

LELAND CONSULTING GROUP



CITY OF MANITOU SPRINGS, COLORADO MANITOU SPRINGS EAST CORRIDOR URBAN RENEWAL PLAN EL PASO COUNTY IMPACT REPORT NOVEMBER 2006

This report outlines the anticipated impact of the proposed *Manitou Springs East Corridor Urban Renewal Plan* on El Paso County. It responds to the requirements outlined in C.R.S. 31-25-107 (3.5):

C.R.S. 31-25-107: APPROVAL OF URBAN RENEWAL PLANS BY THE LOCAL GOVERNING BODY

- (3.5) "Prior to the approval of an urban renewal plan, the governing body shall submit such plan to the board of county commissioners, which shall include, at a minimum, the following information concerning the impact of such plan:
- I. The estimated duration of time to complete the urban renewal project;
 - II. The estimated annual property tax increment to be generated by the urban renewal project and the portion of such property tax increment to be allocated during this period to fund the urban renewal project;
 - III. An estimate of the impact of the urban renewal project on county revenues and on the cost and extent of additional county infrastructure and services required to serve development within the proposed urban renewal area, and the benefit of improvements within the urban renewal area to existing county infrastructure;
 - IV. A statement setting forth the method under which the authority or the municipality will finance, or that agreements are in place to finance, any additional county infrastructure and services required to serve development in the urban renewal area for the period in which all or any portion of the property taxes described in subparagraph (ii) of paragraph (a) of subsection (9) of this section and levied by a county are paid to the authority; and
 - V. Any other estimated impacts of the urban renewal project on county services or revenues.

SUMMARY OF URBAN RENEWAL PLAN

Development Program

The proposed development program for the *Manitou Springs East Corridor Urban Renewal Plan* (the Urban Renewal Area) is based on the current plans of the community, property owners and prospective developers, and is subject to change. The anticipated development program is summarized in Table 1.

LELAND CONSULTING GROUP



TABLE 1
MANITOU SPRINGS EAST CORRIDOR URBAN RENEWAL PLAN
DEVELOPMENT PROGRAM

<u>Land Use</u>	<u>Developed SF/Units</u>
Retail	90,000
Office	110,000
Residential	200

Source: Leland Consulting Group.

Development Timing

The development timetable for the proposed Urban Renewal Area will be determined by prevailing market conditions. A critical component of the development program is the potential redevelopment of existing parcels into a mix of retail/commercial, employment and residential (over commercial) uses. For the purposes of this analysis, it was assumed that these redevelopment opportunities would be substantially completed during the 25-year analysis period.

Summary Impacts to El Paso County

Table 2 provides a summary of property and sales tax revenues that could be generated from new redevelopment within the Urban Renewal Area. These estimates are based on the development program outlined above and reflect the entire 25-year tax increment period. It is anticipated that the entire property and sales tax increment over the 25-year period would be dedicated to the Urban Renewal Project.

Property Tax Revenue

As shown in Table 2, based on the proposed development program, the Urban Renewal Area would generate approximately \$14.5 million in incremental property tax revenues over the 25-year analysis period. Approximately \$13.7 million, or 94% of this incremental revenue, will result from new redevelopment in the Urban Renewal Area, while the remaining \$800,000 or 6%, will result from the increase in value of existing properties. Currently, the property tax base in the Urban Renewal Area is approximately \$132,500.

During the 25-year tax increment period, the County's share of property tax revenue is limited to its share of the property tax base. This averages between \$15,000 and \$20,000 annually, or \$440,000 over the 25-year period. During this same tax increment period, the County will forego approximately \$1.5 million in property tax revenue. After the 25-year tax increment period is completed, the County's share of property tax revenues would be approximately \$160,000 on an annual basis. These figures do reflect the impacts of inflation, estimated at approximately 2% to 3% on an annual basis.

