs to the fiscal model, which was developed by TischlerBise. Summaries of development/land use assumptions are provided in the body of this document. All discussions and analysis in this document reflect projections regarding the next 20 years of development in the Southern Colorado Rail Park.

After the scenario was identified, the next major step of the analysis was to determine current service levels and associated revenues and costs. This was done through on-site interviews, follow-up discussions with staff, and a review of applicable budgets and other relevant documents. Additionally, our local experience with Colorado jurisdictions as well as our national experience conducting over 800 fiscal impact analyses was beneficial. The results of the level-of-service analysis were used to develop a fiscal impact model to assess the impact of the Southern Colorado Rail Park on the City of Colorado Springs. The assumptions are based on information provided by staff through interviews, follow-up discussions, and written correspondence. The results of this step are documented in the *Level of Service Document* (issued under separate cover as an Appendix to this report).

## SUMMARY OF DEVELOPMENT PROGRAM

The proposed Southern Colorado Rail Park is located on a 3,110-acre property located south of Charter Oak Ranch Road, south, east, and north of Fort Carson, West of I-25, and the City's Ray Nixon power plant. The development program analyzed as part of this fiscal impact analysis is based on information contained in the Southern Colorado Rail Park Annexation, Zoning, and Land Use Plan Project Statement, prepared by N.E.S., Inc. See Figure 6 for the table showing the breakdown in multi-year intervals over the 20-year projection period. Buildout of the Southern Colorado Rail Park occurs in year 20. Estimates of floor area ratios and employment densities (square feet per employee) were developed by the applicant using approximately 40 similar rail-oriented economic development proposal in the region.

### Residential Development

There is no residential proposed as part of the Southern Colorado Rail Park.

### Nonresidential Development

**Rail Spur and Easement:** The only development proposed in Phase 1 is the extension of the existing rail spur and easement through the property. This accounts for 37 acres of the proposed development.

**Commercial:** There are 11 acres of Commercial development proposed. Commercial development begins in 2030, with completion by 2035. This land use is assumed to be restaurant-related development. Approximately 74,575 square feet of commercial space is assumed. With an employment density of 150 square feet per employee, 497 employees are generated over the 2030-2035 time-period.

**Commercial Services:** There are 129 acres of Commercial Services development proposed. Commercial Services development begins in 2030, with the first phase of 106,635 square feet completed by 2035. A second phase totaling 568,197 square feet is planned from 2040 to 2045. This land use is assumed to be a combination of community-scale retail and service-related (e.g., bank, dry cleaners, business services) uses. With an employment density of 400 square feet per employee, a total of 1,687 jobs are generated.

**Light Industrial:** There are 849 acres of Light Industrial development proposed. Light Industrial development begins in 2030, with 954,835 square feet developed 2035. An additional 2,003,760 square feet is proposed from 2040 to 2045. An assumption of 880 square feet per employee is assumed, which generates total Light Industrial employment of 3,362 jobs.

**Heavy/Rail-Served Industrial:** There are 1,426 acres of Heavy/Rail-Served development proposed. Heavy/Rail-Served Industrial uses are industrial uses with large amounts of external storage with limited need for buildings. Heavy/Rail-Served Industrial development begins in 2030, with 672,941 square feet developed 2035. An additional 1,254,210 square feet is proposed from 2035 to 2040. An assumption of

880 square feet per employee is assumed, which generates total Heavy/Rail-Served employment of 2,190 jobs.

**Figure 6. Southern Colorado Rail Park Development Program (Multi-Year Intervals)**

PHASE	TIMELINE	PROPOSED LAND USES	ACREAGE	SQ. FT./ EMPLOYEE	JOBS
<b>PHASE 1</b>	2025-2030	Rail Spur and Easement	37	N/A	N/A
		<b>PHASE 1 TOTAL</b>	<b>37</b>		
<b>PHASE 2</b>	2030-2035	Commercial	11	74,575	497
		Commercial Services	20	106,635	267
		Light Industrial	274	954,835	1,085
		Heavy/Rail-Served Industrial	498	672,941	765
		<b>PHASE 2 TOTAL</b>	<b>803</b>	<b>1,808,986</b>	<b>2,614</b>
<b>PHASE 3</b>	2035-2040	Heavy/Rail-Served Industrial	928	1,254,210	1,425
		<b>PHASE 3 TOTAL</b>	<b>928</b>	<b>1,254,210</b>	<b>1,425</b>
<b>PHASE 4</b>	2040-2045	Commercial Services	109	568,197	1,420
		Light Industrial	575	2,003,760	2,277
		<b>PHASE 4 TOTAL</b>	<b>684</b>	<b>2,571,957</b>	<b>3,697</b>
		Low Impact	101		
		Drainage/Open Space	234		
		No-Build Steep Slopes	190		
		Right-of-Way	121		
		Miscellaneous	12		
		<b>TOTAL</b>	<b>3,110</b>	<b>5,635,153</b>	<b>7,736</b>



