



Banning Lewis Ranch: Economic and Fiscal Impact Analysis

Briefing to:

Colorado Springs City Council

November 27, 2017

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TischlerBise.com

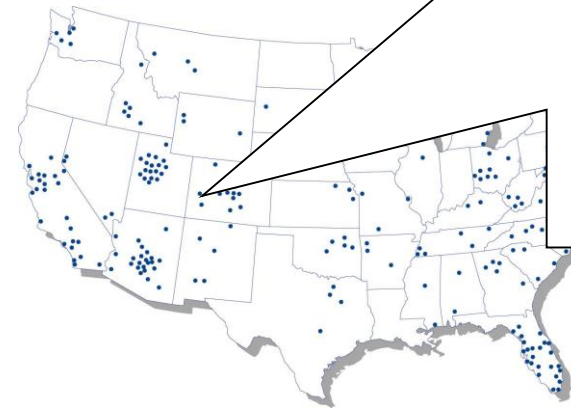


Presentation Outline

- **Overview and Definitions**
- **Methodology**
- **Key Assumptions**
- **Fiscal Impact Results**
- **Economic Impact Results**
- **Look Back Economic and Revenue Impacts**
- **Summary**

- **National Leader on Cost of Growth Issues**

- Fiscal/economic impact analysis
- Impact fees
- Infrastructure financing strategies
- Market analysis
- Utility rates



**TischlerBise Colorado
Clients**

Arapahoe County
Aurora
Boulder
Castle Rock
Centennial
Eaton
Erie
Evans
Grand junction
Greeley
Johnstown
Mesa County
Lone Tree
Longmont
Louisville
Pitkin County
Pueblo
Steamboat
Springs
Thornton
Westminster



Project Personnel

- **Carson Bise, AICP, President**

- Conducted analyses in 37 states
- Author of Fiscal Impact Analysis: Methodologies for Planners and Fiscal Impact Analysis: How Today's Decisions Affect Tomorrow's Budgets
- Chaired American Planning Association's Paying for Growth Task Force

- **Julie Herlands, AICP, Vice President**

- Conducted fiscal/economic evaluations in over 20 states
- Past Chair of the Economic Development Division of the APA
- Chaired the American Planning Association Task Force on Planning and Economic Development.

- **Fiscal impacts reflect cash flow to the public sector**
 - Are the revenues generated by development enough to cover costs to provide services and facilities?
- **Reflects operating expenses and capital costs**
- **Reflects all revenues affected by development**
- **Revenues minus Costs = Net Surplus (Contributors) or Deficit (Recipients)**

- **Economic impacts reflect overall economy of the community**
 - Residential impacts: Primary factors are construction and consumer spending
 - Nonresidential impacts: Primary factors are job creation and disposable income
- **Resident spending for mortgages, car payments, and insurance are not typical sources of sales tax for local governments**

- **Direct Impacts**
 - Changes in local business activity occurring as a direct consequence of public or private business decisions.
- **Indirect Impacts**
 - Changes in local business activity resulting from changes in sales for suppliers to the directly-affected businesses.
- **Induced Impacts**
 - Changes in spending on food, clothing, shelter, and other consumer goods and services as a consequence of the change in workers and payroll of directly and indirectly affected businesses.

- **Jobs**

- **Long-Term:** Permanent employment at new development (nonresidential).
- **Temporary:** Construction employment related to new development (residential and nonresidential).

- **Labor Income**

- Wages, benefits, dividends, and proprietor income.

- **Output**

- Gross business revenue, which pays for costs of materials and costs of labor, as well as generating net business income (also referred to as revenue or sales volume).

Methodologies and Assumptions

- **Projected growth:**
 - Colorado Springs Utilities projections
 - Consistent with Oakwood Homes PUD Concept Plan
 - Maintaining current jobs per person
- **Fiscal Impact Analysis**
 - Marginal approach
 - Revenues and costs projected: General Fund and select Special Revenue Funds
 - Enterprise funds/self-sufficient funds are excluded
 - No inflation assumed
 - Current tax rates and levels of service assumed
- **Economic Impact Analysis**
 - IMPLAN multipliers augmented by TischlerBise's Colorado experience
 - Fiscal Year 2017
 - Market and Assessed values provided by El Paso County Tax Assessor

Key Assumptions: Land Uses

RESIDENTIAL PROTOTYPES

Type of Unit	Median Market Value per Unit ^{1,2}	Median Assessed Value per Unit ³	Construction Value per Unit	Persons per Housing Unit ⁴	Units per Acre ⁵	Vehicles per Unit ⁴
Single Family Detached, Low	\$280,000	\$22,000	\$140,000	2.62	3.69	1.85
Single Family Detached, Medium	\$280,000	\$22,000	\$140,000	2.62	6.70	1.85
Townhouse	\$217,000	\$17,000	\$108,500	2.22	4.44	1.85
Multi-Family	\$128,000	\$10,000	\$64,000	1.71	18.15	1.33

1. El Paso County Tax Assessor (Single Family).

2. Based on recent sales within a 10-mile radius of Banning Lewis Ranch as listed on Zillow.com and Redfin.com (Townhouse and Multi-F