Sales Tax Revenue

As proposed, the Urban Renewal Area sales taxes that are to be allocated to the Urban Renewal Project are based on 3.9%, the current sales tax rate for the City of Manitou Springs. Currently, the sales tax base in the Urban Renewal Area is approximately

LELAND CONSULTING GROUP



\$90,000. Based on the proposed development program, the Urban Renewal Area would generate approximately \$15.7 million in incremental sales tax revenue for the City over a 25-year period. The County will retain its 1.0% rate on taxable sales in the Urban Renewal Area. Based on the proposed development program, the Urban Renewal Area would generate approximately \$4.6 million in new sales tax revenue for the County over the 25-year period. After the 25-year tax increment period is completed, the County's share of new sales tax revenues would be approximately \$320,000 on an annual basis. These sales tax revenue figures also reflect the impacts of inflation, estimated at approximately 2% on an annual basis.

County Services/Infrastructure

Because the entire Urban Renewal Area is located within the City of Manitou Springs's municipal boundaries, there is not anticipated to be an impact on County services. Infrastructure impacts associated with the proposed development program are assumed to be financed by the City of Manitou Springs with sales and property tax increment revenues. Impacts to the County's general government services may increase due to the level of new non-residential development, but such impacts should also be minimal and more than offset by the County's share of revenue resulting from new investment and reinvestment in the Area.

Net Impact to County

Table 2 also illustrates the net impact to the County over the 25-year tax increment period. As shown, the County's net impact, in terms of property and sales tax revenue, is estimated to be approximately \$3.5 million. This accounts for deferred property tax revenues of (\$1.5 million) that will be dedicated to the TIF district during the 25-year period.

Conclusion

In summary, and regarding "the impact of the urban renewal project on county revenues and on the cost and extent of additional county infrastructure and services required to serve development within the proposed urban renewal area" there do not appear to be any additional county infrastructure requirements required to serve developments in the proposed Urban Renewal Area. Further, the Urban Renewal Authority does not contemplate that the County will have to provide any public improvements, police, fire, utility or other specific services to serve such developments as the property is entirely located within the municipal boundaries of the City and will therefore be served by the City. Finally, any additional demands (direct or indirect) on County services due to a general increase in population within the area should be more than offset (as are all other such costs) by increases in the base assessed value due to the periodic adjustment in the base assessment roll, increase in County sales tax revenues, and backfill provided by the State of Colorado.

TABLE 2
 MANITOU SPRINGS CITY COUNCIL
 MANITOU SPRINGS EAST CORRIDOR
 TIF ANALYSIS
 NOVEMBER 2006

	Cumulative Total By:				
	2011	2016	2021	2026	2031
Manitou Springs East Corridor					
Total Incremental Property Tax Revenues from New Redevelopment	\$244,724	\$1,409,163	\$3,852,971	\$8,002,549	\$13,704,037
Incremental Property Tax Revenues from Other District Properties	\$0	\$0	\$240,387	\$476,828	\$824,638
Incremental Sales Tax Revenues	\$504,210	\$2,248,629	\$5,383,339	\$10,171,049	\$15,709,743
Total Tax Revenue Increment	\$748,933	\$3,657,792	\$9,476,697	\$18,650,426	\$30,238,419
El Paso County					
Property Tax Revenues from Existing Base	\$75,260	\$156,532	\$243,779	\$337,995	\$439,138
Deferred Property Tax Revenues From New Redevelopment	(\$26,825)	(\$154,464)	(\$422,341)	(\$877,194)	(\$1,506,051)
Share of Sales Tax Revenues	\$244,669	\$807,341	\$1,726,497	\$3,069,500	\$4,605,062
Net Tax Revenues -- 25-Year Period	\$293,104	\$809,408	\$1,547,935	\$2,530,301	\$3,538,150

Source: Nolte Associates and Leland Consulting Group.