## APPROACH AND MAJOR ASSUMPTIONS

### FISCAL IMPACT ANALYSIS

---

A fiscal impact analysis determines whether revenues generated by new growth are sufficient to cover the resulting costs for service and facility demands placed on a jurisdiction. Fiscal analysis enables local governments to estimate the difference between the costs of providing services to development and the taxes, user fees, and other revenues that will be collected by the government as a result of new development.

The fiscal impact analysis conducted on SCRP for the City of Colorado Springs uses a marginal cost methodology to project revenues and expenditures (operating and capital) generated by the projected development. Because the development itself is large enough to trigger the need for certain facilities and accompanying operating impacts, the cost analysis also employs a case study-marginal methodology, which takes site or geographic-specific information into consideration (for example, fire services).

Service level and revenue assumptions are based on TischlerBise's on-site interview, follow-up discussions with staff, detailed analysis of the fiscal year 2025 budget, and other relevant documents. Additionally, our local fiscal experience with Colorado jurisdictions, as well as our national experience conducting over 800 fiscal impact analyses, was beneficial. Assumptions are outlined in the *Level of Service Document*<sup>2</sup> (issued as an Appendix under separate cover) and are utilized along with the development projections to calculate the fiscal impact on the jurisdictions over a 20-year projection period. Calculations are performed using a customized fiscal impact model designed specifically by TischlerBise for this assignment.

The assumptions outlined in the *Level of Service Document* (issued as an Appendix) are utilized along with the development projections to calculate the fiscal impact on Colorado Springs over a 20-year projection period. Calculations are performed using the customized fiscal impact model designed specifically by TischlerBise for this assignment.<sup>3</sup> Major assumptions regarding the fiscal impact methodology are noted below. See the *Level of Service Document* in the Appendix for further detail.

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<sup>2</sup> *Level of Service Document: Appendix to the Cost to Serve Fiscal Impact Analysis of Growth in Banning Lewis Ranch.*

<sup>3</sup> A general note on rounding: Calculations throughout this report are based on an analysis conducted using Excel software. Results are discussed in the report using one-and two-digit places (in most cases), which represent rounded figures. However, in some cases the analysis itself uses figures carried to their ultimate decimal places; therefore the sums and products generated in the analysis may not equal the sum or product if the reader replicates the calculation with the factors shown in the report (due to rounding).

## General Approach

For this analysis, all revenues and costs directly attributable to the new development—by type of development—are included. Funds modeled in this analysis include the General Fund and Special Revenue Funds. Enterprise funds (e.g., utilities) are not included in this analysis as they are assumed to be self-sufficient.

Demographic changes are not expected to impact some revenues, and these revenues are therefore considered “fixed” in this analysis. TischlerBise reviewed the FY2025 budget and available supporting documentation and interviewed staff to develop baseline assumptions for the analysis. Assumptions are documented in the *Level of Service Document* issued as an Appendix to this report. For revenues affected by development, the impacts of the Southern Colorado Rail Park are projected based on net new development.

## Level of Service

The revenue projections are based on a “snapshot approach” in which it is assumed the current levels of service will continue through the 20-year analysis period. The current demand base data was used to calculate revenue per demand unit. Examples of demand base data include population, dwelling units, employment by type, vehicle trips, etc. In summary, the “snapshot” approach does not attempt to speculate about how levels of service, revenues, policies, and other factors will change over time. Instead, it evaluates the fiscal impact of new growth in the Southern Colorado Rail Park as conducted under the current budgets used in this analysis. The *Level of Service Document* provides further detail on level-of-service assumptions.

## Revenue Structure

Revenues are projected assuming that the current revenue structures and rates for Colorado Springs, as defined in the FY2025 budget, will not change during the analysis period.

