

562 ACRE LAND ACQUISITION



Colorado Springs City Council
Regular Session

10/24/2023

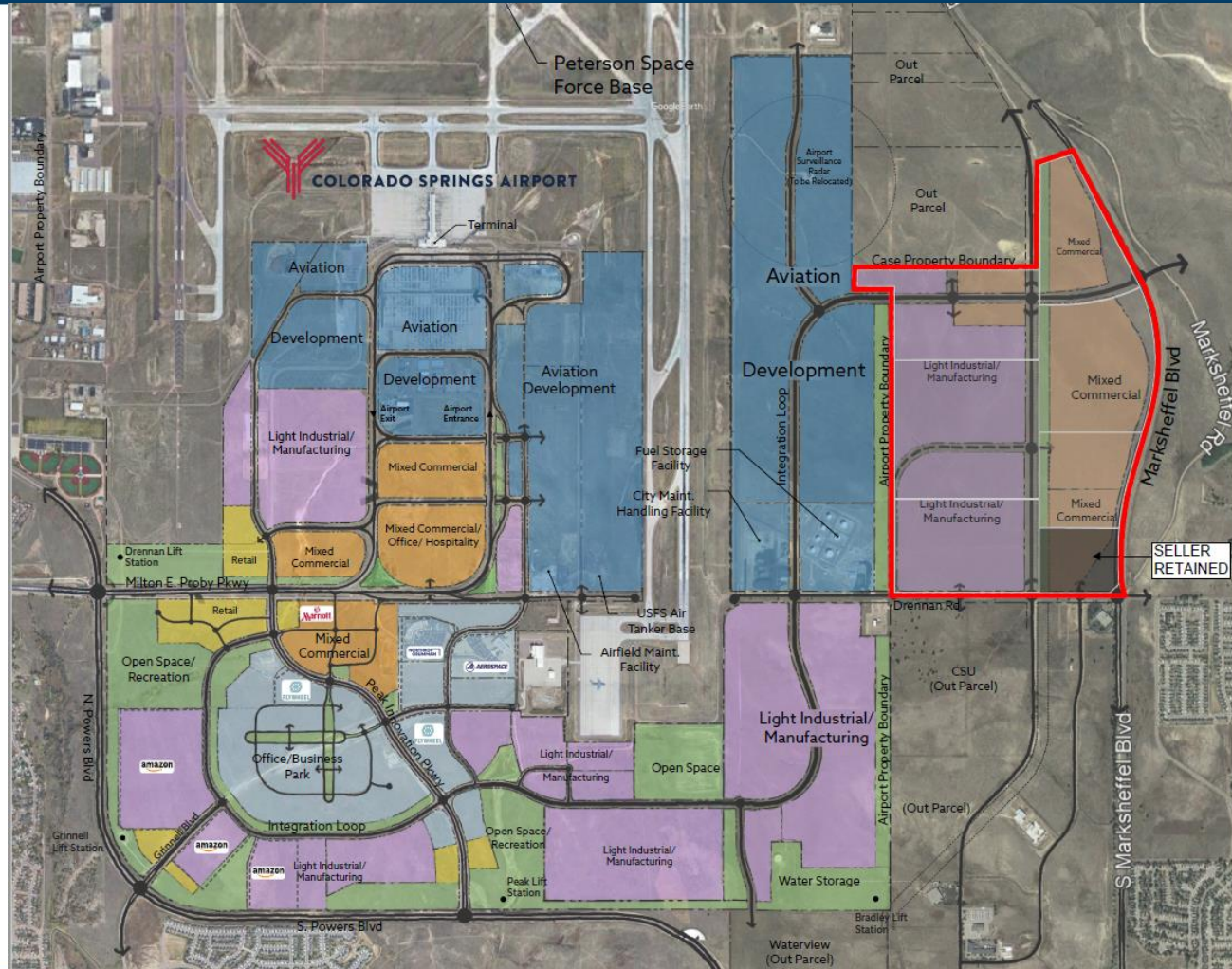
Troy Stover – Business Park Development Director

PRESENTATION OVERVIEW



- Site Location
- Overview of Purchase & Sale Agreement (PSA)
- Due Diligence
- Phased Closings
- Land Benefits
- Fiscal Impacts
- 5 Year Financial Outlook
- Fiscal Projections
- Risks of Not Purchasing the Land
- Land Acquisition Potential Risks
- Economic Development Considerations
- Staff Recommendation
- Questions

