

# Urban Renewal Authority (URA) Discussion I.1.

**ANDERSON  
ANALYTICS**

PROJECTED TAX INCREMENT REVENUE,  
ECONOMIC & FISCAL IMPACTS,  
AND LOCAL GOVERNMENT IMPACTS OF:  
THE PAGOSA SPRINGS PLAZA  
URBAN RENEWAL AREA (URA)

**Prepared for:  
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# Urban Renewal Authority (URA) Discussion I.1.

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# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

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# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### Project Overview

The Pagosa Springs Plaza Urban Renewal Area (URA) comprises a total of about 35.12 acres located in Pagosa Springs, Colorado, between Hot Springs Boulevard to the east and the banks of the San Juan River to the west. About 7.32 acres of the proposed urban renewal area include The Springs Resort & Spa. The new development planned for the urban renewal area, referred to in this report as the “Project,” is described in this section.

### Development Phasing and Buildout

The Project is proposed to include a diverse mix of residential and non-residential space, anchored by a new community plaza adjacent to Mother Spring. As summarized in the table below, the Project is planned to comprise a total of 262,800 sq. ft. of new non-residential space, and a total of 387,500 sq. ft. of new residential space.

#### Pagosa Springs Plaza URA: Development Program

Land Use Category	Total Sq. Ft.	Total Units	Total Sq. Ft. / Unit
<b>Non-Residential Uses</b>			
Hotel	39,000	50	780
Hotel	66,000	100	660
Hotel - Bungalows	20,000	20	1,000
<b>Sub-Total:</b>	<b>125,000</b>	<b>170</b>	
Spa & Bath House	8,000		
Greenhouse	8,000		
<b>Sub-Total:</b>	<b>16,000</b>		
F&B	6,000		
F&B	6,000		
F&B	1,500		
F&B	3,000		
<b>Sub-Total:</b>	<b>16,500</b>		
Retail	5,600		
Retail	30,600		
Retail	13,800		
Retail	7,200		
Retail	7,500		
<b>Sub-Total:</b>	<b>64,700</b>		
Office	40,600		
<b>Sub-Total:</b>	<b>40,600</b>		
<b>TOTAL Non-Residential</b>	<b>262,800</b>		

Land Use Category	Total Rentable Sq. Ft.	Total Sq. Ft.	Total Units	Average Rentable Sq. Ft. / Unit	Total Sq. Ft. / Unit
<b>Residential Uses</b>					
Detached	17,950	17,950	7.2	2,500	2,500
Detached	27,500	27,500	11.0	2,500	2,500
Detached	14,400	14,400	5.8	2,500	2,500
<b>Sub-Total:</b>	<b>59,850</b>	<b>59,850</b>	<b>23.9</b>		
Townhome	26,700	26,700	10.7	2,500	2,500
Duplex/townhome	18,850	18,850	12.6	1,500	1,500
Duplex/townhome	72,600	72,600	40.3	1,800	1,800
<b>Sub-Total:</b>	<b>118,150</b>	<b>118,150</b>	<b>63.6</b>		
Multi-Family	88,560	110,700	77.0	1,150	1,438
Multi-Family	69,840	87,300	63.5	1,100	1,375
Multi-Family	6,857	7,200	5.0	1,371	1,440
Multi-Family	4,095	4,300	3.0	1,365	1,433
<b>Sub-Total:</b>	<b>169,352</b>	<b>209,500</b>	<b>148.5</b>		
<b>TOTAL Residential</b>	<b>347,352</b>	<b>387,500</b>	<b>236</b>		

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

The non-residential space will include: a 50-unit hotel with retail, food and beverage (F&B), and 8,000 sq. ft. of spa & bath house space on its first floor; another 100-unit hotel; 20 bungalow-style lodging units; additional F&B space in several mixed-use blocks, for a total of 16,500 sq. ft. throughout the Project; additional retail space in several mixed-use blocks, for a total of 64,700 sq. ft. throughout the Project; an 8,000 sq. ft. greenhouse; and a total of 40,600 sq. ft. of office and event space. The new hotel and spa & bath house space is planned to complement and expand The Springs Resort & Spa. The 236 dwelling units of residential space will include: about 24 detached homes averaging 2,500 sq. ft. each; about 64 townhome and duplex units, totaling 118,150 sq. ft.; and about 149 multi-family units, totaling 209,500 sq. ft. of living and common space.

The Project is planned to be developed in a series of phases over 15 years, with commencement of construction of the 50-unit hotel and spa on the new town plaza area, along with a multi-family residential phase, in 2021. The final phase of the Project, comprising a mixed-use block of retail and multi-family space, is planned to be constructed in 2033 and come on-line in 2034. The tables below outline the Project’s anticipated development phasing schedule for its residential and non-residential space.

### Pagosa Springs Plaza URA: Development Phasing

Non-Residential Uses	Total Sq. Ft. by Year Completed															
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Hotel	0	const.	39,000	0	0	0	0	0	0	0	0	0	0	0	0	39,000
Hotel	0	0	0	0	0	const.	66,000	0	0	0	0	0	0	0	0	66,000
Hotel - Bungalows	0	0	0	0	0	0	const.	20,000	0	0	0	0	0	0	0	20,000
<b>Sub-Total:</b>	<b>0</b>	<b>0</b>	<b>39,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>66,000</b>	<b>20,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>125,000</b>
Spa & Bath House	0	const.	8,000	0	0	0	0	0	0	0	0	0	0	0	0	8,000
Greenhouse	0	0	0	0	0	0	const.	8,000	0	0	0	0	0	0	0	8,000
<b>Sub-Total:</b>	<b>0</b>	<b>0</b>	<b>8,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,000</b>
F&B	0	const.	6,000	0	0	0	0	0	0	0	0	0	0	0	0	6,000
F&B	0	0	0	0	0	0	const.	6,000	0	0	0	0	0	0	0	6,000
F&B	0	0	0	0	const.	1,500	0	0	0	0	0	0	0	0	0	1,500
F&B	0	0	0	0	0	0	0	0	0	0	0	const.	3,000	0	0	3,000
<b>Sub-Total:</b>	<b>0</b>	<b>0</b>	<b>6,000</b>	<b>0</b>	<b>0</b>	<b>1,500</b>	<b>0</b>	<b>6,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>0</b>	<b>16,500</b>
Retail	0	const.	5,600	0	0	0	0	0	0	0	0	0	0	0	0	5,600
Retail	0	0	0	0	0	0	const.	10,000	10,000	5,600	5,000	0	0	0	0	30,600
Retail	0	0	0	const.	6,000	6,000	1,800	0	0	0	0	0	0	0	0	13,800
Retail	0	0	0	0	0	0	0	0	0	0	const.	7,200	0	0	0	7,200
Retail	0	0	0	0	0	0	0	0	0	0	0	0	const.	7,500	7,500	
<b>Sub-Total:</b>	<b>0</b>	<b>0</b>	<b>5,600</b>	<b>0</b>	<b>6,000</b>	<b>6,000</b>	<b>1,800</b>	<b>10,000</b>	<b>10,000</b>	<b>5,600</b>	<b>5,000</b>	<b>7,200</b>	<b>0</b>	<b>0</b>	<b>7,500</b>	<b>64,700</b>
Office	0	0	0	0	0	0	const.	20,000	const.	10,000	10,600	0	0	0	0	40,600
<b>Sub-Total:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000</b>	<b>0</b>	<b>10,000</b>	<b>10,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40,600</b>
<b>TOTAL Non-Residential</b>	<b>0</b>	<b>58,600</b>	<b>0</b>	<b>6,000</b>	<b>7,500</b>	<b>67,800</b>	<b>64,000</b>	<b>10,000</b>	<b>15,600</b>	<b>15,600</b>	<b>7,200</b>	<b>3,000</b>	<b>0</b>	<b>7,500</b>	<b>262,800</b>	

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

About 25% of the Project’s non-residential space is planned to be completed between 2020 and 2024, about 63% is planned to be completed between 2025 and 2029, and about 13% is planned to be completed between 2030 and 2034.

### Pagosa Springs Plaza URA: Development Phasing

Residential Uses	Total Sq. Ft. by Year Completed															
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
<i>Detached</i>	0	0	0	<i>const.</i>	8,975	8,975	0	0	0	0	0	0	0	0	0	17,950
<i>Detached</i>	0	0	0	0	0	0	<i>const.</i>	5,000	5,000	5,000	5,000	5,000	2,500	0	0	27,500
<i>Detached</i>	0	0	0	0	0	0	0	0	0	0	0	0	<i>const.</i>	5,760	8,640	14,400
<b>Sub-Total:</b>		<b>2,021</b>	<b>2,022</b>	<b>2,023</b>	<b>10,999</b>	<b>11,000</b>	<b>2,026</b>	<b>7,027</b>	<b>7,028</b>	<b>7,029</b>	<b>7,030</b>	<b>7,031</b>	<b>4,532</b>	<b>7,793</b>	<b>10,674</b>	<b>88,235</b>
<i>Townhome</i>	0	0	0	0	0	0	0	0	<i>const.</i>	13,350	13,350	0	0	0	0	26,700
<i>Duplex/townhome</i>	0	0	0	<i>const.</i>	9,425	9,425	0	0	0	0	0	0	0	0	0	18,850
<i>Duplex/townhome</i>	0	0	0	0	0	0	<i>const.</i>	24,200	24,200	0	0	0	0	0	0	48,400
<b>Sub-Total:</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>9,425</b>	<b>9,425</b>	<b>0</b>	<b>24,200</b>	<b>24,200</b>	<b>13,350</b>	<b>13,350</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>93,950</b>
<i>Multi-Family</i>	0	<i>const.</i>	22,140	22,140	22,140	22,140	22,140	0	0	0	0	0	0	0	0	110,700
<i>Multi-Family</i>	0	0	0	0	0	0	0	0	0	<i>const.</i>	17,460	17,460	17,460	17,460	17,460	87,300
<i>Multi-Family</i>	0	0	0	0	0	0	0	0	0	0	<i>const.</i>	7,200	0	0	0	7,200
<i>Multi-Family</i>	0	0	0	0	0	0	0	0	0	0	0	0	<i>const.</i>	4,300	4,300	
<b>Sub-Total:</b>		<b>0</b>	<b>22,140</b>	<b>22,140</b>	<b>22,140</b>	<b>22,140</b>	<b>22,140</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,460</b>	<b>24,660</b>	<b>17,460</b>	<b>17,460</b>	<b>21,760</b>	<b>209,500</b>
<b>TOTAL Residential</b>		<b>0</b>	<b>22,140</b>	<b>22,140</b>	<b>40,540</b>	<b>40,540</b>	<b>22,140</b>	<b>29,200</b>	<b>29,200</b>	<b>18,350</b>	<b>35,810</b>	<b>29,660</b>	<b>19,960</b>	<b>23,220</b>	<b>30,400</b>	<b>363,300</b>

About 22% of the Project’s residential space is planned to be completed between 2020 and 2024, about 36% is planned to be completed between 2025 and 2029, and about 36% is planned to be completed between 2030 and 2034.