## Inflation Rate

The rate of inflation is assumed to be zero throughout the projection period, and projections of revenues and costs are in constant 2025 dollars. This assumption is in accord with budget data and avoids the difficulty of speculating on inflation rates and their effect on revenue categories. It also avoids the problem of interpreting results expressed in inflated dollars over an extended period of time. In general, including inflation is complicated and unpredictable. Using constant dollars avoids these issues.

## Non-Fiscal Evaluations

It should be noted that while a fiscal impact analysis is an important consideration in planning and policy decisions, it is only one of several issues that should be considered. Environmental and social issues, for example, should also be considered when making planning and policy decisions. The above

notwithstanding, this analysis will enable interested parties to understand the fiscal implications of future development.

## FISCAL IMPACT ANALYSIS RESULTS

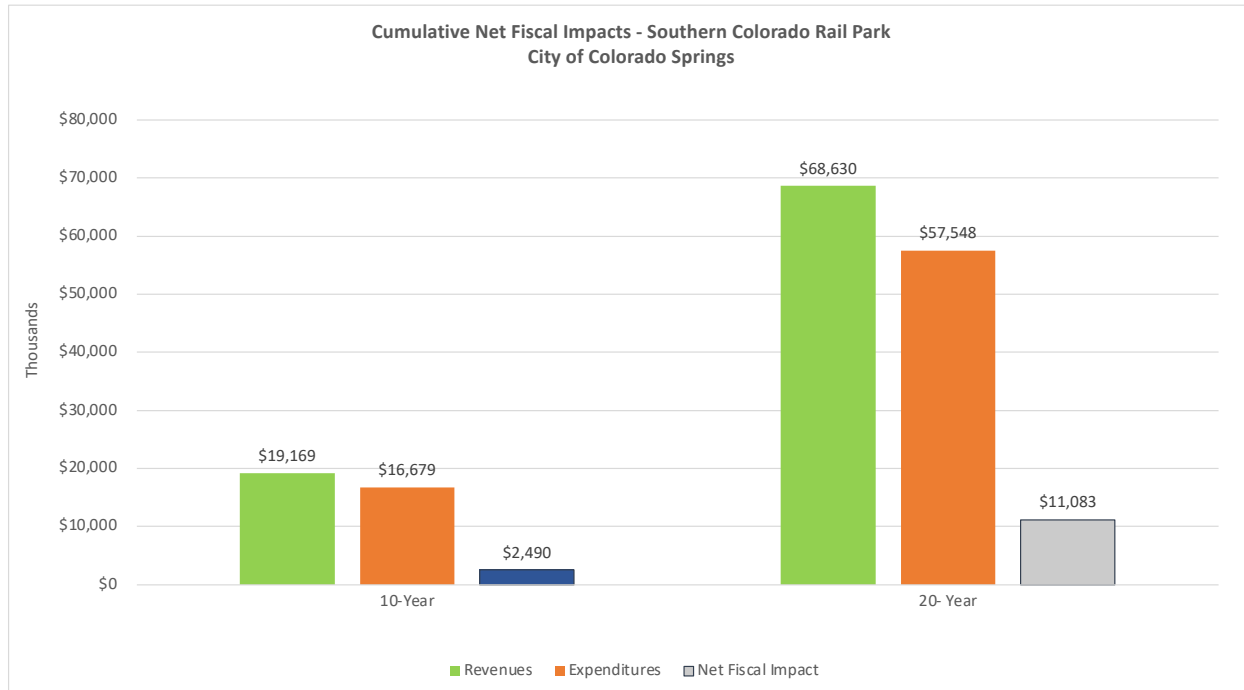
Fiscal impact results are presented in several ways for the growth scenario modeled:

- **Cumulative** net fiscal results are shown first.
  - Cumulative net results convey the projected grand total revenues minus grand total expenditures over the 20-year period to determine the overall net surplus or deficit.
- Next, **average annual** results are shown.
  - The average annual net result conveys an average annual fiscal impact over different time periods during the 20-year projection period.

### CUMULATIVE FISCAL IMPACT RESULTS

**Cumulative net fiscal results** below provide detail on total projected revenues and total projected expenditures over the 20-year period. All revenues (General Fund and Special Revenue Funds) and operating and capital expenditures are captured in the figure below. A 10-year cumulative period is shown as well.