3. Residential assessed value is 7.96% of market value.

4. U.S. Census Bureau, American Community Survey 1-Year Estimates, 2015.

5. Oakwood PUD Concept Plan.

NONRESIDENTIAL PROTOTYPES

Land Use Type	Market Value per Square Foot ⁶	Assessed Value per Square Foot ⁷	Construction Value per Square Foot	Empl. Density (Jobs per 1,000 SF) ⁸	Floor Area Ratio (FAR)	Sales per Square Feet ⁹
Retail	\$77	\$22	\$58	2.00	0.25	\$300
Office	\$43	\$12	\$32	3.32	0.25	
Industrial	\$35	\$10	\$26	2.31	0.25	
Institutional	\$0	\$0	\$0	0.98	0.15	

6. El Paso County Tax Assessor.

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

8. Institute of Transportation Engineers, 2012.

9. Urban Land Institute, Dollars and Cents of Shopping Centers.

Key Assumptions: Growth Summary

	BLR Growth Scenario: 30-Year Growth
SINGLE FAMILY DETACHED, LOW DENSITY	17,599
SINGLE FAMILY DETACHED, MEDIUM DENSITY	5,252
TOWNHOUSE	190
MULTIFAMILY	864
TOTAL HOUSING UNITS	23,905
<i>Total Growth from Base Year</i>	<i>12%</i>
POPULATION	61,770
<i>Total Growth from Base Year</i>	<i>13%</i>
RETAIL SF	3,005,500
OFFICE SF	2,824,200
INDUSTRIAL SF	1,411,400
INSTITUTIONAL SF	2,370,200
TOTAL NONRES SF	9,611,300
<i>Total Growth from Base Year</i>	<i>15%</i>
DIRECT JOBS	20,979
<i>Total Growth from Citywide Base Year</i>	<i>10%</i>
INDIRECT AND INDUCED JOBS (LONG-TERM)*	14,143
TOTAL JOBS (LONG-TERM)	35,122
<i>* Economic impact; not included in the Fiscal Model</i>	

Projected land use based upon existing Oakwood development and is consistent with Banning Lewis Ranch Master Plan.

Projected absorption is identical to Colorado Springs Utilities analysis.

Projected development over 30 years consumes approximately 6,400 net acres (7,400 gross acres).