### Estimated On-Site Population and Employment

As shown in the following table, the Project is projected to accommodate a total of 693 full-time equivalent (FTE) jobs by full buildout and occupancy in 2035. 190 of these FTE jobs are estimated to be in the Project’s new lodging and spa & bath house space, about 79 jobs in its new F&B space, about 91 jobs in its new retail space, about 325 jobs in its new office space, and 4 jobs each for its greenhouse and for residential property management. Based on data about the locations of residence of Archuleta County’s private sector jobholders from the U.S. Census Bureau’s Longitudinal Employer-Household Dynamics (LEHD) program, about 479 of these jobs are projected to be held by residents of Archuleta County. The projected retail and office space employment was estimated based on information about known and anticipated Project tenants, and proportional to Archuleta County’s current retail and office employment by industry for the remainder of the Project’s space. For comparison, the U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW) reported that Archuleta County’s average annual private-sector employment was 3,368 jobs in 2018.

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### Pagosa Springs Plaza URA:

#### Projected On-Site (Direct) Employment (Full-Time Equivalent Jobs)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Lodging and Spa &amp; Bath House</b>														
Hotels and motels	40.0	40.0	40.0	40.0	100.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0
Other personal care services	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
<b>F&amp;B</b>														
Food services and drinking places	28.6	28.6	28.6	35.7	35.7	64.3	64.3	64.3	64.3	64.3	78.6	78.6	78.6	78.6
<b>Retail</b>														
Furniture and home furnishings stores	0.0	0.0	0.9	1.8	2.0	3.5	4.9	5.8	6.5	7.5	7.5	7.5	8.6	8.6
Electronics and appliance stores	0.0	0.0	0.4	0.9	1.0	1.7	2.5	2.9	3.2	3.8	3.8	3.8	4.3	4.3
Food and beverage stores	0.0	0.0	2.8	5.6	6.5	11.2	15.9	18.5	20.9	24.3	24.3	24.3	27.8	27.8
Health and personal care stores	0.0	0.0	0.7	1.4	1.6	2.7	3.9	4.5	5.1	5.9	5.9	5.9	6.8	6.8
Clothing and clothing accessory stores	9.6	9.6	10.3	10.9	11.1	12.2	13.3	13.9	14.4	15.2	15.2	15.2	16.0	16.0
Sports, hobby, music instrument, book stores	0.0	0.0	1.5	3.0	3.4	5.9	8.4	9.8	11.0	12.8	12.8	12.8	14.6	14.6
Miscellaneous store retailers	0.0	0.0	1.3	2.7	3.1	5.3	7.5	8.8	9.9	11.5	11.5	11.5	13.1	13.1
<b>Office</b>														
Credit intermediation and related activities	0.0	0.0	0.0	0.0	0.0	14.3	14.3	21.4	28.9	28.9	28.9	28.9	28.9	28.9
Securities, commodity contracts, investments	0.0	0.0	0.0	0.0	0.0	7.4	7.4	11.1	15.1	15.1	15.1	15.1	15.1	15.1
Insurance carriers and related activities	0.0	0.0	0.0	0.0	0.0	6.0	6.0	9.0	12.2	12.2	12.2	12.2	12.2	12.2
Real estate	0.0	0.0	0.0	0.0	0.0	45.9	45.9	68.9	93.2	93.2	93.2	93.2	93.2	93.2
Legal services	0.0	0.0	0.0	0.0	0.0	1.1	1.1	1.7	2.3	2.3	2.3	2.3	2.3	2.3
Accounting and bookkeeping services	0.0	0.0	0.0	0.0	0.0	8.3	8.3	12.4	16.8	16.8	16.8	16.8	16.8	16.8
Architectural and engineering services	0.0	0.0	0.0	0.0	0.0	4.8	4.8	7.3	9.8	9.8	9.8	9.8	9.8	9.8
Computer systems design and rel. services	0.0	0.0	0.0	0.0	0.0	13.7	13.7	20.5	27.8	27.8	27.8	27.8	27.8	27.8
Management & technical consulting services	0.0	0.0	0.0	0.0	0.0	4.6	4.6	6.8	9.3	9.3	9.3	9.3	9.3	9.3
Other professional and technical services	0.0	0.0	0.0	0.0	0.0	8.6	8.6	12.8	17.4	17.4	17.4	17.4	17.4	17.4
Management of companies and enterprises	0.0	0.0	0.0	0.0	0.0	1.4	1.4	2.1	2.9	2.9	2.9	2.9	2.9	2.9
Business support services	0.0	0.0	0.0	0.0	0.0	3.4	3.4	5.1	6.9	6.9	6.9	6.9	6.9	6.9
Travel arrangement and reservation services	0.0	0.0	0.0	0.0	0.0	6.0	6.0	9.0	12.2	12.2	12.2	12.2	12.2	12.2
Physicians, dentists, & other healthcare prov.	0.0	0.0	0.0	0.0	0.0	34.5	34.5	51.8	70.1	70.1	70.1	70.1	70.1	70.1
<b>Other</b>														
Greenhouse, nursery, and floriculture	0.0	0.0	0.0	0.0	0.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Residential property managers	0.4	0.8	1.2	1.6	2.0	2.0	2.0	2.0	2.3	2.8	3.1	3.4	3.8	3.8
<b>Total FTE Employees</b>	<b>118.6</b>	<b>119.0</b>	<b>127.7</b>	<b>143.5</b>	<b>206.4</b>	<b>462.8</b>	<b>476.6</b>	<b>564.4</b>	<b>656.4</b>	<b>666.8</b>	<b>681.4</b>	<b>681.8</b>	<b>692.5</b>	<b>692.5</b>
Archuleta County Resident Employees	1/ 82.1	82.4	88.4	99.4	142.9	320.4	330.0	390.7	454.4	461.6	471.7	472.0	479.4	479.4
Non-Resident Employees	1/ 36.5	36.6	39.3	44.2	63.5	142.4	146.7	173.7	202.0	205.2	209.7	209.8	213.1	213.1

Sources: IMPLAN; U.S. Bureau of Labor Statistics, 2018 Annual Average Quarterly Census of Employment and Wages, Archuleta County; National Apartment Association (NAA), 2018 NAA Survey of Operating Income & Expenses in Rental Apartment Communities; project developer.

1/ U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (LODES), 2015 proportion of primary private workers in Archuleta County by county of residence.

As shown in the following table, up to approximately 457 people are projected to reside in the Project's new residential units by full buildout and occupancy in 2035. Considering the nature of Pagosa Springs' present economy and residential market, some of these new residential units may serve as vacation homes, so this total represents the upper end of the potential new population residing in the Project. Of this upper-limit total, about 49 people are projected to reside in the Project's detached units, about 103 people in its townhome/duplex units, and about 305 people in its multi-family units. This total estimated population, which assumes a 5.00% stabilized vacancy rate amongst all residential unit categories, is projected to comprise about 211 house-

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

holds in 2035. Lags between residential construction phase completion and new population are due to projected residential unit absorption. For comparison, the U.S. Census Bureau’s American Community Survey’s (ACS’s) estimated 2017 population in the Town of Pagosa Springs was 1,927 people, and 12,592 people in Archuleta County.

### Pagosa Springs Plaza URA: Projected On-Site Households and Population

		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Detached</b>															
Occupied Dwelling Units (end of year)	1/	0.0	0.0	3.4	6.8	6.8	8.7	10.6	12.5	14.4	16.3	17.3	19.5	22.7	22.7
Estimated Total Household Population	2/	0.0	0.0	7.4	14.7	14.7	18.8	22.9	27.0	31.1	35.3	37.3	42.0	49.1	49.1
<b>Townhome/Duplex</b>															
Occupied Dwelling Units (end of year)	1/	0.0	0.0	6.0	11.9	11.9	23.9	35.9	42.6	47.6	47.6	47.6	47.6	47.6	47.6
Estimated Total Household Population	2/	0.0	0.0	12.9	25.8	25.8	51.7	77.6	91.9	102.9	102.9	102.9	102.9	102.9	102.9
<b>Multi-Family</b>															
Occupied Dwelling Units (end of year)	1/	12.0	24.0	36.0	48.0	60.0	72.0	73.2	73.2	85.2	101.9	113.9	125.9	140.8	141.1
Estimated Total Household Population	2/	25.9	51.8	77.8	103.7	129.6	155.5	158.0	158.0	183.9	220.1	246.0	272.0	304.0	304.7
<b>Total</b>															
Total Households		12.0	24.0	45.4	66.8	78.8	104.7	119.7	128.2	147.2	165.9	178.8	193.0	211.1	211.4
<b>Total Population</b>		<b>25.9</b>	<b>51.8</b>	<b>98.0</b>	<b>144.2</b>	<b>170.1</b>	<b>226.1</b>	<b>258.6</b>	<b>277.0</b>	<b>318.0</b>	<b>358.3</b>	<b>386.2</b>	<b>416.9</b>	<b>456.0</b>	<b>456.7</b>

1/ Assumes stabilized occupancy rate of 95.0%.