TABLE 2 (CONT'D)
 MANITOU SPRINGS CITY COUNCIL
 MANITOU SPRINGS EAST CORRIDOR
 TIF ANALYSIS
 NOVEMBER 2006

Development Program

	Building SF/Units
New Redevelopment:	
Retail	90,000
Office	110,000
Residential	200

	Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Annual Property Tax Revenue Estimates										
Estimated Cumulative Development Demand:										
Retail	0	10,000	10,000	20,000	20,000	30,000	30,000	40,000	40,000	40,000
Office	0	10,000	10,000	20,000	20,000	30,000	30,000	40,000	40,000	40,000
Residential	0	10	20	30	40	50	60	70	80	80
Estimated Development Market Value:										
Retail	\$0	\$1,030,000	\$1,060,900	\$2,185,454	\$2,251,018	\$3,477,822	\$3,582,157	\$4,919,495	\$5,067,080	\$5,067,080
Office	\$0	\$1,236,000	\$1,273,080	\$2,622,545	\$2,701,221	\$4,173,387	\$4,298,588	\$5,903,395	\$6,080,496	\$6,080,496
Residential	\$0	\$1,545,000	\$3,182,700	\$4,917,272	\$6,753,053	\$8,694,556	\$10,746,471	\$12,913,876	\$15,201,241	\$15,201,241
Estimated Development Assessed Value:										
Retail	\$0	\$298,700	\$307,661	\$633,782	\$652,795	\$1,008,568	\$1,036,825	\$1,426,654	\$1,469,453	\$1,469,453
Office	\$0	\$368,440	\$369,193	\$760,538	\$783,354	\$1,210,282	\$1,246,591	\$1,711,984	\$1,763,344	\$1,763,344
Residential	\$0	\$122,982	\$253,343	\$391,415	\$537,543	\$692,087	\$855,419	\$1,027,929	\$1,210,019	\$1,210,019
Estimated Development Property Tax Revenues (70 mills):										
Retail	\$0	\$0	\$20,909	\$21,536	\$44,365	\$45,696	\$70,600	\$72,718	\$99,866	\$99,866
Office	\$0	\$0	\$25,091	\$25,844	\$53,236	\$54,835	\$84,720	\$87,261	\$119,839	\$119,839
Residential	\$0	\$0	\$8,609	\$17,734	\$27,399	\$37,628	\$48,446	\$59,879	\$71,955	\$71,955
Total Property Tax Revenues from New Redevelopment:	\$132,500	\$136,475	\$140,569	\$144,786	\$149,130	\$153,604	\$158,212	\$162,958	\$167,847	\$167,847
Total Property Tax Revenues from Existing Development:	\$132,500	\$136,475	\$136,475	\$208,900	\$274,131	\$291,762	\$361,978	\$382,817	\$459,507	\$459,507
Total Property Tax Revenues:	\$132,500	\$136,475	\$136,475	\$140,569	\$149,130	\$154,786	\$164,786	\$171,775	\$179,354	\$179,354
Existing Property Tax Base:	\$0	\$0	\$58,703	\$89,331	\$133,552	\$146,976	\$217,191	\$233,687	\$310,377	\$310,377
County Impact:										
County Share of Property Tax Base:	\$14,524	\$14,960	\$14,960	\$15,408	\$15,408	\$15,871	\$15,871	\$16,347	\$16,347	\$16,347
County Share of Property Tax Increment:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total County Share of Property Tax Revenue:	\$14,524	\$14,960	\$14,960	\$15,408	\$15,408	\$15,871	\$15,871	\$16,347	\$16,347	\$16,347

	Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Annual Sales Tax Revenue Estimates										
Estimated Cumulative Retail Development:										
Estimated Taxable Retail Sales from New Development:	\$0	\$2,040,000	\$2,080,800	\$4,244,832	\$4,329,729	\$6,624,486	\$6,756,975	\$9,189,485	\$9,373,275	\$9,373,275
Total Sales Tax Revenues from New Redevelopment:	\$0	\$79,560	\$81,151	\$165,548	\$168,859	\$258,355	\$263,522	\$356,390	\$365,558	\$365,558
Total Sales Tax Revenue from Existing Development:	\$90,000	\$90,000	\$91,809	\$92,727	\$93,654	\$94,591	\$95,537	\$96,482	\$97,457	\$97,457
Total Sales Tax Revenues:	\$90,000	\$170,460	\$172,960	\$258,276	\$262,514	\$352,946	\$359,059	\$452,872	\$463,015	\$463,015
Existing Sales Tax Base:	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Total Sales Tax Increment:	\$0	\$80,460	\$82,960	\$168,276	\$172,514	\$262,946	\$269,059	\$362,872	\$373,015	\$373,015
County Impact:										
County Share of Sales Tax Base:	\$23,077	\$23,308	\$23,541	\$23,776	\$24,014	\$24,254	\$24,497	\$24,742	\$24,989	\$24,989
County Share of New Sales Tax Revenue:	\$0	\$20,400	\$20,808	\$42,448	\$43,297	\$66,245	\$67,570	\$91,685	\$93,733	\$93,733
Total County Share of Sales Tax Revenue:	\$23,077	\$43,708	\$44,349	\$66,224	\$67,311	\$90,499	\$92,066	\$116,536	\$118,722	\$118,722

Source: Nott Associates and Leland Consulting Group.

**TABLE 2 (CONTD)
 MANITOU SPRINGS CITY COUNCIL
 MANITOU SPRINGS EAST CORRIDOR
 TIF ANALYSIS
 NOVEMBER 2006**

Development Program

New Redevelopment:	Building SF/Units
Retail	90,000
Office	110,000
Residential	200

	Year							
	2016	2017	2018	2019	2020	2021	2022	2023
Annual Property Tax Revenue Estimates								
<i>Estimated Cumulative Development Demand:</i>								
Retail	50,000	50,000	60,000	60,000	70,000	70,000	80,000	80,000
Office	50,000	50,000	60,000	60,000	70,000	70,000	85,000	85,000
Residential	90	100	110	120	130	140	150	160
<i>Estimated Development Market Value:</i>								
Retail	\$6,523,866	\$6,719,582	\$8,305,403	\$8,554,565	\$10,279,736	\$10,588,128	\$12,463,739	\$12,837,652
Office	\$7,828,639	\$8,063,498	\$9,966,484	\$10,265,478	\$12,335,683	\$12,705,754	\$15,891,268	\$16,368,006
Residential	\$17,614,438	\$20,156,746	\$22,839,859	\$25,663,696	\$28,638,407	\$31,784,384	\$35,054,267	\$38,512,955
<i>Estimated Development Assessed Value:</i>								
Retail	\$1,891,921	\$1,948,679	\$2,408,567	\$2,480,824	\$2,991,123	\$3,070,557	\$3,614,484	\$3,722,919
Office	\$2,270,305	\$2,338,415	\$2,890,280	\$2,976,989	\$3,577,348	\$3,684,669	\$4,608,468	\$4,746,722
Residential	\$1,402,109	\$1,604,636	\$1,818,053	\$2,042,830	\$2,279,458	\$2,528,445	\$2,730,320	\$3,065,631
<i>Estimated Development Property Tax Revenues (70 mills):</i>								
Retail	\$102,862	\$132,434	\$136,408	\$168,600	\$173,658	\$208,679	\$214,939	\$253,014
Office	\$123,434	\$158,921	\$163,889	\$202,320	\$206,389	\$250,414	\$257,827	\$322,593
Residential	\$84,701	\$98,146	\$112,325	\$127,264	\$142,988	\$159,562	\$176,991	\$195,322
Total Property Tax Revenues from New Redevelopment:	\$310,997	\$389,504	\$412,421	\$498,183	\$525,045	\$618,655	\$649,857	\$770,929
Total Property Tax Revenues from Existing Development:	\$172,882	\$178,069	\$183,411	\$188,913	\$194,581	\$200,418	\$206,431	\$212,624
Total Property Tax Revenues:	\$483,880	\$567,572	\$595,832	\$687,096	\$719,626	\$819,073	\$856,288	\$983,553
Existing Property Tax Base:	\$153,604	\$153,604	\$158,212	\$158,212	\$162,958	\$162,958	\$167,847	\$167,847
Total Property Tax Increment:	\$330,276	\$413,969	\$437,620	\$528,884	\$556,667	\$656,115	\$688,441	\$815,706
<i>County Impact:</i>								
County Share of Property Tax Base:	\$16,837	\$16,837	\$17,342	\$17,342	\$17,863	\$17,863	\$18,398	\$18,398
County Share of Property Tax Increment:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total County Share of Property Tax Revenue:	\$16,837	\$16,837	\$17,342	\$17,342	\$17,863	\$17,863	\$18,398	\$18,398