SITE LOCATION



OVERVIEW OF PURCHASE & SALE AGREEMENT



- Compliant with Real Estate Manual
- Appraisal completed
 - paying aggregate average of appraised value
- 4 phased closings of land over the next 5 years
- Includes 11 acres Marksheffel ROW transferred to the City Public Works Department

PSA OVERVIEW



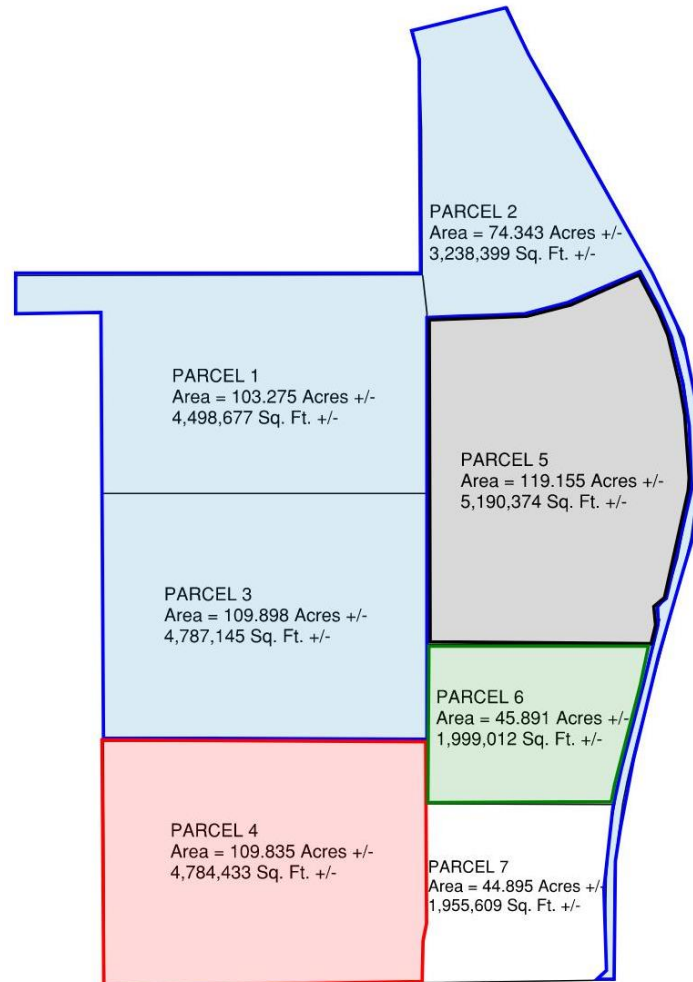
- Allows the Airport to pay for the acquisition over time (2023-2027)
 - No debt required
- Purchasing at average appraised value
- In-kind donation from seller to the extent the value exceeds \$1.4656/SF or \$63,841.54/acre
- 4% price escalator (2023-2025); 7% price escalator thereafter

DUE DILIGENCE



- Survey and Title review concluded
- Phase I Environmental concluded
- Due diligence review period deadline Oct 25

PHASED CLOSINGS



Phase 1: \$18,355,498

- Parcel 1 - 103.27 acres*
 - Parcel 2 - 63.13 acres*
 - Marksheffel ROW - 11.21 acres*
 - Parcel 3 - 109.89 acres*
- Close in 4th quarter 2023

Phase 2: \$7,539,218

- Parcel 4 - 109.84 acres*
- Close in 3rd quarter 2025

Phase 3: \$8,691,167

- Parcel 5 - 119.16 acres*
- Close in 3rd quarter 2026

Phase 4: \$3,547,889

- Parcel 6 - 45.89 acres*
- Close in 3rd quarter 2027

**acres are approx.*

LAND BENEFITS



- Peak Innovation Park will be expanded to 2,162 acres
- Peak will be more competitive for large national developments
- Further the economic vitality of the Airport and community
- Future roadway access aligns with the Banning Lewis Ranch (BLR) master plan
- Allow additional options for Peterson Space Force Base (PSFB) expansion or non-mission critical services

LAND BENEFITS



- Promoting growth and development consistent with the airport layout plan (ALP) and master plan
- Master plan the east roadway entrance to the Airport
- Controlling noise compatibility
- Protecting runway approach surfaces
- Reducing the potential for incompatible residential development
- Provides diversified revenue for a more self-sustaining Airport