2/ Assumes average owner-occupied household size of 2.16 people, per 2017 data for Town of Pagosa Springs from: U.S. Census Bureau, 2013-2017 American Community Survey (ACS).

This new residential space will offer housing opportunities for the new workers located in the Project, as well as for new jobholders associated with the Project’s off-site economic impacts throughout Archuleta County. The total number of jobs in Archuleta County associated with the Project’s economic impact, including the projected 479 total new on-site jobs expected to be held by workers living in the County in 2035, is projected to exceed the total households and total population residing in the Project. Therefore, the projected population residing in the Project should represent net new population to Pagosa Springs and Archuleta County.



Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

## Projection of Total Tax Increment Revenue

Development of the property in the Pagosa Springs Plaza URA, and the additional economic activity located within it, will result in a considerable increase in local government and State tax revenues. This section summarizes the total sales tax, lodging tax, and property tax revenues projected to be generated within the boundaries of the urban renewal area. These projected tax revenues are delineated between the “base” tax revenues generated by current sales and property valuation within the area, and the incremental revenues generated by new sales and property valuation in the area above the “base.”

### Calculation of “Base” Tax Revenues

The Project’s 25-year urban renewal designation period is anticipated to be from 2020 to 2044, which means 2019 will be the “base” year for sales and property valuation. **It is important to note, in the consideration of a proposed urban renewal project, that the “base” sales, lodging, and property tax revenues continue to flow to the Town, County, and other relevant governmental entities during the tax increment financing period.** As the property tax “base” is adjusted according to the County Assessor’s biennial reassessment, property tax “base” revenues also usually increase over time.

### **Property Tax “Base”**

The proposed urban renewal area includes seven property parcels, as well as public parcels and easements adjacent to them. As shown in the table below, the total combined 2019 market value ascribed by the Archuleta County Assessor to these properties is over \$26.74 million. All of these properties are taxable and non-residential, so the total “base” assessed value for the urban renewal area is over \$7.75 million. The three improved parcels comprise The Springs Resort & Spa currently in operation.

### **Pagosa Springs Plaza URA: “Base” Property Valuation (2019)**

Parcel #	Type	Land Market Value	Improvement Market Value	Total Market Value	Total Assessed Value
569913332014	Taxable / Non. Res.	\$919,090	\$0	\$919,090	\$266,536
569913332010	Taxable / Non. Res.	\$401,580	\$0	\$401,580	\$116,458
569913334002	Taxable / Non. Res.	\$118,750	\$0	\$118,750	\$34,438
569913332015	Taxable / Non. Res.	\$26,250	\$0	\$26,250	\$7,613
569913334001	Taxable / Non. Res.	\$2,786,620	\$7,989,870	\$10,776,490	\$3,125,182
569913431003	Taxable / Non. Res.	\$3,142,800	\$5,944,040	\$9,086,840	\$2,635,184
569913431004	Taxable / Non. Res.	\$4,065,190	\$1,346,600	\$5,411,790	\$1,569,419
<b>TOTAL:</b>		<b>\$11,460,280</b>	<b>\$15,280,510</b>	<b>\$26,740,790</b>	<b>\$7,754,829</b>

Source: Archuleta County Assessor.

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

According to the State’s urban renewal statute, the “base” property valuation used to calculate the eligible property tax increment is adjusted according to the County Assessor’s biennial reassessment. The assumed rate of inflation in real estate market values, used both for the “base” property as well as for the new development in the Project, is 2.00% biennially. The following table shows the “base” property tax revenues projected to flow to each of the Project’s property taxing entities.

### Pagosa Springs Plaza URA: "Base" Property Tax Revenues \*

	2020	2022	2024	2026	2028	2030	2032
Town of Pagosa Springs @ 1.57 mills	\$11,932	\$12,170	\$12,414	\$12,662	\$12,915	\$13,173	\$13,437
Archuleta County @ 18.298 mills	\$137,641	\$140,394	\$143,202	\$146,066	\$148,987	\$151,967	\$155,006
Archuleta School District 50 JT General @ 21.014 mills	\$162,553	\$165,804	\$169,120	\$172,502	\$175,952	\$179,471	\$183,061
Archuleta School District 50 JT Bond @ 2.660 mills	1/ \$0	\$0	\$0	\$0	\$0	\$0	\$0
Archuleta School District 50 JT Mill Levy Override @ 5.942 mills	2/ \$45,964	\$46,883	\$47,821	\$0	\$0	\$0	\$0
Archuleta School District 50 JT Abatements @ 0.084 mills	\$650	\$663	\$676	\$690	\$703	\$717	\$732
Pagosa Area Water & Sanitation District 2 @ 5.699 mills	\$42,869	\$43,726	\$44,601	\$45,493	\$46,403	\$47,331	\$48,277
San Juan Water Conservancy District @ 0.316 mills	\$2,377	\$2,425	\$2,473	\$2,523	\$2,573	\$2,624	\$2,677
Upper San Juan Health Service District @ 3.897 mills	\$29,314	\$29,900	\$30,498	\$31,108	\$31,730	\$32,365	\$33,012
Town of Pagosa Springs Sanitation GID @ 0.905 mills	\$6,808	\$6,944	\$7,083	\$7,224	\$7,369	\$7,516	\$7,666
Upper San Juan Library District @ 1.505 mills	\$11,321	\$11,547	\$11,778	\$12,014	\$12,254	\$12,499	\$12,749
Pagosa Fire Protection District @ 7.865 mills	\$59,162	\$60,345	\$61,552	\$62,783	\$64,039	\$65,320	\$66,626
Southwestern Water Conservation District @ 0.407 mills	\$3,062	\$3,123	\$3,185	\$3,249	\$3,314	\$3,380	\$3,448

	2034	2036	2038	2040	2042	2044	TOTAL
Town of Pagosa Springs @ 1.57 mills	\$13,692	\$13,966	\$14,245	\$14,530	\$14,821	\$15,117	\$335,187
Archuleta County @ 18.298 mills	\$157,951	\$161,110	\$164,332	\$167,619	\$170,971	\$174,391	\$3,866,667
Archuleta School District 50 JT General @ 21.014 mills	\$186,539	\$190,269	\$194,075	\$197,956	\$201,915	\$205,954	\$4,566,496
Archuleta School District 50 JT Bond @ 2.660 mills	1/ \$0	\$0	\$0	\$0	\$0	\$0	\$0
Archuleta School District 50 JT Mill Levy Override @ 5.942 mills	2/ \$0	\$0	\$0	\$0	\$0	\$0	\$281,336
Archuleta School District 50 JT Abatements @ 0.084 mills	\$740	\$755	\$770	\$785	\$801	\$817	\$18,254
Pagosa Area Water & Sanitation District 2 @ 5.699 mills	\$49,195	\$50,178	\$51,182	\$52,206	\$53,250	\$54,315	\$1,204,292
San Juan Water Conservancy District @ 0.316 mills	\$2,728	\$2,782	\$2,838	\$2,895	\$2,953	\$3,012	\$66,776
Upper San Juan Health Service District @ 3.897 mills	\$33,639	\$34,312	\$34,998	\$35,698	\$36,412	\$37,141	\$823,500
Town of Pagosa Springs Sanitation GID @ 0.905 mills	\$7,812	\$7,968	\$8,128	\$8,290	\$8,456	\$8,625	\$191,241
Upper San Juan Library District @ 1.505 mills	\$12,991	\$13,251	\$13,516	\$13,787	\$14,062	\$14,344	\$318,031
Pagosa Fire Protection District @ 7.865 mills	\$67,892	\$69,250	\$70,635	\$72,047	\$73,488	\$74,958	\$1,662,003
Southwestern Water Conservation District @ 0.407 mills	\$3,513	\$3,584	\$3,655	\$3,728	\$3,803	\$3,879	\$86,006

1/ School district bonds set to be fully redeemed in 2020.

2/ Sunsets in 2026, per ballot issue.

\* Less Treasurer's fees.

### Sales and Lodging Tax “Base”

While the undeveloped properties in the urban renewal area currently generate no taxable sales, the inclusion of The Springs Resort & Spa in the area means that substantial annual “base” sales and lodging tax revenues will be generated for the Town of Pagosa Springs and for Archuleta County. The Springs Resort & Spa is estimated to generate over \$6.36 million in taxable sales within the urban renewal area in 2019, of which

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

over \$5.77 million are taxable lodging sales. **The annual sales and lodging tax revenues generated by The Springs Resort & Spa’s “base” level of sales will continue to flow to the Town and the County, and are not part of the eligible tax increment.** The sales “base” remains equal to “base” year’s sales without inflation, per the State’s urban renewal statute. The following table shows the “base” sales and lodging tax revenues projected to flow to the Town and the County.