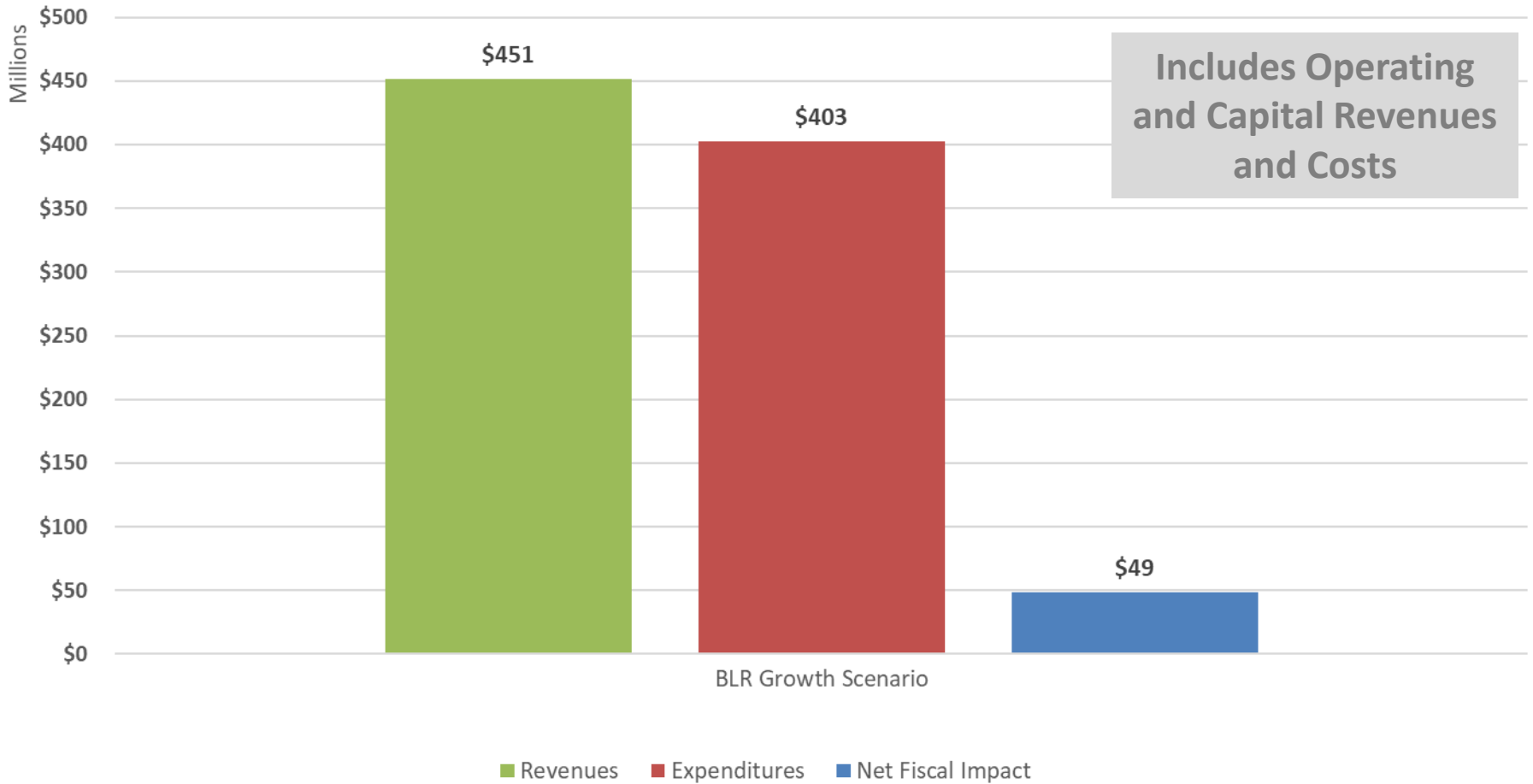
Fiscal Impact Findings

Results



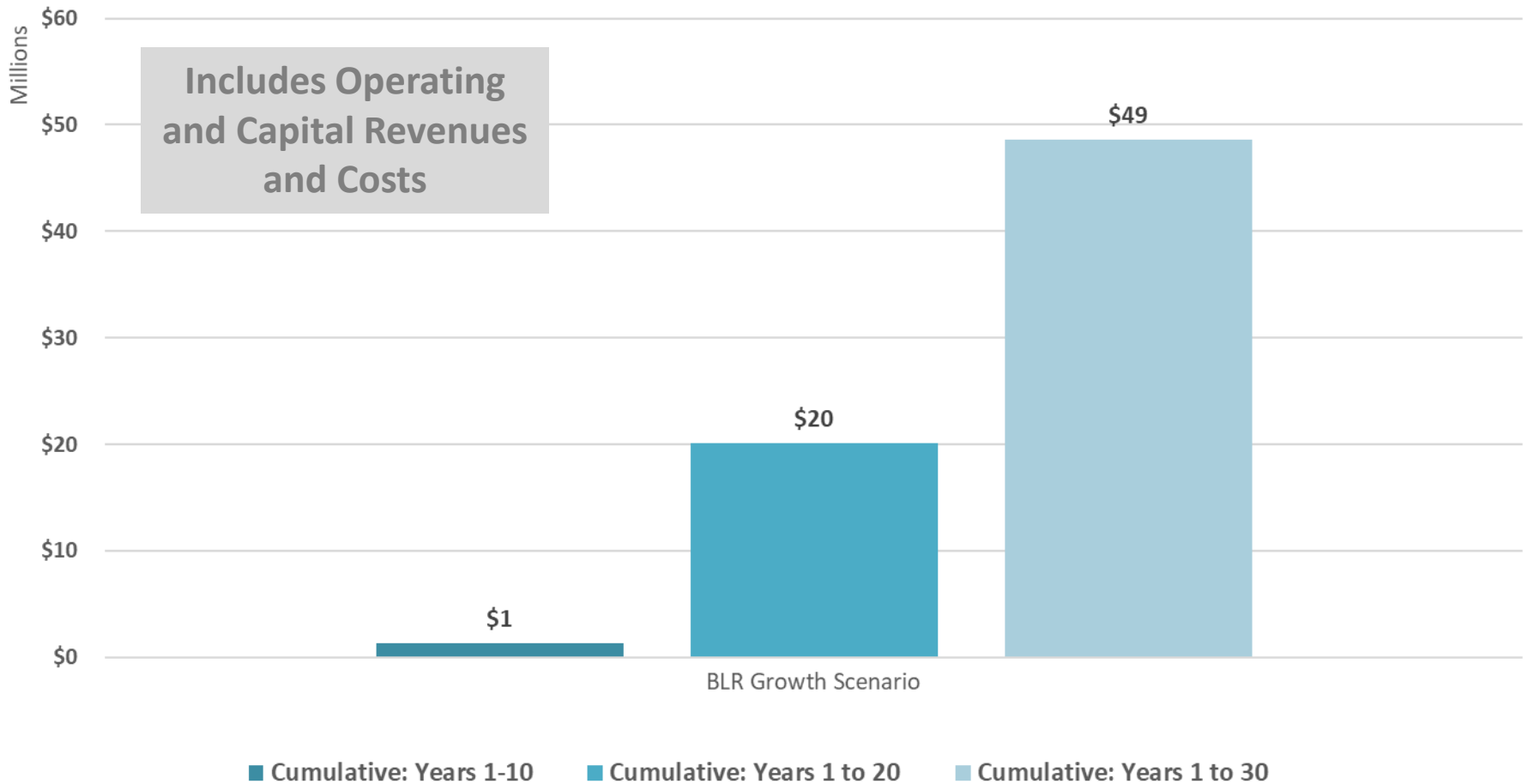
Fiscal Impact Results

Cumulative (30-Year) Net Fiscal Impacts
BLR Fiscal Impact Analysis
City of Colorado Springs