FISCAL IMPACTS



2023 Phase 1 - 287.52 acres: \$18,355,498

2024 deferring phase purchase for cash flow

2025 Phase 2 - 109.84 acres: \$7,539,218

2026 Phase 3 - 119.16 acres: \$8,691,167

2027 Phase 4 - 45.89 acres: \$3,547,889

Total for all 4 Phases - 562.41 acres: \$38,133,744

** All totals above are approximate*

5 YEAR FINANCIAL OUTLOOK



	2023	2024	2025	2026	2027
	Q4	Q4	Q4	Q4	Q4
CIP Expenses	12,797,179	6,635,337	7,008,269	4,389,799	4,282,357
CIP Grant Rev	11,130,770	4,516,968	6,469,942	3,332,919	3,775,371
CIP Net	(1,666,408)	(2,118,369)	(538,327)	(1,056,880)	(506,986)
O&M Expense	7,043,691	7,179,094	7,322,676	7,469,130	7,693,204
O&M Revenue	7,134,338	7,276,276	7,494,565	7,719,402	7,950,984
O&M Net	90,647	97,182	171,889	250,272	257,780
PFC Collection	1,025,323	1,056,083	1,087,765	1,120,398	1,154,010
CFC Collection	360,319	371,128	382,262	393,730	405,542
PEAK O&M Expense	160,839	160,839	160,839	160,839	160,839
PEAK O&M Revenue	485,307	606,556	606,556	606,556	606,556
PEAK O&M Net	324,468	445,718	445,718	445,718	445,718
PEAK Capital Expense	336,800	-	-	-	-
PEAK Capital Revenue	900,000	700,000	700,000	700,000	700,000
PEAK Capital Net	563,200	700,000	700,000	700,000	700,000
Cash Balance:	46,072,633	48,797,594	48,188,374	51,968,673	58,038,321
400 days cash on Hand	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
Insurance Reserve	1,200,000	1,600,000	2,000,000	2,400,000	2,800,000
Maintenance Reserve	800,000	800,000	800,000	800,000	800,000
Contingency	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
	-	-	-	-	-
Available for Projects	21,072,633	23,397,594	22,388,374	25,768,673	31,438,321

'23 Q4 Peak Expense - \$337K CDOT Land Purchase

'23 Q4 Peak Revenue – Escrow reimbursement from Jungle and Rodeo \$900K

'23 Q3 Revenue – D1 \$3M reimbursement to Airport; Expense (\$1M) Airport Reimbursement to Flywheel for Tech View Roadway

'24 Q4 Revenue – D1, D3 & CSU \$700K reimbursement to Airport, 1st of annual reimbursements up to \$6M, compounding growth

*We expect a reimbursement of \$20M-\$26M over the years of 2024-2027

Identify projects with running balance on Contingency Reserve

Beginning BAL AO 3.31.23

*See Appendix slide 22 for breakdown of calculations

FISCAL PROJECTIONS



40-year projections:

- 80% developable land
- 50/50 split with land sales and ground leases (with no increase)
- 5-years until sites available for sale/lease due to utility and infrastructure planning and construction

FISCAL PROJECTIONS



Net Present Value (NPV)	40-Year Total
Total NPV of Revenue	\$176,884,092
Total Cost	\$70,469,029
Net Return	\$106,415,063
Return on Investment	173% over 40-years