	Year							
	2016	2017	2018	2019	2020	2021	2022	2023
Annual Sales Tax Revenue Estimates								
<i>Estimated Cumulative Retail Development:</i>								
Estimated Taxable Retail Sales from New Development:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sales Tax Revenues from New Redevelopment:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sales Tax Revenues from Existing Development:	\$11,950,926	\$12,189,944	\$14,920,492	\$15,218,902	\$18,110,493	\$18,472,703	\$21,533,893	\$21,964,571
Total Sales Tax Revenues:	\$11,950,926	\$12,189,944	\$14,920,492	\$15,218,902	\$18,110,493	\$18,472,703	\$21,533,893	\$21,964,571
Existing Sales Tax Base:	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Total Sales Tax Increment:	\$474,518	\$484,824	\$592,309	\$604,951	\$718,738	\$733,888	\$854,309	\$872,150
<i>County Impact:</i>								
County Share of Sales Tax Base:	\$25,239	\$25,491	\$25,746	\$26,004	\$26,264	\$26,526	\$26,792	\$27,060
County Share of New Sales Tax Revenue:	\$119,509	\$121,899	\$149,205	\$152,189	\$181,105	\$184,727	\$215,339	\$219,646
Total County Share of Sales Tax Revenue:	\$144,748	\$147,391	\$174,951	\$178,193	\$207,369	\$211,253	\$242,131	\$246,705

Source: Nette Associates and Leland Consulting Group.

**TABLE 2 (CONT'D)
MANITOU SPRINGS CITY COUNCIL
MANITOU SPRINGS EAST CORRIDOR
TIF ANALYSIS
NOVEMBER 2006**

Development Program

New Redevelopment:	Building SF/Units
Retail	90,000
Office	110,000
Residential	200

