



Legislation Text

File #: 22-465, **Version:** 1

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

Presenter:

Bob Cope, Economic Development Officer

Summary:

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

CS Dual Hotel, LLC has substantially completed the construction of a dual branded hotel project located at 402 South Tejon Street and 55 East Costilla Street in Colorado Springs, which is the major project element of the Tejon and Costilla Urban Renewal Plan. The Hotel project has been significantly impacted by the COVID 19 Pandemic, including construction delays, escalating construction costs, supply shortages, and labor shortages. City staff is recommending that City Council approve an Economic Development Agreement between the City of Colorado Springs and CS Dual Hotel, LLC to partially mitigate the negative COVID 19 impacts and to support the Tejon and Costilla Urban Renewal Plan.

Background:

CS Dual Hotel, LLC has substantially completed the construction of a dual branded hotel project located at 402 South Tejon Street and 55 East Costilla Street in Colorado Springs, which is the major project element of the Tejon and Costilla Urban Renewal Plan. The hotel includes eight (8) stories, 261 rooms, meeting spaces, two restaurants and a two-level, underground public parking garage with 224 parking spaces.

The roughly one-acre site had been targeted for redevelopment for many years. In 2018 the property owner and developer submitted applications to both establish an Urban Renewal District and gain approval of a Form-Based Zone Development Plan and Subdivision Plat. The Urban Renewal District was established by City Council in December of 2018.

The underground parking structure serves the hotel project on the site but is also open and available to the public. The S. Tejon St. corridor and the southern portion of Downtown have seen significant investment in recent years. The site is immediately adjacent to the Casa Mundi mixed use project, and roughly one block north of the Trolley Block redevelopment efforts, which includes the Denver Biscuit, Fat Sully's and Atomic Cowboy complex, as well as other popular uses including Streetcar 520 and the Coffee Exchange. Additionally, the site is roughly 3 blocks east of the United States Olympic and Paralympic Museum and Hall of Fame and northeast of Weidner Field - the home of the Switchbacks Football Club. The number and scale of development projects in the area have significantly increased demand for public parking. The public parking provided in conjunction with this

project is providing a significant public benefit in that it is helping to satisfy the growing demand for parking in this area of downtown

The Hotel project has been significantly impacted by the COVID 19 Pandemic, including construction delays, escalating construction costs, supply shortages, and labor shortages. Original project costs were estimated to be approximately \$75 million. Current estimated project costs are now approximately \$87 million. City Council has approved sales and use tax rebates, or the allocation of sales and use tax increment on the purchase of construction materials for certain Urban Renewal Projects in the City of Colorado Springs. City staff is recommending that City Council approve an Economic Development Agreement between the City of Colorado Springs and CS Dual Hotel, LLC to partially mitigate the negative COVID 19 impacts and to support the Tejon and Costilla Urban Renewal Plan. The proposed Economic Development Agreement provides for a sales and use tax rebate on the purchase of construction materials, furniture, fixtures and equipment in the amount of 50% of the City's 2% General Fund sales tax.

Previous Council Action:

On December 11, 2018, City Council approved a Resolution making certain legislative findings and approving the Tejon and Costilla Urban Renewal Plan and a Resolution approving a Cooperation Agreement between the Colorado Springs Urban Renewal Authority and the City of Colorado Springs to promote redevelopment and assist with financing of public improvements for the Tejon and Costilla Urban Renewal project and to approve the amount of annual sales tax increment revenue allocated pursuant to Colorado revised statute section 31-25-107(9)(a)(ii).

Financial Implications:

The project has resulted in the creation of an estimated 929 temporary construction jobs and is projected to create approximately 229 permanent jobs. The project will produce an estimated economic impact of approximately \$426 million over 25 years or approximately \$17 million average economic impact annually. The project is projected to generate approximately \$9.5 million in net new City revenue over 25 years, assuming that current Special Fund taxes are extended beyond sunset. In the event all Special Fund taxes sunset and are not extended, the project is expected to generate approximately \$5 million in net new revenue over 25 years. The estimated value of the proposed sales and use tax rebate is approximately \$194,000.

City Council Appointed Board/Commission/Committee Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

Approval of an Economic Development Agreement between the City of Colorado Springs and CS Dual Hotel, LLC to partially mitigate the negative COVID 19 impacts and to support the Tejon and Costilla Urban Renewal Plan.

N/A