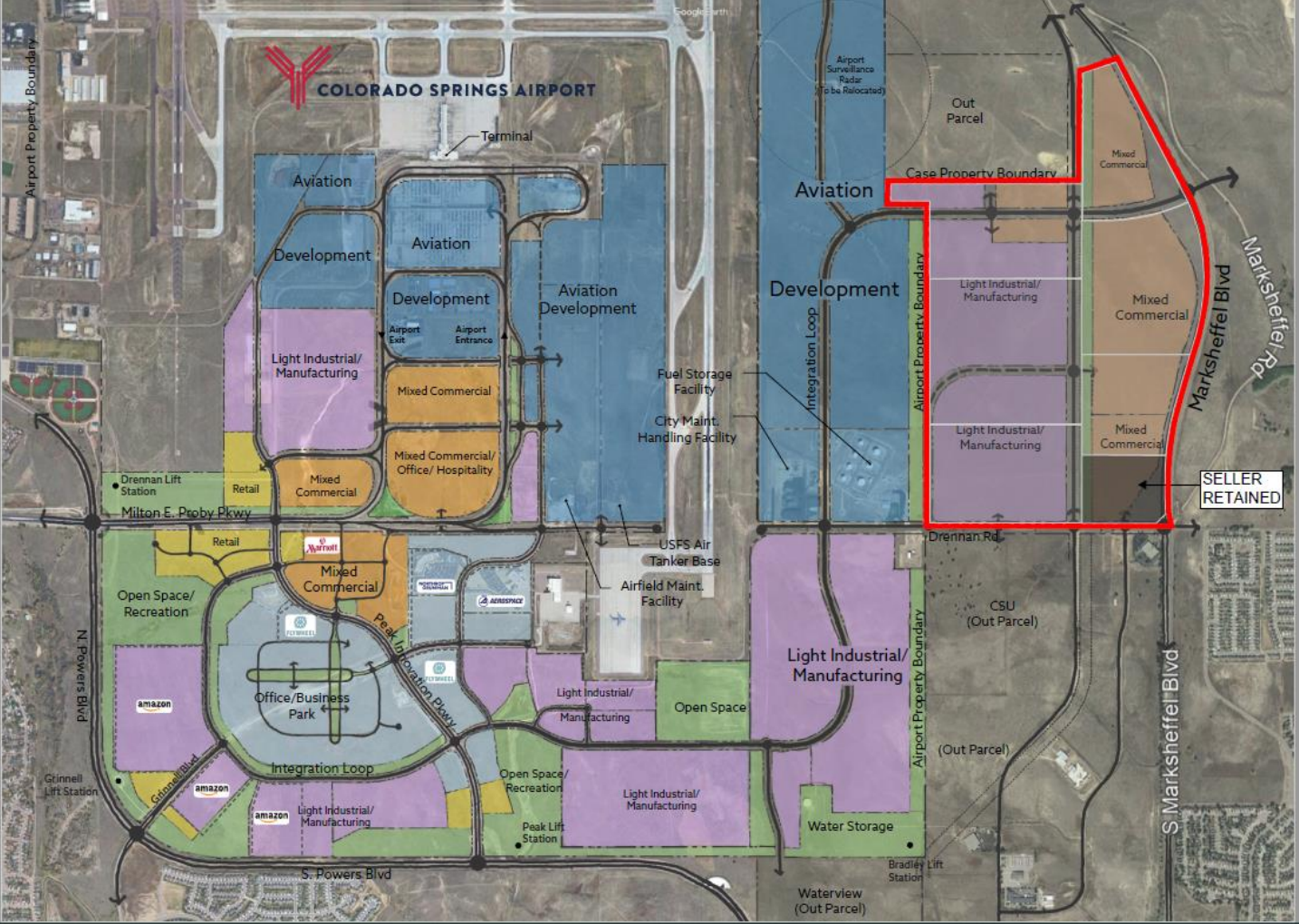
*See Appendix slide 21 for breakdown of calculations

STAFF RECOMMENDATION



Pass resolution authorizing acquisition of approximately 562 acres and recognizing a partial donation.

QUESTIONS



562 ACRE LAND ACQUISITION

Appendices



- Breakdown of Calculations for Fiscal Projections
- 5 Year Financial Outlook

FISCAL PROJECTIONS



40-Year Net Present Value (NPV)	
Land Sales	\$78,617,088
Ground Leases	\$98,267,004
Total NPV of Revenue	\$176,884,092
Purchase + Development cost	\$44,351,690
20% Estimated Overhead Cost	\$8,870,338
Cost of money	\$17,247,001
Net Return	\$106,415,063
Return on Investment	173% over 40-years