Figure 4. Cumulative (20-Year) Fiscal Impact Results



As shown in the figure above, total revenues projected over the 20-year period total approximately \$68.6 million compared to total expenditures (operating and capital) of \$61 million. This results in a cumulative net surplus of \$7.5 million over 20 years. Over the first 10 years, cumulative revenue is \$19.1 million compared to \$16.6 million, resulting in a 10-year cumulative surplus of \$2.4 million.

The figure below provides detail on the cumulative results by revenue and expenditure Fund type.

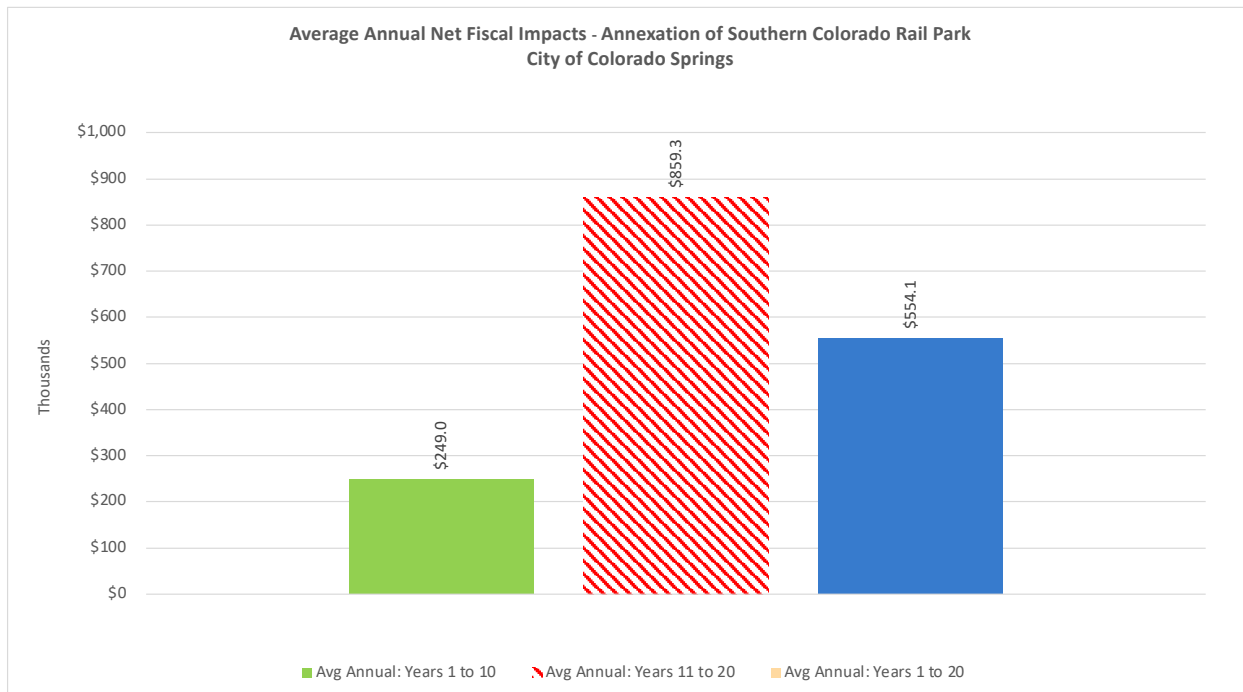
**Figure 5. Cumulative (20-Year) Fiscal Impact Results by Fund**

<b>20 and 10-Year Total Net Fiscal Impact Southern Colorado Rail Park Annexation</b>		
Category	10-Year	20-Year
<i>Operating</i>		
<b>General Fund Revenues</b>	\$13,264,886	\$51,043,967
<b>General Fund Expenditures</b>	\$9,878,640	\$38,062,420
<b>GENERAL FUND NET FISCAL IMPACT</b>	<b>\$3,386,247</b>	<b>\$12,981,547</b>
<i>Special Revenue Funds</i>		
<b>Revenues</b>	\$4,966,169	\$14,602,862
<b>Expenditures</b>	\$711,794	\$2,448,633
<b>SPECIAL REVENUE FUND NET FISCAL IMPACT</b>	<b>\$4,254,375</b>	<b>\$12,154,229</b>
<i>Capital</i>		
<b>Capital Revenues</b>	\$937,543	\$2,983,419
<b>Capital Expenditures</b>	\$6,088,370	\$17,036,531
<b>CAPITAL FUND NET FISCAL IMPACT</b>	<b>(\$5,150,826)</b>	<b>(\$14,053,112)</b>
<b>GRAND TOTAL NET FISCAL IMPACT</b>	<b>\$2,489,795</b>	<b>\$11,082,664</b>
<i>Average Annual</i>	\$248,980	\$554,133

## AVERAGE ANNUAL FISCAL IMPACT RESULTS

Results are also presented on an average annual basis—over the three multi-year intervals used above: Years 1-10, Years 11-20, and Years 1-20. Consistent with the other results, the fiscal results in Figure 6 and include all operating and capital impacts.