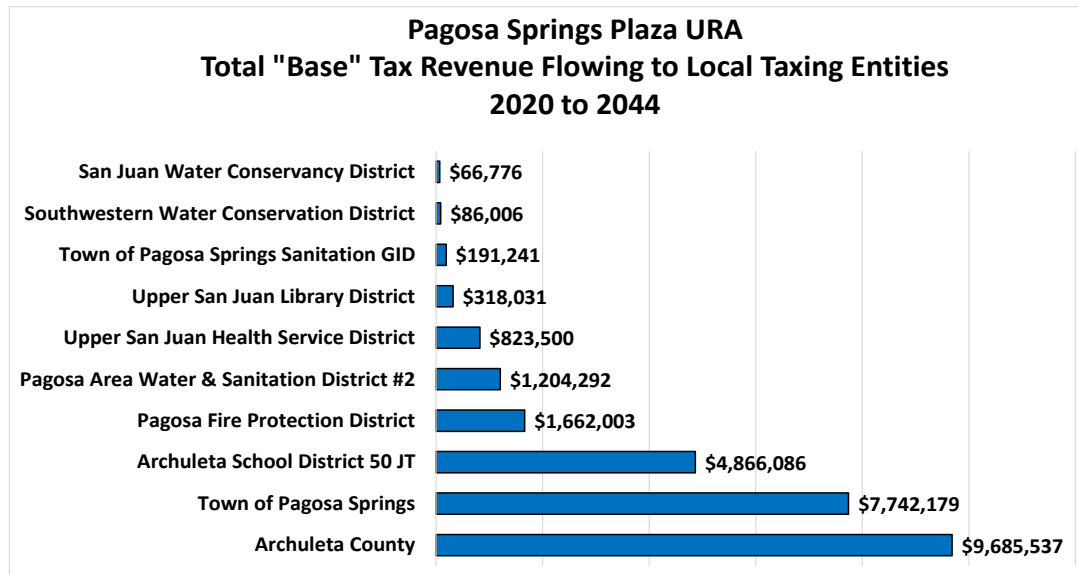
### Pagosa Springs Plaza URA: "Base" Sales and Lodging Tax Revenues

	"Base" Annual Revenue*	Total "Base" Revenue* 2020-2044
Town of Pagosa Springs Sales Tax - Share of County Sales Tax @2.00%	\$123,030	\$3,075,751
Archuleta County Sales Tax - Share of County Sales Tax @2.00%	\$123,030	\$3,075,751
Town of Pagosa Springs Lodger's Tax - "Town" Share @3.00%	\$173,250	\$4,331,240
Town of Pagosa Springs Lodger's Tax - "County" Share @1.90%	\$109,725	\$2,743,119
<b>TOTAL to Town:</b>	<b>\$296,280</b>	<b>\$7,406,992</b>
<b>TOTAL to County:</b>	<b>\$232,755</b>	<b>\$5,818,870</b>

\*Less vendor's fees.

### Total "Base" Tax Revenues

The following graph shows the total “base” tax revenues – property, sales, and lodging – flowing to the Town, County, and other local governmental entities from the Pagosa Springs Plaza URA during the 25-year urban renewal period, from 2020 through 2044.



# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### Tax Increment Revenues Generated in Urban Renewal Area

Using preliminary construction cost estimates prepared for the Project, along with informed assumptions based on how county assessors typically value new construction improvements, the assessed value of all property developed in the Project was prepared for the 25-year urban renewal period, from 2020 to 2044. Again, 2.00% biennial inflation in real estate market values was assumed. Future biennial adjustments in the State residential assessment ratio, as mandated in Article X, Section 3, of the Colorado Constitution (the “Gallagher Amendment”), were projected based on historic statewide property-value growth patterns, and used in the projection of the Project’s residential assessed valuation. From these estimates, the total annual property tax increment revenues generated in the urban renewal area were projected from 2020 to 2044. Similarly, estimates of new taxable sales occurring in each of the Project’s new commercial spaces were prepared, and total sales and lodging tax increment revenues generated in the urban renewal area were also projected over this period. The sales projections assume 2.00% annual inflation in retail, lodging, F&B, and other sales.

### Property Tax Increment Revenues

The following table shows the total annual property tax increment revenues generated in the urban renewal area from the Project. A total of over \$25.91 million in property tax increment revenues are projected to be created by the Project over the urban renewal period, from 2020 to 2044.

**Pagosa Springs Plaza URA:  
Total Property Tax Increment Revenues\* Generated**

	2020	2022	2024	2026	2028	2030	2032
Town of Pagosa Springs @ 1.57 mills	\$0	\$104	\$7,676	\$10,607	\$26,419	\$30,522	\$34,380
Archuleta County @ 18.298 mills	\$0	\$1,203	\$88,551	\$122,362	\$304,762	\$352,093	\$396,598
Archuleta School District 50 JT General @ 21.014 mills	\$0	\$1,421	\$104,578	\$144,508	\$359,921	\$415,818	\$468,379
Archuleta School District 50 JT Bond @ 2.660 mills	1/ \$0	\$0	\$0	\$0	\$0	\$0	\$0
Archuleta School District 50 JT Mill Levy Override @ 5.942 mills	2/ \$0	\$402	\$29,571	\$0	\$0	\$0	\$0
Archuleta School District 50 JT Abatements @ 0.084 mills	\$0	\$6	\$418	\$578	\$1,439	\$1,662	\$1,872
Pagosa Area Water & Sanitation District 2 @ 5.699 mills	\$0	\$375	\$27,580	\$38,110	\$94,920	\$109,661	\$123,522
San Juan Water Conservancy District @ 0.316 mills	\$0	\$21	\$1,529	\$2,113	\$5,263	\$6,081	\$6,849
Upper San Juan Health Service District @ 3.897 mills	\$0	\$256	\$18,859	\$26,060	\$64,906	\$74,987	\$84,465
Town of Pagosa Springs Sanitation GID @ 0.905 mills	\$0	\$60	\$4,380	\$6,052	\$15,073	\$17,414	\$19,615
Upper San Juan Library District @ 1.505 mills	\$0	\$99	\$7,283	\$10,064	\$25,067	\$28,959	\$32,620
Pagosa Fire Protection District @ 7.865 mills	\$0	\$517	\$38,062	\$52,595	\$130,995	\$151,340	\$170,469
Southwestern Water Conservation District @ 0.407 mills	\$0	\$27	\$1,970	\$2,722	\$6,779	\$7,832	\$8,821

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### Continued - Total Property Tax Increment Revenues\* Generated

	2034	2036	2038	2040	2042	2044	TOTAL
Town of Pagosa Springs @ 1.57 mills	\$35,857	\$37,428	\$37,917	\$38,427	\$38,959	\$39,512	\$658,765
Archuleta County @ 18.298 mills	\$413,643	\$431,767	\$437,404	\$443,289	\$449,423	\$455,805	\$7,599,416
Archuleta School District 50 JT General @ 21.014 mills	\$488,509	\$509,912	\$516,570	\$523,520	\$530,764	\$538,302	\$8,974,835
Archuleta School District 50 JT Bond @ 2.660 mills	1/ \$0	\$0	\$0	\$0	\$0	\$0	\$0
Archuleta School District 50 JT Mill Levy Override @ 5.942 mills	2/ \$0	\$0	\$0	\$0	\$0	\$0	\$92,892
Archuleta School District 50 JT Abatements @ 0.084 mills	\$1,938	\$2,023	\$2,049	\$2,077	\$2,106	\$2,136	\$35,875
Pagosa Area Water & Sanitation District 2 @ 5.699 mills	\$128,831	\$134,476	\$136,232	\$138,065	\$139,975	\$141,963	\$2,366,875
San Juan Water Conservancy District @ 0.316 mills	\$7,143	\$7,456	\$7,554	\$7,655	\$7,761	\$7,872	\$131,239
Upper San Juan Health Service District @ 3.897 mills	\$88,095	\$91,955	\$93,156	\$94,409	\$95,716	\$97,075	\$1,618,479
Town of Pagosa Springs Sanitation GID @ 0.905 mills	\$20,458	\$21,355	\$21,634	\$21,925	\$22,228	\$22,544	\$375,859
Upper San Juan Library District @ 1.505 mills	\$34,022	\$35,513	\$35,976	\$36,460	\$36,965	\$37,490	\$625,048
Pagosa Fire Protection District @ 7.865 mills	\$177,796	\$185,586	\$188,009	\$190,538	\$193,175	\$195,918	\$3,266,445
Southwestern Water Conservation District @ 0.407 mills	\$9,201	\$9,604	\$9,729	\$9,860	\$9,996	\$10,138	\$169,033

1/ School district bonds set to be fully redeemed in 2020.

2/ Sunsets in 2026, per ballot issue.

\* Less Treasurer's fees.

### Sales and Lodging Tax Increment Revenues

The following table shows the total annual sales and lodging tax increment revenues generated in the urban renewal area from the Project. A total of almost \$35.84 million in sales tax increment revenues, and a total of almost \$18.85 million in lodging tax increment revenues, are projected to be generated over the urban renewal period, from 2020 to 2044.

#### Pagosa Springs Plaza URA:

#### Total Sales and Lodging Tax Increment Revenues\* Generated

	2020	2022	2024	2026	2028	2030	2032
Town - Share of County Sales Tax @2.00%	\$14,449	\$161,944	\$205,398	\$435,146	\$647,816	\$742,506	\$844,497
County - Share of County Sales Tax @2.00%	\$14,449	\$161,944	\$205,398	\$435,146	\$647,816	\$742,506	\$844,497
Town Lodger's Tax - "Town" Share @3.00%	\$3,465	\$126,967	\$139,096	\$403,626	\$479,349	\$505,714	\$533,144
Town Lodger's Tax - "County" Share @1.90%	\$2,194	\$80,413	\$88,094	\$255,630	\$303,588	\$320,285	\$337,658

	2034	2036	2038	2040	2042	2044	TOTAL
Town - Share of County Sales Tax @2.00%	\$932,255	\$974,888	\$1,019,244	\$1,065,392	\$1,113,404	\$1,163,356	\$17,918,948
County - Share of County Sales Tax @2.00%	\$932,255	\$974,888	\$1,019,244	\$1,065,392	\$1,113,404	\$1,163,356	\$17,918,948
Town Lodger's Tax - "Town" Share @3.00%	\$561,682	\$591,374	\$622,264	\$654,403	\$687,840	\$722,628	\$11,539,626
Town Lodger's Tax - "County" Share @1.90%	\$355,732	\$374,537	\$394,101	\$414,455	\$435,632	\$457,665	\$7,308,430