5 YEAR FINANCIAL OUTLOOK



Peak Business Park Cash Flow 2023 - 2027
as of 10-2-23

	2023				2024				2025				2026				2027			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
CIP Expenses	22,000	6,056,596	14,478,774	12,797,179	8,968,881	8,905,527	6,635,337	6,635,337	9,445,716	9,824,697	7,458,269	7,008,269	6,452,363	6,523,382	3,633,799	4,389,799	4,282,357	4,282,357	4,612,357	4,282,357
CIP Grant Rev	-	-	8,133,721	11,130,770	7,245,573	6,017,049	3,020,000	4,516,968	7,510,905	8,324,140	7,213,254	6,469,942	6,469,942	5,969,627	5,583,544	3,332,919	3,332,919	3,775,371	3,775,371	3,775,371
CIP Net	(22,000)	(6,056,596)	(6,345,053)	(1,666,408)	(1,723,308)	(2,888,478)	(3,615,337)	(2,118,369)	(1,934,811)	(1,500,557)	(245,015)	(538,327)	17,579	(553,756)	1,949,745	(1,056,880)	(949,438)	(506,986)	(836,986)	(506,986)
O&M Expense	4,929,806	5,923,368	5,953,324	7,043,691	5,024,574	6,037,235	6,067,766	7,179,094	5,125,065	6,157,980	6,189,122	7,322,676	5,227,566	6,281,139	6,312,904	7,469,130	5,384,393	6,469,573	6,502,291	7,693,204
O&M Revenue	6,315,704	6,803,496	8,003,846	7,134,338	7,276,276	7,276,276	7,276,276	7,276,276	7,494,565	7,494,565	7,494,565	7,494,565	7,719,402	7,719,402	7,719,402	7,719,402	7,950,984	7,950,984	7,950,984	7,950,984
O&M Net	1,385,897	880,128	2,050,522	90,647	2,251,703	1,239,041	1,208,510	97,182	2,369,500	1,336,585	1,305,443	171,889	2,491,835	1,438,262	1,406,497	250,272	2,566,590	1,481,410	1,448,692	257,780
PFC Collection	1,025,323	1,025,323	1,025,323	1,025,323	1,056,083	1,056,083	1,056,083	1,056,083	1,087,765	1,087,765	1,087,765	1,087,765	1,120,398	1,120,398	1,120,398	1,120,398	1,154,010	1,154,010	1,154,010	1,154,010
CFC Collection	360,319	360,319	360,319	360,319	371,128	371,128	371,128	371,128	382,262	382,262	382,262	382,262	393,730	393,730	393,730	393,730	405,542	405,542	405,542	405,542
PEAK O&M Expense	375,542	156,948	160,178	160,839	375,542	156,948	160,178	160,839	375,542	156,948	160,178	160,839	375,542	156,948	160,178	160,839	375,542	156,948	160,178	160,839
PEAK O&M Revenue	539,010	485,936	485,394	485,307	539,010	485,936	485,394	606,556	660,260	607,186	606,644	606,556	660,260	607,186	606,644	606,556	660,260	607,186	606,644	606,556
PEAK O&M Net	163,468	328,989	325,215	324,468	163,468	328,989	325,215	445,718	284,718	450,239	446,465	445,718	284,718	450,239	446,465	445,718	284,718	450,239	446,465	445,718
PEAK Capital Expense	-	-	18,348,696	336,800	-	-	1,000,000	-	500,000	-	7,689,467	-	-	-	8,753,475	-	-	-	3,572,540	-
PEAK Capital Revenue	-	2,500,000	2,500,000	900,000	-	-	3,000,000	700,000	-	-	-	700,000	-	-	-	700,000	-	-	-	700,000
PEAK Capital Net	-	2,500,000	(15,848,696)	563,200	-	-	2,000,000	700,000	(500,000)	-	(7,689,467)	700,000	-	-	(8,753,475)	700,000	-	-	(3,572,540)	700,000
Cash Balance:	61,094,504	64,878,040	45,420,409	46,072,633	46,789,560	46,506,836	47,493,480	48,797,594	49,015,456	50,333,092	45,213,029	48,188,374	50,953,158	53,312,127	49,417,348	51,968,673	53,832,814	56,304,928	54,870,728	58,038,321
400 days cash on Hand	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
Insurance Reserve	1,200,000	1,200,000	1,200,000	1,200,000	1,600,000	1,600,000	1,600,000	1,600,000	2,000,000	2,000,000	2,000,000	2,000,000	2,400,000	2,400,000	2,400,000	2,400,000	2,800,000	2,800,000	2,800,000	2,800,000
Maintenance Reserve	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Contingency	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Available for Projects	36,094,504	39,878,040	20,420,409	21,072,633	21,389,560	21,106,836	22,093,480	23,397,594	23,215,456	24,533,092	19,413,029	22,388,374	24,753,158	27,112,127	23,217,348	25,768,673	27,232,814	29,704,928	28,270,728	31,438,321

*23 Q4 Peak Expense - \$337K CDOT Land Purchase

*23 Q4 Peak Revenue - Escrow reimbursement from Jungle and Rodeo \$900K

*24 Q3 Revenue - D1 \$3M reimbursement to Airport; Expense (\$1M) Airport Reimbursement to Flywheel for Tech View Roadway

*24 Q4 Revenue - D1, D3 & CSU \$700K reimbursement to Airport, 1st of annual reimbursements up to \$6M, compounding growth