**Figure 6. Average Annual Fiscal Impact Results**



Average annual net surplus in years 1-10 total approximately \$249,000 and is the lowest annual amount over the projection period. This is primarily due the operating and capital costs due to the opening of a new Fire Station that occurs early in the development timeline as well as relatively low sales tax revenue generated in the first 10 years of the analysis period (only 24% of the retail development is absorbed in the first 10 years). After the first 10 years, the average annual net surpluses increase as more sales and property tax revenue begins to accrue.

# REVENUES AND EXPENDITURES

## REVENUES

Further details on revenue projections are presented and discussed in this chapter. Details on General Fund and Special Revenue Funds revenues for are presented below.

### Revenue Methodologies

This section provides detail on projection methodologies for revenue included in the analysis. Growth-related revenues of the General Fund and Special Revenue Funds are modeled in this analysis. Other funds that are not included are either Enterprise Funds (self-sustaining) or Internal Service Funds.

### General Fund

All General Fund revenues are evaluated. Some revenues, such as “Interest,” are not tied directly to growth and are modeled as fixed. See the *Level of Service Document* issued under separate cover for related assumptions. Cumulative revenues for 10 and 20-year time periods are shown below in Figure 7. Cumulative General Fund revenues are projected at approximately \$51 million and 10-year General Fund revenue totals \$13.2 million. Revenues are shown in constant 2025 dollars.

Figure 7: Cumulative Results – General Fund Revenue

Cumulative General Fund Revenue Southern Colorado Rail Park Annexation				
Category	10-Year	%	20-Year	%
Sales & Use Tax 2.0%	\$9,282,558	70%	\$27,295,070	53%
Property Tax	\$2,781,681	21%	\$16,817,470	33%
Other Taxes	\$7,587	0%	\$43,551	0%
Licenses and Permits	\$38,866	0%	\$223,110	0%
Intergovernmental	\$475,345	4%	\$2,767,855	5%
Charges for Services	\$139,342	1%	\$799,886	2%
Fines	\$0	0%	\$0	0%
Miscellaneous Revenue	\$0	0%	\$0	0%
Other Financing Sources	\$539,508	4%	\$3,097,024	6%
<b>TOTAL</b>	<b>\$13,264,886</b>	<b>100%</b>	<b>\$51,043,967</b>	<b>100%</b>
<i>Average Annual</i>	<i>\$1,326,489</i>		<i>\$2,552,198</i>	

As shown above, the largest sources of revenue are sales taxes followed by property taxes, other financing sources (CSU surplus revenue), intergovernmental revenue, and charges for service. The sales and use tax,

in this case, is the two-percent sales tax dedicated to the General Fund. Property tax revenue is based on the City millage of 3.579 mills per \$1,000 of assessed value. Intergovernmental revenues include the Highway Users Tax (state-shared) and the City share of the El Paso County Road and Bridge mill levy of 0.165 mills per \$1,000 of assessed value.

**SALES & USE TAX 2.0%**

Sales tax revenue projections are based on two components: sales tax on retail purchases and sales tax on construction materials.

*Retail Sales Tax Revenues*

To project sales tax on retail purchases, a sales per square foot factor for a convenience center is applied to commercial square footage in each scenario. Adjusted for inflation, the Urban Land Institute estimates a convenience center generates \$325 in sales per square foot of floor area—this is consistent with sales per square foot in Colorado Springs. The two-percent General Fund sales tax is applied to retail sales generated by new commercial development in the Southern Colorado Rail Park.

*Construction Sales Tax Revenues*

To project one-time sales tax revenue generated from construction, the two-percent General Fund sales tax is applied to the annual construction value of new development in the Southern Colorado Rail Park. Shown below in Figure 8 are revenue projections for sales tax revenue collected on retail sales compared to sales tax revenue on construction materials.