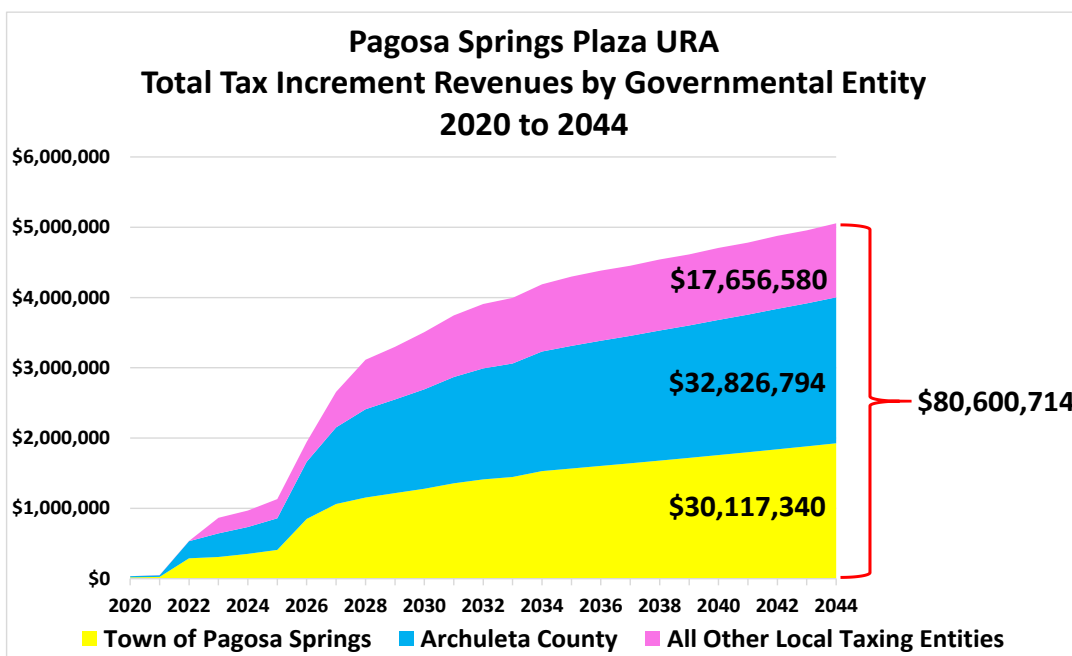
\* Less vendor's fees.

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### Total Tax Increment Revenues

When sorted by governmental entity, the largest component of the approximately \$80.60 million in total tax increment revenues generated in the urban renewal area, from 2020 to 2044, is from Archuleta County at almost \$32.83 million (40.7%). Town of Pagosa Springs tax increment revenues compose almost \$30.12 million (37.4%) of the total tax increment revenues, and the other local taxing entities combined total almost \$17.66 million (21.9%).



Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

## Tax Increment Revenue – Proposed Amounts for Tax Increment Financing (TIF)

Under the Colorado Urban Renewal Act, a portion of the total tax increment revenues generated on-site within the boundaries of the Pagosa Springs Plaza URA can be captured and used to pay qualifying project costs. None of the revenues generated off-site can be captured, nor can any revenues flowing to the State. The process of capturing tax increment revenues in an urban renewal area for purposes of financing eligible Project costs is known as tax-increment financing, or “TIF” for short.

Subject to negotiation with each local taxing entity, the following types of revenue can be captured:

- Property taxes – all taxing entities.
- Town and County sales tax revenues generated on-site.
- Town- and County-share of Town lodging tax revenues generated on-site.

The table below summarizes the proposed portions of the tax increment revenues generated in the Pagosa Springs Plaza URA to be captured for TIF under the Colorado Urban Renewal Act.

### Pagosa Springs Plaza URA: Proposed Capture of Tax Increment Revenues

Property Taxing Entities	% of Mill Levy Captured	Sales Taxing Entities	Rate Captured
Town of Pagosa Springs @ 1.570 mills	100%	Town of Pagosa Springs - Share of County Sales Tax	2.00%
Archuleta County @ 18.298 mills	100%	Archuleta County - Share of County Sales Tax	2.00%
Archuleta School District 50 JT General @ 21.014 mills	100%		
Archuleta School District 50 JT Bond @ 2.660 mills	N/A		
Archuleta School District 50 JT Mill Levy Override @ 5.942 mills	0%		
Archuleta School District 50 JT Abatements @ 0.084 mills	100%		
Pagosa Area Water & Sanitation District 2 @ 5.699 mills	90%		
San Juan Water Conservancy District @ 0.316 mills	90%		
Upper San Juan Health Service District @ 3.897 mills	90%		
Town of Pagosa Springs Sanitation GID @ 0.905 mills	90%		
Upper San Juan Library District @ 1.505 mills	90%		
Pagosa Fire Protection District @ 7.865 mills	90%		
Southwestern Water Conservation District @ 0.407 mills	90%		
		Lodging Taxing Entities	Rate Captured
		Town of Pagosa Springs Lodger's Tax - "Town" Share	3.00%
		Town of Pagosa Springs Lodger's Tax - "County" Share	1.90%

1/ School district bonds set to be fully redeemed in 2020.  
2/ Sunsets in 2026, per ballot issue.

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### **Property Tax Increment Revenues Proposed for TIF**

The following table shows the total annual property tax increment revenues proposed to be captured and used to help finance eligible Project costs. Over the urban renewal period from 2020 to 2044, a total of almost \$24.97 million in property tax increment revenues are proposed to be captured for financing eligible Project costs. About 2.6% of this proposed total property TIF revenue is projected to be generated from the Town’s mill levy, and about 30.4% is projected to be generated from the County’s mill levy. The largest source of total property TIF revenue is projected to be Archuleta School District 50 JT, generating 36.1% of the 25-year total.

#### **Pagosa Springs Plaza URA: Proposed Property Tax Increment Revenues\* Available for TIF**

	2020	2022	2024	2026	2028	2030	2032
Town of Pagosa Springs	\$0	\$104	\$7,676	\$10,607	\$26,419	\$30,522	\$34,380
Archuleta County	\$0	\$1,203	\$88,551	\$122,362	\$304,762	\$352,093	\$396,598
Archuleta School District 50 JT General	\$0	\$1,421	\$104,578	\$144,508	\$359,921	\$415,818	\$468,379
Archuleta School District 50 JT Bond	1/ \$0	\$0	\$0	\$0	\$0	\$0	\$0
Archuleta School District 50 JT Mill Levy Override	2/ \$0	\$0	\$0	\$0	\$0	\$0	\$0
Archuleta School District 50 JT Abatements	\$0	\$6	\$418	\$578	\$1,439	\$1,662	\$1,872
Pagosa Area Water & Sanitation District #2	\$0	\$337	\$24,822	\$34,299	\$85,428	\$98,695	\$111,170
San Juan Water Conservancy District	\$0	\$19	\$1,376	\$1,902	\$4,737	\$5,472	\$6,164
Upper San Juan Health Service District	\$0	\$231	\$16,973	\$23,454	\$58,416	\$67,488	\$76,019
Town of Pagosa Springs Sanitation GID	\$0	\$54	\$3,942	\$5,447	\$13,566	\$15,673	\$17,654
Upper San Juan Library District	\$0	\$89	\$6,555	\$9,058	\$22,560	\$26,063	\$29,358
Pagosa Fire Protection District	\$0	\$466	\$34,256	\$47,335	\$117,896	\$136,206	\$153,422
Southwestern Water Conservation District	\$0	\$24	\$1,773	\$2,450	\$6,101	\$7,048	\$7,939
<b>TOTAL:</b>	<b>\$0</b>	<b>\$3,953</b>	<b>\$290,920</b>	<b>\$401,999</b>	<b>\$1,001,243</b>	<b>\$1,156,741</b>	<b>\$1,302,955</b>

	2034	2036	2038	2040	2042	2044	TOTAL
Town of Pagosa Springs	\$35,857	\$37,428	\$37,917	\$38,427	\$38,959	\$39,512	\$658,765
Archuleta County	\$310,232	\$323,825	\$328,053	\$332,467	\$337,067	\$341,854	\$7,599,416
Archuleta School District 50 JT General	\$366,381	\$382,434	\$387,427	\$392,640	\$398,073	\$403,726	\$8,974,835
Archuleta School District 50 JT Bond	1/ \$0	\$0	\$0	\$0	\$0	\$0	\$0
Archuleta School District 50 JT Mill Levy Override	2/ \$0	\$0	\$0	\$0	\$0	\$0	\$0
Archuleta School District 50 JT Abatements	\$1,454	\$1,517	\$1,537	\$1,558	\$1,579	\$1,602	\$35,875
Pagosa Area Water & Sanitation District #2	\$96,623	\$100,857	\$102,174	\$103,548	\$104,981	\$106,472	\$2,130,187
San Juan Water Conservancy District	\$5,358	\$5,592	\$5,665	\$5,742	\$5,821	\$5,904	\$118,115
Upper San Juan Health Service District	\$66,071	\$68,966	\$69,867	\$70,807	\$71,787	\$72,806	\$1,456,631
Town of Pagosa Springs Sanitation GID	\$15,344	\$16,016	\$16,225	\$16,443	\$16,671	\$16,908	\$338,273
Upper San Juan Library District	\$25,516	\$26,634	\$26,982	\$27,345	\$27,724	\$28,117	\$562,543
Pagosa Fire Protection District	\$133,347	\$139,189	\$141,006	\$142,904	\$144,881	\$146,939	\$2,939,800
Southwestern Water Conservation District	\$6,900	\$7,203	\$7,297	\$7,395	\$7,497	\$7,604	\$152,130
<b>TOTAL:</b>	<b>\$1,063,084</b>	<b>\$1,109,662</b>	<b>\$1,124,150</b>	<b>\$1,139,277</b>	<b>\$1,155,041</b>	<b>\$1,171,443</b>	<b>\$24,966,571</b>

1/ School district bonds set to be fully redeemed in 2020.

2/ Sunsets in 2026, per ballot issue.

\* Less Treasurer's fees.



# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### Sales and Lodging Tax Increment Revenues Proposed for TIF

The following table shows the total annual sales and lodging tax increment revenues proposed to be captured and used to help finance eligible Project costs. All sales and lodging tax increment revenues generated are proposed to be captured for financing eligible Project costs. Over the urban renewal period from 2020 to 2044, a total of almost \$54.69 million in sales and lodging tax increment revenues are proposed be available for TIF. About 53.9% of this proposed sales and lodging TIF revenue is projected to be from the Town's share of sales and lodging taxes, and 46.1% is projected to be from the County's share.