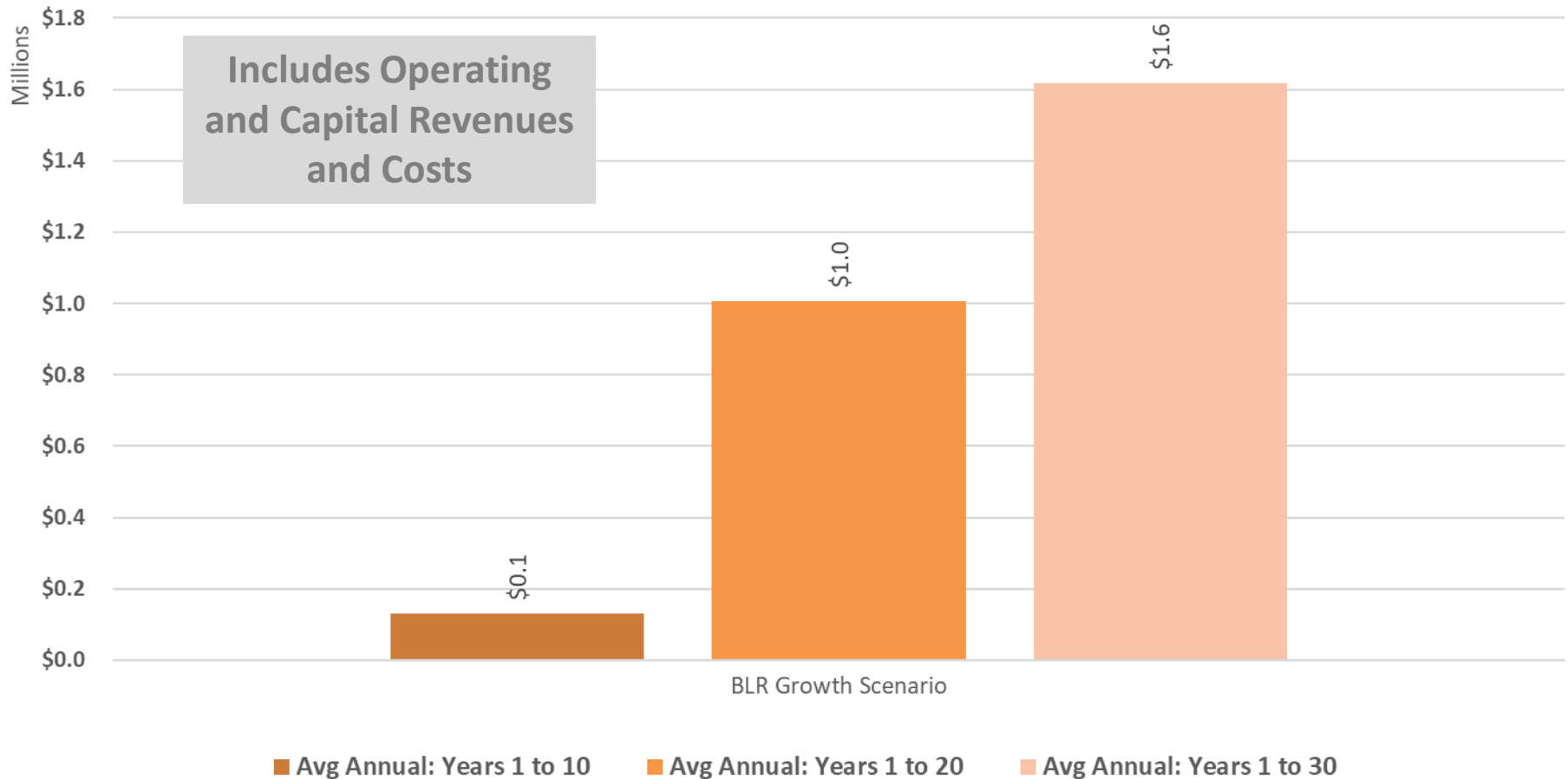
Fiscal Impact Results

Cumulative Net Fiscal Impacts: Multi-Year Intervals
BLR Fiscal Impact Analysis
City of Colorado Springs



Fiscal Impact Results

Average Annual Net Fiscal Impacts
BLR Fiscal Impact Analysis
City of Colorado Springs