**Figure 8: Cumulative Results – General Fund Sales & Use Tax Revenue**

<b>Cumulative General Fund Sales Tax Revenue Southern Colorado Rail Park Annexation</b>				
<b>Category</b>	<b>10-Year</b>	<b>%</b>	<b>20-Year</b>	<b>%</b>
45100 - Sales And Use Tax 2.0%: General	\$1,938,950	21%	\$6,786,325	25%
Sales And Use Tax: Construction	\$7,343,608	79%	\$20,508,745	75%
<b>TOTAL</b>	<b>\$9,282,558</b>	<b>100%</b>	<b>\$27,295,070</b>	<b>100%</b>
<i>Average Annual</i>	<i>\$928,256</i>		<i>\$1,364,753</i>	

**PROPERTY TAX**

Property tax revenue projections are based on assessed values of new residential and nonresidential development. All projections assume the current city millage of 3.579 mills per \$1,000 of assessed value.

*Nonresidential*

Similar to the calculation for residential property taxes, nonresidential market value must be converted to assessed value. In El Paso County, nonresidential properties are assessed at 29 percent of market value, and the City millage is 3.579 mills per \$1,000 of assessed value.



Figure 9: Assessed Value and Construction Value Assumptions

Land Use Type	Market Value per Square Foot <sup>6</sup>	Assessed Value per Square Foot <sup>7</sup>	Construction Value per Square Foot
Commercial	\$507	\$147	\$380
Commercial Services	\$507	\$147	\$380
Light Industrial	\$342	\$99	\$257
Heavy/Rail-Served Industrial	\$342	\$99	\$257

6. El Paso County Tax Assessor.

7. Nonresidential assessed value is 29% of market value.

## INTERGOVERNMENTAL

Revenues from intergovernmental sources are generated from Highway Users Taxes and from Colorado Springs’ share of the Road and Bridge Tax. Highway Users Tax revenue, a state-shared revenue source, is projected based on population and jobs. Road and Bridge Tax revenue is projected using cumulative assessed value of development in the Southern Colorado Rail Park and the Road and Bridge Tax of 0.165 mills per \$1,000 of assessed value (half of the .33 mill levy).

## Special Revenue Funds

This analysis evaluates several of the City’s relevant Special Revenue Fund revenues for 10 and 20-year time periods. As shown in Figure 10, cumulative Special Revenue Fund revenues are projected at approximately \$14.6 million over the 20-year time period and 10-year revenue totals \$4.9 million.. Revenues are shown in constant 2025 dollars.

Figure 10: Cumulative Results – Special Revenue Funds

Cumulative Special Revenue Fund Sales Tax Revenue Southern Colorado Rail Park Annexation				
Category	10-Year	%	20-Year	%
173-2C Road Tax Fund 0.57%	\$2,645,529	53%	\$7,779,095	53%
171-Public Safety Sales Tax Fund (PSST) 0.4%	\$1,856,512	37%	\$5,459,014	37%
118-Trails, Open Space and Parks Fund (TOPS) 0.1%	\$464,128	9%	\$1,364,753	9%
<b>TOTAL</b>	<b>\$4,966,169</b>	<b>100%</b>	<b>\$14,602,862</b>	<b>100%</b>
<i>Average Annual</i>	<i>\$496,617</i>		<i>\$730,143</i>	

As shown in the figure above, sales taxes are the largest sources of revenue combined. Sales and use taxes include the 2C Road Tax, Public Safety Sales Tax (PSST) and the Trails, Open Space and Parks Tax (TOPS).

## Capital Fund Revenue

Capital Fund revenue is comprised of fire and police impact fees. As shown in Figure 11, Public Safety impact fees are projected at approximately \$2.98 million over the 20-year analysis period. The 10-year revenue is \$937,543. Revenues are shown in constant 2025 dollars.

Figure 11: Cumulative Results – Capital Fund Revenue

Cumulative Capital Fund Revenue Southern Colorado Rail Park Annexation				
Category	10-Year	%	20-Year	%
Police Impact Fees	\$452,130	48%	\$1,437,304	48%
Fire Impact Fees	\$485,413	52%	\$1,546,115	52%
<b>TOTAL</b>	<b>\$937,543</b>		<b>\$2,983,419</b>	<b>100%</b>
<i>Average Annual</i>	<i>\$93,754</i>		<i>\$149,171</i>	

## EXPENDITURES

### Expenditure Methodologies and Outputs

All variable operating expenditures are projected—including personnel and operating costs. Capital improvement expenditures are discussed in a separate section. First, base year City expenditures are summarized and provided for context.