#### Pagosa Springs Plaza URA: Proposed Sales and Lodging Tax Increment Revenues\* Available for TIF

	2020	2022	2024	2026	2028	2030	2032
Town - Share of County Sales Tax	\$14,449	\$161,944	\$205,398	\$435,146	\$647,816	\$742,506	\$844,497
County - Share of County Sales Tax	\$14,449	\$161,944	\$205,398	\$435,146	\$647,816	\$742,506	\$844,497
Town Lodger's Tax - "Town" Share	\$3,465	\$126,967	\$139,096	\$403,626	\$479,349	\$505,714	\$533,144
Town Lodger's Tax - "County" Share	\$2,194	\$80,413	\$88,094	\$255,630	\$303,588	\$320,285	\$337,658
<b>TOTAL:</b>	<b>\$34,558</b>	<b>\$531,268</b>	<b>\$637,986</b>	<b>\$1,529,547</b>	<b>\$2,078,568</b>	<b>\$2,311,012</b>	<b>\$2,559,796</b>

	2034	2036	2038	2040	2042	2044	TOTAL
Town - Share of County Sales Tax	\$932,255	\$974,888	\$1,019,244	\$1,065,392	\$1,113,404	\$1,163,356	<b>\$17,918,948</b>
County - Share of County Sales Tax	\$932,255	\$974,888	\$1,019,244	\$1,065,392	\$1,113,404	\$1,163,356	<b>\$17,918,948</b>
Town Lodger's Tax - "Town" Share	\$561,682	\$591,374	\$622,264	\$654,403	\$687,840	\$722,628	<b>\$11,539,626</b>
Town Lodger's Tax - "County" Share	\$355,732	\$374,537	\$394,101	\$414,455	\$435,632	\$457,665	<b>\$7,308,430</b>
<b>TOTAL:</b>	<b>\$2,781,924</b>	<b>\$2,915,687</b>	<b>\$3,054,853</b>	<b>\$3,199,642</b>	<b>\$3,350,281</b>	<b>\$3,507,005</b>	<b>\$54,685,953</b>

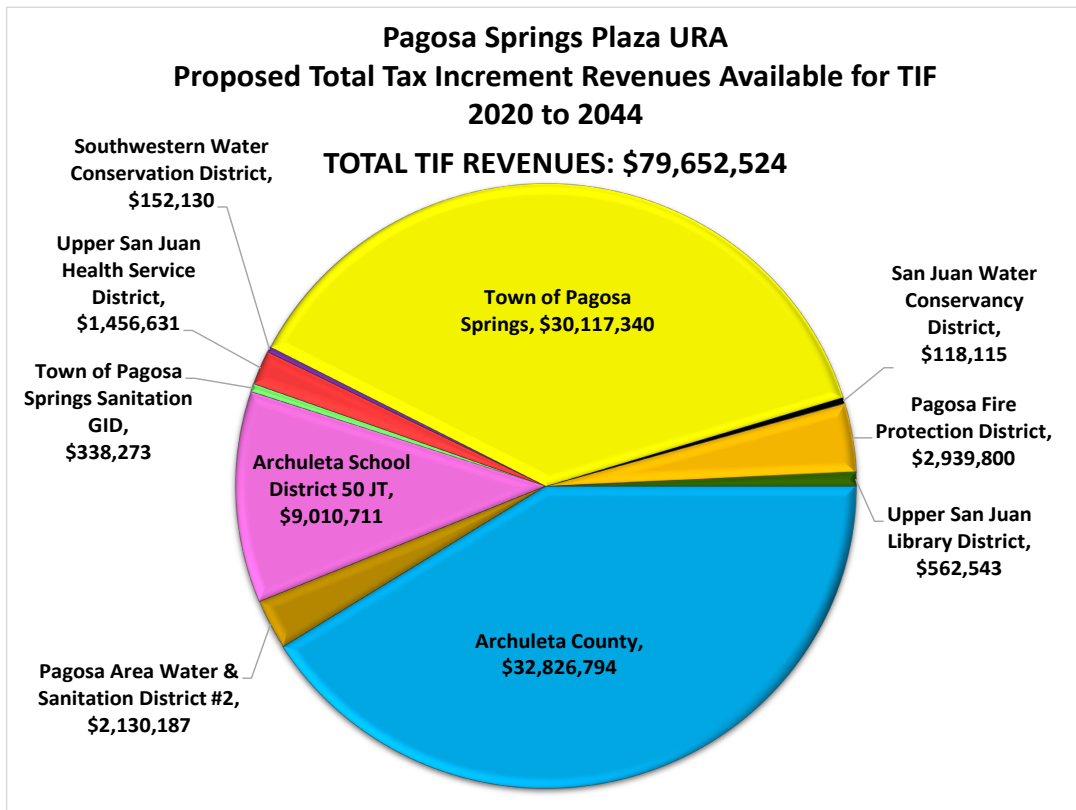
\* Less vendor's fees.

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### Total Proposed TIF Revenues

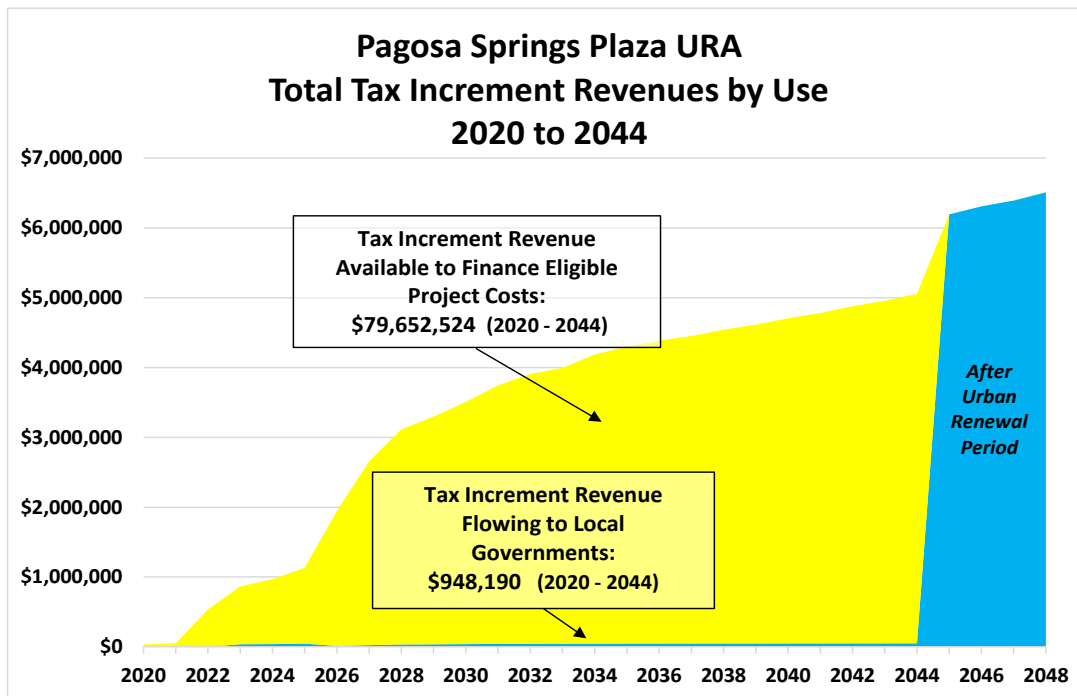
The following chart shows the total combined tax increment revenues by governmental entity proposed to be captured and available to finance eligible Project costs. A total of over \$79.65 million in property, sales, and lodging tax increment revenues are projected to be available for TIF according to the proposed capture rates. Archuleta County's taxes are projected to be the largest source, comprising about 41.2% of total TIF revenues. The Town of Pagosa Springs' taxes are projected to be the second largest source, comprising about 37.8% of total TIF revenues. The property taxes of the other eight eligible governmental entities are projected to comprise about 21.0% of total TIF revenues.



# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

The \$79.65 million projected to be captured for TIF represents about 98.8% of the total local government tax increment projected to be generated in the urban renewal area. As presented earlier, the Project is expected to generate total on-site tax increment revenues of over \$80.60 million. After subtracting the portion captured to finance eligible Project costs, net tax increment revenues of over \$948,000 will still flow directly to local taxing entities during the 25-year urban renewal period, as shown in the chart below.



## Economic and Off-Site Fiscal Impacts

This section summarizes the estimated economic impacts – in the form of jobs, labor income, value added, and output – resulting from the Project’s construction, ongoing on-site employment, and net new off-site tourism spending in Pagosa Springs and Archuleta County. Each of these sources of economic impacts also have associated fiscal impacts resulting from the new consumer spending of these jobholders and visitors. Some of this new spending will occur on-site within the Project, and the new sales and lodging tax revenues generated from this spending will comprise a portion of the tax increment revenues in the urban renewal area summarized in the previous section. But a significant portion of this new spending will also occur elsewhere in Pagosa Springs and Archuleta County, resulting in new sources of sales tax revenues for the Town and the County.

### Economic Impact Methodology

An economic impact analysis measures the increased sales, employment, and earnings resulting from either new or existing businesses, facilities, events, or other such economic activities in a regional economy. An input-output modeling system known as IMPLAN (Input-output Modeling for PLANning) was used to assess the impacts of the Project’s construction, ongoing on-site employment, and net new off-site tourism spending. Many of the IMPLAN inputs and multipliers utilized for this analysis were refined to known specifics about the Project’s development and anticipated business operations. The IMPLAN economic impact modeling software measures the impact of the flow of dollars through a regional economy by estimating the direct effect, indirect effect, induced effect, and total effect:

- **The direct effect** is the first round impact generated by the spending that occurs as a direct result of events and activities that occur within a defined area or facility. For example, a convention attendee’s expenditures on hotel rooms, retail stores, and local restaurants are a direct economic impact.
- **The indirect effect** consists of re-spending of the initial or direct expenditures, or, the supply of goods and services resulting from the initial direct spending in the facility. For example, a facility patron’s direct expenditures on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these purchases that occur within local, regional, or state economies is counted as an indirect economic impact.