	Year									
	2024	2025	2026	2027	2028	2029	2030	2031		
Annual Property Tax Revenue Estimates										
<i>Estimated Cumulative Development Demand:</i>										
Retail	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Office	100,000	100,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Residential	170	180	190	200	200	200	200	200	200	200
<i>Estimated Development Market Value:</i>										
Retail	\$14,875,629	\$15,321,898	\$15,781,554	\$16,255,001	\$16,742,651	\$17,244,931	\$17,762,279	\$18,285,147		
Office	\$19,894,172	\$20,429,197	\$23,146,280	\$23,840,668	\$24,555,888	\$25,292,565	\$26,051,342	\$26,832,882		
Residential	\$42,147,615	\$45,965,693	\$49,974,923	\$54,183,337	\$55,808,837	\$57,483,102	\$59,207,595	\$60,983,823		
<i>Estimated Development Assessed Value:</i>										
Retail	\$4,313,932	\$4,443,350	\$4,576,651	\$4,713,950	\$4,855,369	\$5,001,030	\$5,151,061	\$5,305,593		
Office	\$6,751,910	\$5,924,467	\$6,712,421	\$6,913,794	\$7,121,208	\$7,334,844	\$7,554,869	\$7,781,536		
Residential	\$3,354,950	\$3,658,689	\$3,978,004	\$4,312,994	\$4,442,383	\$4,575,655	\$4,712,925	\$4,854,312		
<i>Estimated Development Property Tax Revenues (70 mills):</i>										
Retail	\$260,604	\$301,975	\$311,035	\$320,366	\$329,977	\$339,876	\$350,072	\$350,072		
Office	\$332,271	\$402,634	\$414,713	\$439,689	\$483,986	\$488,486	\$513,439	\$513,439		
Residential	\$214,594	\$234,847	\$256,121	\$278,460	\$301,910	\$310,967	\$320,296	\$320,296		
Total Property Tax Revenues from New Redevelopment:	\$807,469	\$939,455	\$981,868	\$1,066,895	\$1,115,852	\$1,149,327	\$1,183,807	\$1,183,807		
Total Property Tax Revenues from Existing Development:	\$219,002	\$225,572	\$232,340	\$239,310	\$246,489	\$253,684	\$261,500	\$261,500		
Total Property Tax Revenues:	\$1,026,471	\$1,165,028	\$1,214,208	\$1,306,085	\$1,362,341	\$1,403,211	\$1,445,307	\$1,445,307		
Existing Property Tax Base:	\$172,882	\$172,882	\$178,069	\$178,069	\$183,411	\$183,411	\$188,913	\$188,913		
Total Property Tax Increment:	\$853,589	\$992,145	\$1,036,139	\$1,129,936	\$1,178,930	\$1,219,800	\$1,256,394	\$1,256,394		
<i>County Impact:</i>										
County Share of Property Tax Base:	\$18,950	\$18,950	\$19,519	\$19,519	\$20,104	\$20,104	\$20,708	\$20,708		
County Share of Property Tax Increment:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Total County Share of Property Tax Revenue:	\$18,950	\$18,950	\$19,519	\$19,519	\$20,104	\$20,104	\$20,708	\$20,708		

	Year									
	2024	2025	2026	2027	2028	2029	2030	2031		
Annual Sales Tax Revenue Estimates										
<i>Estimated Cumulative Retail Development:</i>										
Estimated Taxable Retail Sales from New Development:	\$25,204,346	\$25,708,432	\$26,222,601	\$26,747,053	\$27,281,994	\$27,827,634	\$28,384,187	\$28,951,870		
Total Sales Tax Revenues from New Redevelopment:	\$982,969	\$1,002,629	\$1,022,681	\$1,043,135	\$1,063,898	\$1,085,278	\$1,106,983	\$1,128,123		
Total Sales Tax Revenue from Existing Development:	\$106,897	\$107,653	\$108,730	\$109,817	\$110,915	\$112,024	\$113,145	\$114,276		
Total Sales Tax Revenues:	\$1,089,866	\$1,110,282	\$1,131,411	\$1,152,952	\$1,174,813	\$1,197,302	\$1,220,128	\$1,243,399		
Existing Sales Tax Base:	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000		
Total Sales Tax Increment:	\$999,866	\$1,020,282	\$1,041,411	\$1,062,952	\$1,084,813	\$1,107,302	\$1,130,128	\$1,153,399		
<i>County Impact:</i>										
County Share of Sales Tax Base:	\$27,330	\$27,603	\$27,879	\$28,158	\$28,440	\$28,724	\$29,011	\$29,302		
County Share of New Sales Tax Revenue:	\$252,043	\$257,084	\$262,226	\$267,471	\$272,820	\$278,276	\$283,842	\$289,519		
Total County Share of Sales Tax Revenue:	\$279,374	\$284,688	\$290,105	\$295,629	\$301,260	\$307,001	\$312,853	\$318,820		

Source: Noble Associates and Leland Consulting Group.