#### **GENERAL FUND EXPENDITURE PROJECTIONS**

For most City Organizations, operations and personnel costs are projected separately. It should be noted that departments may have some portion of their budget that are considered “fixed” and will not increase with growth. That is, existing operations will be able to absorb a portion of additional impacts from growth in the City. The Level of Service Document provides detail on operating cost projection methodologies. General Fund operating expenditure results are provided in this section for the 10 and 20-year cumulative total amounts.

**Figure 12: Cumulative Results – General Fund Expenditures**

<b>Cumulative General Fund Expenditures Southern Colorado Rail Park Annexation</b>				
<b>Category</b>	<b>10-Year</b>	<b>%</b>	<b>20-Year</b>	<b>%</b>
City Attorney, City Clerk, Muni Court	\$15,004	0.2%	\$86,129	0.2%
City Auditor	\$1,239	0.0%	\$7,113	0.0%
City Council	\$1,868	0.0%	\$10,721	0.0%
Finance	\$5,449	0.1%	\$31,282	0.1%
Fire	\$8,651,998	87.6%	\$31,653,058	83.2%
OEM	\$0	0.0%	\$0	0.0%
Information Technology	\$84,990	0.9%	\$487,884	1.3%
Mayor and Support Services	\$39,056	0.4%	\$224,197	0.6%
Parks, Recreation, and Cultural Services	\$0	0.0%	\$0	0.0%
Planning & Development	\$3,030	0.0%	\$17,393	0.0%
Police	\$433,555	4.4%	\$3,556,170	9.3%
Public Works	\$572,985	5.8%	\$1,759,492	4.6%
Other Costs	\$69,466	0.7%	\$228,981	0.6%
<b>TOTAL</b>	<b>\$9,878,640</b>	<b>100%</b>	<b>\$38,062,420</b>	<b>100%</b>
<i>Average Annual</i>	<i>\$987,864</i>		<i>\$1,903,121</i>	

As shown above, Fire and Police reflect most of the projected costs to serve the Southern Colorado Rail Park. Combined, the share for Fire and Police reflect 92 percent of the projected 20-year costs for the General Fund.

***SPECIAL REVENUE FUND EXPENDITURES***

Special Revenue Funds that will provide core services to the Southern Colorado Rail Park and funded through variable revenue sources (i.e., revenues that are affected by growth) are included in the study. The Special Revenue Funds included in the analysis are shown in the following figure along with the projected costs captured within the respective fund.

**Figure 13: Cumulative Results – Special Revenue Fund Expenditures**

<b>Cumulative Special Revenue Fund Expenditures Southern Colorado Rail Park Annexation</b>				
<b>Category</b>	<b>10-Year</b>	<b>%</b>	<b>20-Year</b>	<b>%</b>
Public Works Special Revenue Fund (PPRTA)	\$606,601	85%	\$1,819,802	74%
Parks Special Revenue Fund (TOPS and CTF)*	\$0	0%	\$0	0%
Fire PSST^	\$70,831	10%	\$423,422	17%
Police PSST^	\$17,114	2%	\$102,304	4%
Other Special Revenue Funds	\$17,248	2%	\$103,105	4%
<b>TOTAL</b>	<b>\$711,794</b>	<b>100%</b>	<b>\$2,448,633</b>	<b>100%</b>
<i>Average Annual</i>	<i>\$71,179</i>		<i>\$122,432</i>	
<i>* Parks operating costs are captured in General Fund; capital costs projected separately.</i>				
<i>^ The majority of Fire and Police operating impacts are captured in the General Fund.</i>				

The Public Works Special Revenue Fund captures Streets Operating and Maintenance costs. As indicated in the footnotes, the majority of other Southern Colorado Rail Park operating impacts are captured in General Fund projections. To reflect total direct impact, full staffing complements are modeled under the General Fund section and reported in that section. Additional operating costs funded in the above Special Funds are modeled to complete the full operating impact from the Southern Colorado Rail Park. Therefore, to get the full operating impact, both the General Fund and Special Revenue Funds should be combined.

## Capital Expenditure Projections

Capital costs and infrastructure improvements to serve new development are modeled based on demand generated by the annexation and future development of the Southern Colorado Rail Park.