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

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- **The induced effect** represents changes in local consumption due to the personal spending by employees and business owners whose incomes are affected by direct and indirect spending. For example, a waiter at the restaurant may have more personal income as a result of the event attendee's visit. The amount of increased income the waiter spends in the local economy is considered an induced impact.
- **The Total Impact** is the total change to the original economy as the result of the new spending. Direct effects + Indirect effects + Induced effects = Total Impact.

Indirect and induced impacts are often referred to as multiplier effects. The relationship between direct spending and the multiplier effects can vary based on the industry and type of direct effect spending, as well as on the specific size and characteristics of a local area's economy.

The results of IMPLAN modeling – including total, direct, indirect, and induced – are as follows:

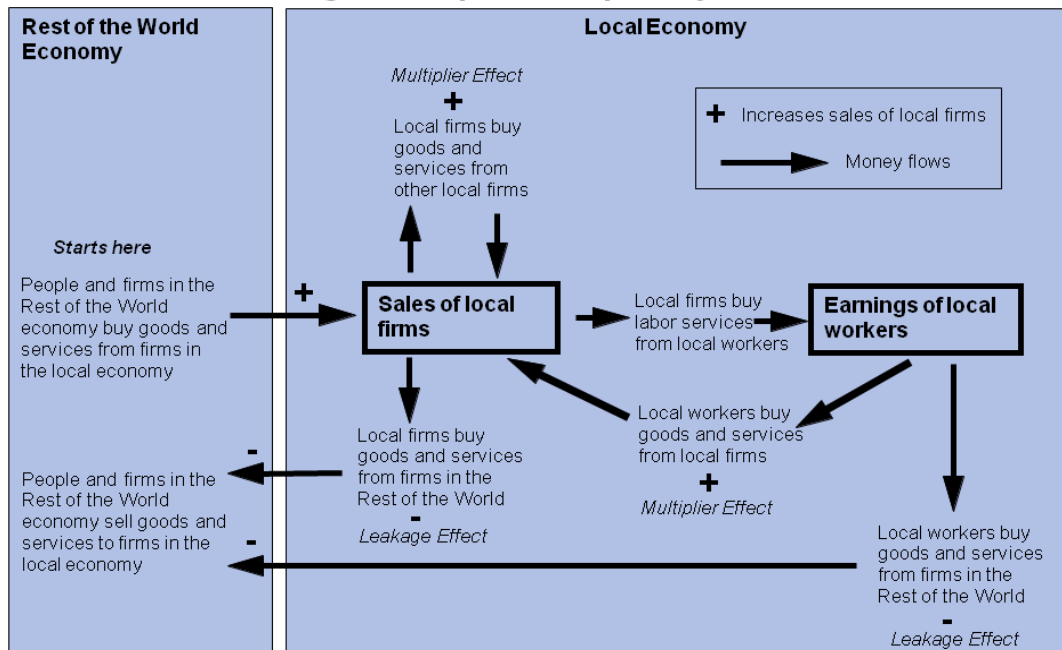
- **Output** – total sales or revenues generated by firms, governments, and households.
- **Value Added** – newly created goods and services resulting from the direct spending (analogous to gross domestic product).
- **Labor Income** – employee salaries, government-mandated benefits, and self-employment income required to produce the additional goods and services.
- **Employment** – total full-time and part-time jobs generated.

The following flow chart traces the typical flow of dollars resulting from a direct economic event and the associated multiplier effects.

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### Regional Impact Multiplier System



Finally, it is important to point out the distinctions between economic “contributions” and economic “impacts.” Economic “impacts” should be reserved for those cases where an industry, event, or policy has the result of either: 1) bringing new revenues into the region that would otherwise not occur in the region, or; 2) keeping revenues in the region that would otherwise be lost to another region (leakages). Economic impacts are defined as the net changes to the economic base of a region that can be attributed to the industry, event, or policy that would otherwise not be there. Economic impacts can essentially be viewed as net additions to, or subtractions from, the overall size of the regional economy. Economic “contribution” refers to a broader and more general case of how a particular economic activity cycles through the region’s existing economy. An economic contribution is defined as the gross change in a region’s existing economy that can be attributed to a given industry, event, or policy. Analysis and quantification of economic contributions measure the portion of overall economic activity in the region that is attributable to a particular economic event or activity.

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### Economic Impacts and Contributions

#### Project Construction – Economic Impacts

The construction of the Project is projected to create a total of 691 direct annual (one-time) FTE construction jobs in the La Plata/Archuleta County combined trade area from 2021 to 2033. Those new jobs and the construction expenditures for the Project's development are projected to result in an additional 452 indirect and induced jobs. Cumulative total output is projected to total about \$179.96 million, and cumulative total value added (analogous to gross domestic product) is projected to total about \$80.99 million. The new economic activity associated with the Project's construction is projected to grow local payrolls by about \$64.41 million in labor income from 2021 to 2033. Only the Project's construction impacts were analyzed for this two-county combined trade area because a large proportion of construction jobs performed in Archuleta County are employed by proprietors located in La Plata County.

#### Pagosa Springs Plaza URA: Annual One-Time Construction Economic Impacts

	2021	2022	2023	2024	2025	2026	2027
Direct FTE Jobs	119.0	14.2	36.3	40.5	134.9	109.5	38.1
Direct Labor Income	\$5,534,310	\$866,152	\$2,110,982	\$2,363,784	\$6,776,398	\$6,082,463	\$2,285,655
Average Annual Income per Job	\$46,495	\$60,977	\$58,226	\$58,352	\$50,242	\$55,530	\$59,950
Indirect & Induced Jobs	60.6	13.4	29.7	31.9	68.3	69.0	27.8
Indirect & Induced Labor Income	\$3,119,199	\$684,938	\$1,554,890	\$1,705,384	\$3,807,504	\$3,872,047	\$1,583,985
Average Annual Income per Job	\$51,458	\$51,072	\$52,351	\$53,479	\$55,716	\$56,147	\$56,925
Total Jobs	179.6	27.6	66.0	72.4	203.2	178.5	66.0
Total Labor Income	\$8,653,509	\$1,551,091	\$3,665,872	\$4,069,168	\$10,583,902	\$9,954,510	\$3,869,640
Average Annual Income per Job	\$48,169	\$56,167	\$55,580	\$56,206	\$52,083	\$55,768	\$58,674
Total Value Added	\$10,757,946	\$1,979,303	\$4,652,015	\$5,155,465	\$13,154,744	\$12,489,375	\$4,887,361
Total Output	\$23,130,590	\$4,578,156	\$10,600,638	\$11,696,234	\$28,264,676	\$27,572,820	\$10,992,995
	2028	2029	2030	2031	2032	2033	TOTAL
Direct FTE Jobs	39.9	53.6	32.1	20.3	18.5	33.7	691
Direct Labor Income	\$2,303,268	\$3,294,537	\$2,147,113	\$1,394,873	\$1,373,757	\$2,383,675	\$38,916,968
Average Annual Income per Job	\$57,662	\$61,520	\$66,834	\$68,604	\$74,330	\$70,670	\$56,344
Indirect & Induced Jobs	25.2	37.8	26.3	16.9	17.4	27.4	452
Indirect & Induced Labor Income	\$1,471,837	\$2,242,415	\$1,580,174	\$1,034,041	\$1,086,344	\$1,746,953	\$25,489,709
Average Annual Income per Job	\$58,444	\$59,308	\$60,139	\$61,309	\$62,257	\$63,839	\$56,431
Total Jobs	65.1	91.4	58.4	37.2	35.9	61.1	1,142
Total Labor Income	\$3,775,105	\$5,536,951	\$3,727,287	\$2,428,914	\$2,460,101	\$4,130,628	\$64,406,677
Average Annual Income per Job	\$57,964	\$60,604	\$63,822	\$65,297	\$68,467	\$67,610	\$56,379
Total Value Added	\$4,738,192	\$6,983,424	\$4,729,641	\$3,083,851	\$3,139,266	\$5,239,740	\$80,990,323
Total Output	\$10,472,206	\$15,646,918	\$10,775,605	\$7,036,798	\$7,261,166	\$11,927,186	\$179,955,988

\*All impacts occurring in La Plata/Archuleta County combined trade area. Assumes future CPI annual inflation rate of 2.00%.

Sources: IMPLAN, and ANDERSON ANALYTICS.

Due to the scale and uniqueness of the Project's construction in comparison to the typical construction activity in Archuleta and La Plata Counties, these construction impacts

**ANDERSON ANALYTICS**

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# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

can be considered likely economic “impacts” rather than “contributions.” The projected impacts above do not include the construction of new public infrastructure improvements to serve the Project, like roadways and sidewalks.

### Ongoing On-Site Employment – Economic Impacts

As presented by industry in the earlier section of this report titled “Project Overview,” a total of about 693 new direct FTE jobs are projected to be located in the Project at full buildout and occupancy in 2035. These new jobs, along with the expenditures of the new business establishments located in the Project, are projected to result in an additional 294 indirect and induced jobs in Archuleta County in 2035. Total annual output is projected to be about \$193.87 million in 2035, total annual value added (analogous to gross domestic product) is projected to be about \$115.57 million in 2035, and total annual labor income is projected to be about \$50.56 million in 2035. The projected annual economic impacts of the Project’s ongoing on-site employment, from 2022 through 2035, are summarized in the table below.