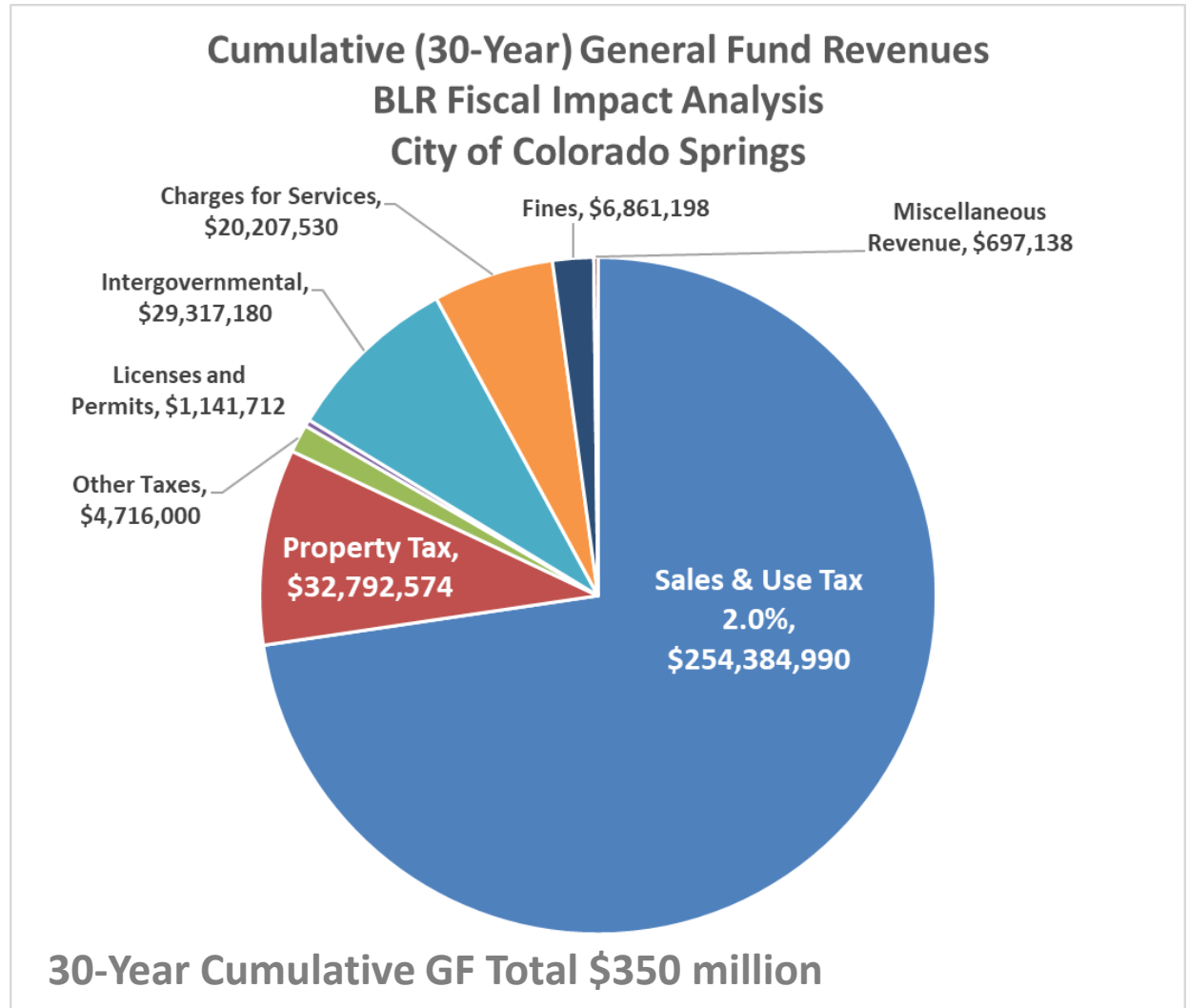
Fiscal Impact Findings

Revenue and Costs to Serve Projections

Cumulative Projected Revenues

30-Year Total Revenue COS-BLR Fiscal Impact Model		
Category	SCENARIO	
	BLR Growth Scenario	%
General Fund Revenue	\$350,118,323	78%
Special Fund Revenues	\$101,076,034	22%
TOTAL	\$451,194,357	100%

General Fund Projected Revenue



Special Revenue Fund Revenue Detail

30-Year Cumulative Special Revenue Fund Revenue COS-BLR Fiscal Impact Model		
Category	SCENARIO	
	BLR Growth Scenario	%
2C Road Tax Fund 0.62%	\$0	0%
Arterial Roadway Fund	\$3,755,448	4%
Police and Fire Fees	\$13,935,006	14%
Cable Franchise Fund	\$4,319,314	4%
Conservation Trust Fund	\$6,714,812	7%
Lodgers and Auto Rental Tax Fund	\$8,360,511	8%
Public Safety Sales Tax Fund (PSST) 0.4%	\$50,876,998	50%
Senior Programs Fund	\$394,696	0%
Trails, Open Space and Parks Fund (TOPS) 0.1%*	\$12,719,250	13%
TOTAL	\$101,076,034	100%
* Sunset of current TOPS tax (2025)	\$738,455	

Other Potential Revenues (Excluded from the Model)

Revenue Potential: 2C ROAD TAX FUND COS-BLR Fiscal Impact Model		
Category	SCENARIO	
	BLR Growth Scenario	
	Through Sunset (Dec. 31, 2020)	30-Year Cumulative
2C Road Tax Fund 0.62%	\$1,567,937	\$78,859,347
<i>Average Annual</i>	<i>n/a</i>	<i>\$2,628,645</i>

Revenue Potential: PPRTA Revenues (Potential City Share) COS-BLR Fiscal Impact Model		
Category	SCENARIO	
	BLR Growth Scenario	
	Through Sunset (Dec. 31, 2024)	30-Year Cumulative
PPTRA REVENUES	\$3,910,250	\$82,675,122
<i>Average Annual</i>	<i>n/a</i>	<i>\$2,755,837</i>

Other Potential Revenues (Excluded from the Model)