The analysis includes capital improvement costs that are funded with local funds and are “pay as you go” expenditures, as well as debt financed expenditures. For example, the construction of the new Fire Station is assumed to be debt financed over with a 20-year bond issuance. Fire apparatus, police and public works vehicles/equipment are assumed to be pay-go expenditures.

For vehicles and equipment, capital cost projections reflect both the initial cost of purchase as well as the cost to replace the unit once the assumed useful life is reached. A summary of projected total capital costs over the 20-year period are shown below in Figure 14. Because there is no residential development associated with the annexation of the Southern Colorado Rail Park, there are no capital expenditures for Parks.

**Figure 14. Summary of Capital Costs**

<b>Cumulative Capital Expenditures Southern Colorado Rail Park Annexation</b>				
<b>Category</b>	<b>10-Year</b>	<b>%</b>	<b>20-Year</b>	<b>%</b>
Fire Capital Expenditures	\$5,892,230	97%	\$16,486,391	97%
Parks Capital Expenditures	\$0	0%	\$0	0%
Police Capital Expenditures	\$85,000	1%	\$439,000	3%
Public Works Capital Expenditures	\$111,140	2%	\$111,140	1%
<b>TOTAL</b>	<b>\$6,088,370</b>	<b>100%</b>	<b>\$17,036,531</b>	<b>100%</b>
<i>Average Annual</i>	<i>\$28,992</i>		<i>\$851,827</i>	

### ***FIRE CAPITAL IMPACTS***

Additional Fire cost assumptions to serve the Southern Colorado Rail Park.

- Discussions with the Fire Department indicate a temporary station will be need in 2029, followed by the construction of a permanent station in 2033 that opens in 2035 to coincide with development of Phase 2 of the Southern Colorado Rail Park development plan.
  - In 2029 the cost of a temporary station is \$1 million, with an additional \$159,201 for a brush truck.
  - In 2033, the design and construction of a new station begins at a cost of \$14,905,013. An additional \$151,837 is needed for miscellaneous equipment. In 2034, a cost of \$336,837 for furniture and fixtures is incurred.
  - A new engine at a cost of \$1,217,943 is purchased in 2033.
  - 8 trainees hired in 2029 at a cost of \$334,360 in 2030, those cost increase to \$1,040,056 annually. Ongoing costs are estimated at \$10,600 annually.
  - In 2034, additional trainees are hired at a cost of \$382,126, with those cost increasing to \$2,086,025 when the permanent station opens in 2035. Annual ongoing cost for the transition from temporary to permanent station is estimated at \$214,081.
  - Memorandum of Understanding with the City of Fountain Fire Department will remain in place until the temporary station is opened in 2029.

### ***POLICE CAPITAL IMPACTS***

It is assumed no additional Police Station space will be needed to serve the Southern Colorado Rail Park specifically to house new officers needed to serve growth. Additional Police vehicles will be needed to accommodate new officers hired to serve development in the Southern Colorado Rail Park:

- Police Patrol Vehicles: The City’s current level of service is 2 officers per patrol vehicle. New vehicles are projected based on this level of service at a fully-loaded cost of \$78,000 per vehicle and a useful life of 7 years.

- Police Officer Personal Equipment has an initial cost of \$7,000 per officer when a new officer is hired; the equipment has a useful life of 5 years.

### ***STREETS AND PUBLIC WORKS CAPITAL IMPACTS***

- It is assumed the developers will fund construction of all roads, intersections, and all pay for signals needed to annex the Southern Colorado Rail Park property.
- However, the City will be responsible for maintenance and repair of the new lane miles constructed in the Southern Colorado Rail Park.
  - Per the applicant, it is projected that 3.88 miles (15.54 lane miles) of arterial roadways will be constructed and 9.83 miles (19.66 lane miles) of collector roadways will be built over 20 years.
- The City will also be responsible for maintenance and repair of signalized intersections.
  - Per the City, it is projected that 3 new signalized intersections will be needed to serve SCRP. The analysis assumes private development pays for these costs.
- Additional Public Works vehicles and equipment will be needed to serve development in SCRP.
  - The average cost per vehicle of \$35,000.

### ***PARKS CAPITAL IMPACTS***

Since there is no residential associated with the annexation of the Southern Colorado Rail Park, there no capital impacts for park infrastructure.



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