Revenue Potential: 2A Stormwater Fee COS-BLR Fiscal Impact Model		
Category	SCENARIO	
	BLR Growth Scenario	
	Through Sunset (July 1, 2038)	30-Year Cumulative
2A Stormwater Fee	\$11,671,766	\$23,376,188
<i>Average Annual</i>	<i>n/a</i>	<i>\$779,206</i>

Projected Costs to Serve

30-Year Total General Fund Expenditures COS-BLR Fiscal Impact Model		
Category	SCENARIO	
	BLR Growth Scenario	%
City Attorney, City Clerk, Muni Court	\$1,444,414	1%
City Auditor	\$104,517	0%
City Council	\$730,849	0%
Finance, Comm Dev, Econ Dev	\$1,079,768	0%
Fire	\$115,804,983	42%
OEM	\$74,591	0%
Information Technology	\$4,680,457	2%
Mayor and Support Services	\$767,988	0%
Parks, Recreation, and Cultural Services	\$18,693,896	7%
Planning & Development	\$1,046,343	0%
Police	\$107,333,208	39%
Public Works	\$19,677,409	7%
Other Costs	\$3,892,159	1%
TOTAL	\$275,330,582	100%

Fiscal Impacts

Projected Costs to Serve (cont'd)

30-Year Total Special Revenue Fund Expenditures COS-BLR Fiscal Impact Model		
Category	SCENARIO	
	BLR Growth Scenario	%
Public Works Special Revenue Fund (PPRTA)	\$19,192,984	77%
Parks Special Revenue Fund (TOPS and CTF)*	\$0	0%
Fire PSST^	\$3,073,901	12%
Police PSST^	\$1,317,276	5%
Radio Communications Fund	\$1,328,015	5%
TOTAL	\$24,912,176	100%
<p>* Parks operating costs are captured in General Fund; capital costs projected separately. ^ The majority of Fire and Police operating impacts are captured in General Fund.</p>		

30-Year Total Capital Expenditures COS-BLR Fiscal Impact Model		
Category	SCENARIO	
	BLR Growth Scenario	%
Fire Capital Expenditures	\$30,090,000	29%
Parks Capital Expenditures	\$58,510,000	57%
Police Capital Expenditures	\$11,484,800	11%
Public Works Capital Expenditures	\$2,310,000	2%
TOTAL	\$102,394,800	100%

Projected Capital Impacts and Costs

CAPITAL FACILITIES	Units	Needed	Total Built / Purchased [New + Replacement]	Total Cost [New + Replacement]	TOTAL COST
Fire Station	Number of Stations	5.1	5.0	\$24,000,000	\$30,090,000
Engines	Vehicles	5.1	6.0	\$3,000,000	
Ladder Trucks	Vehicles	1.4	1.0	\$950,000	
Squad/Ambulances	Vehicles	4.7	6.0	\$1,080,000	
Brush Trucks	Vehicles	5.0	6.0	\$420,000	
Other Heavy Vehicles	Vehicles	0.0	0.0	\$0	
Light Duty Vehicles	Vehicles	13.0	16.0	\$640,000	
Community Parks*	Acres	83.4	100.0	\$52,000,000	\$58,510,000
Neighborhood Parks**	Acres	35.2	35.0	\$5,250,000	
Sports Complex	Acres	13.1	0.0	\$0	
Park Vehicles	Vehicles	0.0	0.0	\$0	
Trails	Linear Miles	18.7	18.0	\$1,260,000	
Police Substation	Sq. Ft.	11,072.9	17,560.0	\$7,550,800	\$11,484,800
Patrol Cars	Vehicles	35.0	74.0	\$2,590,000	
Officer Personal Equipment	Units	70.0	192.0	\$1,344,000	
System Lane Miles	Lane Miles	180.0	180.0	\$0	\$2,310,000
Residential Streets	Lane Miles	378.0	378.0	\$0	
Signalized Intersections	Number	8.0	8.0	\$0	
PW Facility	Sq. Ft.	12,834.1	12,000.0	\$660,000	
Vehicles and Equipment	Vehicles	43.4	55.0	\$1,650,000	
GRAND TOTAL					\$102,394,800

*Modeled based on the City building and maintaining Community Parks in BLR at the City's current level of service of 1.4 acres per 1,000 persons.

**Modeled based on the City maintaining the City-funded and maintained current levels of service of .6 acres per 1,000 residents, which reflects one-third of the neighborhood park inventory. It is assumed based on current City policy and practice that two-thirds of neighborhood parks would be built and maintained by metro districts or HOAs.

Economic Impact Findings



Projected Economic Impacts

Long-Term Economic Effects

City of Colorado Springs - Banning Lewis Ranch Economic Impact Model

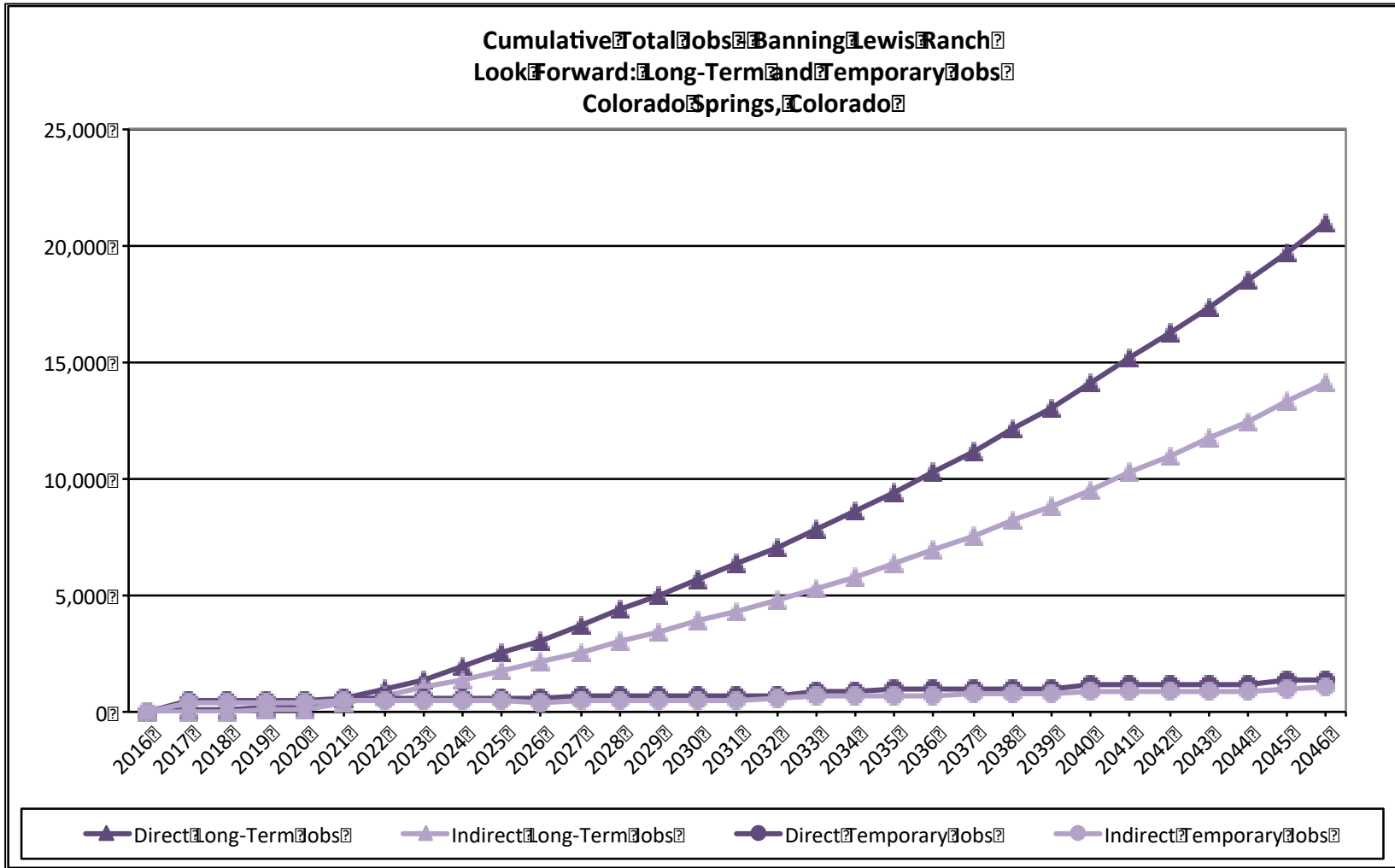
Category	Cumulative	Year 30	Average Annual
Direct Effect Jobs	20,979	20,979	699
Indirect and Induced Effect Jobs	14,143	14,143	471
TOTAL LONG-TERM JOBS CREATED	35,122	35,122	1,170
Direct Effect Labor Income	\$14,440,196,169	\$1,262,898,798	\$481,339,872
Indirect and Induced Effect Labor Income	\$7,102,897,462	\$622,704,439	\$236,763,249
TOTAL LABOR INCOME	\$21,543,093,631	\$1,885,603,237	\$718,103,121
Direct Effect Output	\$24,752,342,839	\$2,174,423,765	\$825,078,095
Indirect and Induced Effect Output	\$16,955,388,790	\$1,486,748,675	\$565,179,626
TOTAL LONG-TERM ECONOMIC IMPACT (Output \$)	\$41,707,731,629	\$3,661,172,439	\$1,390,257,721

Source: Employment and output multipliers and output value per job from IMPLAN for Colorado Springs MSA, 2014.

Temporary Economic Effects (Construction)

Category	Cumulative	Year 30	Average Annual
TOTAL DIRECT EFFECT JOBS		1,373	822
TOTAL INDIRECT AND INDUCED EFFECT JOBS		1,039	626
TOTAL TEMPORARY JOBS CREATED		2,412	1,448
TOTAL TEMPORARY ECONOMIC IMPACT (Output \$)	\$5,455,410,251	\$302,873,202	\$181,847,008

Projected Jobs



“Look Back”: 22-Year Summary

	Look Back
TOTAL HOUSING UNITS	7,562
POPULATION	19,814
COMMERCIAL SF	444,083
INDUSTRIAL SF	184,283
OFFICE SF	112,742
TOTAL NONRESIDENTIAL SF	741,107
COMMERCIAL JOBS	888
INDUSTRIAL JOBS	426
OFFICE JOBS	374
DIRECT JOBS (LONG-TERM)	1,688
INDIRECT AND INDUCED JOBS (LONG-TERM)	1,037
TOTAL JOBS (LONG-TERM)	2,725

Look Back: Economic Impact

Long-Term Economic Effects

Category	Cumulative	Year 22	Average Annual
Direct Effect Jobs	1,688	1,688	77
Indirect and Induced Effect Jobs	1,037	1,037	47
TOTAL LONG-TERM JOBS CREATED	2,725	2,725	124
Direct Effect Labor Income	\$785,825,757	\$84,749,015	\$35,719,353
Indirect and Induced Effect Labor Income	\$418,446,752	\$44,016,721	\$19,020,307
TOTAL LABOR INCOME	\$1,204,272,510	\$128,765,736	\$54,739,660
Direct Effect Output	\$1,702,127,865	\$167,607,476	\$77,369,448
Indirect and Induced Effect Output	\$1,059,772,613	\$108,144,340	\$48,171,482
TOTAL LONG-TERM ECONOMIC IMPACT (Output \$)	\$2,761,900,478	\$275,751,816	\$125,540,931

Temporary Economic Effects (Construction)

Category	Cumulative	Year 22	Average Annual
TOTAL DIRECT EFFECT JOBS		668	355
TOTAL INDIRECT AND INDUCED EFFECT JOBS		522	276
TOTAL TEMPORARY JOBS CREATED		1,191	632
TOTAL TEMPORARY ECONOMIC IMPACT (Output \$)	\$1,742,778,423	\$149,432,567	\$79,217,201

CSU has sound, prudent financial policies/practices that include the following:

- Establishing utility rates that generate sufficient revenues to meet operating costs, capital program requirements, debt service obligations, and that maintain adequate reserves;
- Setting utility rates that are proportionate to the cost of providing utility service to each customer class to promote fairness and equity; and
- Following a financial plan that minimizes future rate impacts on customers due to rate structures that build up sufficient reserves.

- **Two scenarios**
 - Base Case
 - Base Case, plus Banning Lewis Ranch
- **Sound methodology utilized**
- **Cumulative net fiscal impact projected at approximately:**
 - \$40 million over first 10 years
 - \$180 million over 20 years
 - \$435 million over 30 years

- **Fiscal Impacts Include:**
 - Cumulative net fiscal benefit over the 30-year projection period of \$49 million
 - First 10 years projected to generate a surplus under current levels of service and current rates and fees
 - Costs to serve are covered by revenues generated in short-, medium-, and long-term.
- **Economic Impacts Include:**
 - Projected 35,000 total (direct, indirect, induced) jobs
 - Projected total 30-year economic impact of over \$41 billion
 - Potential “lost” development and economic activity:
 - Jobs: 2,725
 - Housing units: 7,562
 - Economic impact: \$2.8 billion

Summary

Cumulative Net Fiscal Impacts (Years 1-10, 1-20, 1-30)

COS-BLR Fiscal Impact Model

Category	SCENARIO		
	BLR Growth Scenario		
	10-Year Summary	20-Year Summary	30-Year Summary
General Fund			
General Fund Revenues	\$25,903,645	\$125,821,148	\$350,118,323
Special Revenue Funds Revenue [1]	\$10,012,944	\$39,396,473	\$101,076,034
SUBTOTAL: City Gross Revenue	\$35,916,589	\$165,217,621	\$451,194,357
Less: Cost of Service (Operating and Capital) [2]	\$34,605,661	\$145,103,945	\$402,637,558
SUBTOTAL: Net City Revenue	\$1,310,928	\$20,113,676	\$48,556,799
CSU Gross Revenue [3]	\$91,842,000	\$423,719,000	\$1,141,810,000
Less: CSU Costs and Expenses [3]	\$52,211,000	\$242,851,000	\$707,022,000
SUBTOTAL: Net CSU Revenue	\$39,631,000	\$180,868,000	\$434,788,000
TOTAL: Net Community Revenue	\$40,941,928	\$200,981,676	\$483,344,799
Other Potential Revenues: Pikes Peak RTA Revenue [4]	\$5,815,482	\$29,017,498	\$82,675,122
Other Potential Revenues: 2C Revenue (Sales Tax) [4]	\$5,547,075	\$27,678,229	\$78,859,347
Other Potential Revenues: 2A Revenue (Stormwater Fee) [4]	\$2,473,285	\$9,534,149	\$23,376,188
SUBTOTAL: Other Potential Revenue	\$13,835,842	\$66,229,876	\$184,910,657
GRAND TOTAL: Potential Net Community Revenue	\$54,777,770	\$267,211,552	\$668,255,456

[1] Special revenue funds include Impact Fees to be used for capital improvements.

[2] Includes Public Works Special Revenue Fund (costs currently funded through PPTRA)

[3] Source: Colorado Springs Utilities; excluded from the Fiscal Model.

[4] Excluded from the Fiscal Model

All sales tax revenues presented are projected from within Banning Lewis Ranch. Additional sales tax revenues may be generated outside of Banning Lewis Ranch (in Colorado Springs).



Closing

- **Questions and Discussion**
- **Thank you**