#### Pagosa Springs Plaza URA: Ongoing Project Employment Economic Impacts

	2022	2023	2024	2025	2026	2027	2028
Direct FTE Jobs	118.6	119.0	127.7	143.5	206.4	462.8	476.6
Direct Labor Income	\$4,267,041	\$4,371,778	\$4,755,432	\$5,333,352	\$8,197,529	\$20,500,611	\$21,409,326
Average Annual Income per Job	\$35,970	\$36,731	\$37,237	\$37,156	\$39,712	\$44,294	\$44,917
Indirect & Induced Jobs	46.8	47.0	48.9	52.2	94.3	209.0	212.0
Indirect & Induced Labor Income	\$1,757,580	\$1,797,864	\$1,910,736	\$2,081,511	\$3,796,225	\$8,546,408	\$8,846,649
Average Annual Income per Job	\$37,535	\$38,278	\$39,061	\$39,899	\$40,278	\$40,884	\$41,720
<b>Total Jobs</b>	<b>165.5</b>	<b>166.0</b>	<b>176.6</b>	<b>195.7</b>	<b>300.7</b>	<b>671.9</b>	<b>688.7</b>
<b>Total Labor Income</b>	<b>\$6,024,621</b>	<b>\$6,169,642</b>	<b>\$6,666,168</b>	<b>\$7,414,863</b>	<b>\$11,993,753</b>	<b>\$29,047,019</b>	<b>\$30,255,975</b>
<b>Average Annual Income per Job</b>	<b>\$36,413</b>	<b>\$37,169</b>	<b>\$37,742</b>	<b>\$37,887</b>	<b>\$39,889</b>	<b>\$43,233</b>	<b>\$43,932</b>
<b>Total Value Added</b>	<b>\$12,621,522</b>	<b>\$12,954,171</b>	<b>\$13,850,089</b>	<b>\$15,165,481</b>	<b>\$28,205,616</b>	<b>\$67,962,200</b>	<b>\$70,322,716</b>
<b>Total Output</b>	<b>\$22,313,080</b>	<b>\$22,865,538</b>	<b>\$24,293,016</b>	<b>\$26,501,791</b>	<b>\$49,949,794</b>	<b>\$116,301,277</b>	<b>\$120,182,121</b>
	2029	2030	2031	2032	2033	2034	2035
Direct FTE Jobs	564.4	656.4	666.8	681.4	681.8	692.5	692.5
Direct Labor Income	\$26,385,046	\$31,799,344	\$32,842,489	\$33,933,511	\$34,631,674	\$35,770,104	\$36,485,506
Average Annual Income per Job	\$46,750	\$48,444	\$49,252	\$49,797	\$50,797	\$51,651	\$52,684
Indirect & Induced Jobs	248.4	286.8	289.2	291.9	292.0	294.4	294.4
Indirect & Induced Labor Income	\$10,550,738	\$12,405,182	\$12,759,000	\$13,143,544	\$13,411,574	\$13,795,530	\$14,071,441
Average Annual Income per Job	\$42,470	\$43,250	\$44,125	\$45,030	\$45,930	\$46,859	\$47,797
<b>Total Jobs</b>	<b>812.8</b>	<b>943.2</b>	<b>956.0</b>	<b>973.3</b>	<b>973.8</b>	<b>986.9</b>	<b>986.9</b>
<b>Total Labor Income</b>	<b>\$36,935,784</b>	<b>\$44,204,526</b>	<b>\$45,601,489</b>	<b>\$47,077,055</b>	<b>\$48,043,248</b>	<b>\$49,565,634</b>	<b>\$50,556,947</b>
<b>Average Annual Income per Job</b>	<b>\$45,442</b>	<b>\$46,864</b>	<b>\$47,701</b>	<b>\$48,367</b>	<b>\$49,337</b>	<b>\$50,222</b>	<b>\$51,226</b>
<b>Total Value Added</b>	<b>\$85,432,803</b>	<b>\$101,936,293</b>	<b>\$104,848,063</b>	<b>\$107,917,325</b>	<b>\$110,156,293</b>	<b>\$113,306,776</b>	<b>\$115,572,911</b>
<b>Total Output</b>	<b>\$144,547,057</b>	<b>\$171,131,712</b>	<b>\$175,885,314</b>	<b>\$181,192,419</b>	<b>\$184,922,997</b>	<b>\$190,069,274</b>	<b>\$193,870,660</b>

\*All impacts occurring in Archuleta County. Assumes future CPI annual inflation rate of 2.00%.

Sources: IMPLAN, and ANDERSON ANALYTICS.



## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

The Project’s direct ongoing on-site employment, along with the associated indirect and induced jobs in Archuleta County, are projected to total almost 987 jobs by stabilization in 2035. In comparison, the estimated number of private-sector jobs in Archuleta County in 2018, according to the Bureau of Labor Statistics’ QCEW, totaled 3,368 jobs. Because of the current scale of retail and F&B sales leakage out of Archuleta County – when consumer demand is not met by existing businesses and those consumers make their purchases outside of the County – along with projected consumer demand from new tourists to the Project, the ongoing impacts associated with the Project’s retail and F&B establishments should likely be “impacts” rather than “contributions.” Similarly, the ongoing impacts associated with the Project’s new lodging and spa establishments should likely be economic “impacts” because of projected new tourism. The extent to which the business establishments in the Project’s new office space should likely represent “impacts” versus “contributions” was not analyzed.

### **Off-Site Tourism Spending – Economic Impacts**

As mentioned before, the Project will induce a sizeable increase in new tourism to Pagosa Springs and Archuleta County, and those new visitors will also generate sales off-site at other businesses establishments in the Town and the County. An economic displacement analysis was performed to estimate the net impact of the Project’s displacement of sales from existing local businesses, current sales leakage from the Archuleta County economy, and new consumer demand from projected overnight and day-visitors to the Project. After accounting for displacement, the new retail and F&B expenditures from the Project’s new visitors are projected to result in a moderate annual amount of net new sales at other off-site establishments in the Town and the County.

In 2035, the net new off-site tourism spending is projected to support almost 45 new direct FTE jobs off-site in Archuleta County, employed in the retail and F&B sectors. These new jobs, along with the expenditures of their associated retail and F&B business establishments, are projected to result in just over eight additional indirect and induced jobs in Archuleta County in 2035. Total annual output is projected to be about \$5.06 million in 2035, total annual value added (analogous to gross domestic product) is projected to be about \$2.68 million in 2035, and total annual labor income is projected to be about \$1.62 million in 2035. The projected annual economic impacts of the net new off-site tourism spending, from 2022 through 2035, are summarized in the following table. These net new off-site tourism spending impacts stabilize when the Project reaches buildout.

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### Pagosa Springs Plaza URA: Net New Off-Site Visitor Spending Economic Impacts

	2022	2023	2024	2025	2026	2027	2028
Direct FTE Jobs	15.9	15.9	8.5	1.8	89.5	70.9	58.7
Direct Labor Income	\$414,923	\$423,222	\$186,067	\$39,740	\$2,247,751	\$1,785,240	\$1,377,835
Average Annual Income per Job	\$26,173	\$26,697	\$21,866	\$21,950	\$25,104	\$25,180	\$23,489
Indirect & Induced Jobs	3.5	3.5	1.6	0.3	18.0	14.1	10.9
Indirect & Induced Labor Income	\$145,709	\$148,623	\$65,009	\$13,879	\$787,241	\$625,005	\$481,298
Average Annual Income per Job	\$41,661	\$42,495	\$40,842	\$41,462	\$43,696	\$44,366	\$44,110
Total Jobs	19.4	19.4	10.1	2.1	107.6	85.0	69.6
Total Labor Income	\$560,632	\$571,845	\$251,076	\$53,619	\$3,034,992	\$2,410,245	\$1,859,133
Average Annual Income per Job	\$28,972	\$29,552	\$24,856	\$24,994	\$28,218	\$28,361	\$26,723
Total Value Added	\$949,898	\$968,896	\$416,539	\$88,800	\$5,086,167	\$4,032,573	\$3,081,784
Total Output	\$1,601,066	\$1,633,087	\$779,169	\$167,484	\$9,060,705	\$7,241,946	\$5,787,347
	2029	2030	2031	2032	2033	2034	2035
Direct FTE Jobs	57.8	57.8	57.8	44.9	44.9	44.9	44.9
Direct Labor Income	\$1,372,536	\$1,399,987	\$1,427,987	\$1,131,212	\$1,153,836	\$1,176,912	\$1,200,451
Average Annual Income per Job	\$23,759	\$24,234	\$24,719	\$25,213	\$25,718	\$26,232	\$26,757
Indirect & Induced Jobs	10.7	10.7	10.7	8.3	8.3	8.3	8.3
Indirect & Induced Labor Income	\$479,342	\$488,929	\$498,707	\$395,062	\$402,963	\$411,023	\$419,243
Average Annual Income per Job	\$44,880	\$45,778	\$46,693	\$47,627	\$48,580	\$49,551	\$50,542
Total Jobs	68.4	68.4	68.4	53.2	53.2	53.2	53.2
Total Labor Income	\$1,851,878	\$1,888,915	\$1,926,694	\$1,526,274	\$1,556,799	\$1,587,935	\$1,619,694
Average Annual Income per Job	\$27,055	\$27,596	\$28,148	\$28,711	\$29,285	\$29,871	\$30,468
Total Value Added	\$3,066,941	\$3,128,280	\$3,190,846	\$2,527,700	\$2,578,254	\$2,629,819	\$2,682,415
Total Output	\$5,784,500	\$5,900,190	\$6,018,194	\$4,767,447	\$4,862,796	\$4,960,052	\$5,059,253

\*All impacts occurring in Archuleta County. Assumes future CPI annual inflation rate of 2.00%.

Sources: IMPLAN; Longwood's International, *Colorado Travel Year 2017 Final Report*; Esri ArcGIS Marketplace, Archuleta County market area and ArcGIS maps created by Archuleta County GIS Department; U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2016-2017, Western Region; project developer; Colorado Department of Revenue, Office of Research and Analysis; and econometric model built by ANDERSON ANALYTICS.

The net new off-site tourism spending impacts above can be considered economic “impacts” on the Archuleta County economy.

### **Off-Site Fiscal Impacts on Pagosa Springs and Archuleta County**

The consumer spending of the new jobholders resulting from the economic impacts of the Project’s construction, ongoing on-site employment, and net new off-site tourism spending will result in a significant source of new sales tax revenues for the Town of Pagosa Springs and for Archuleta County. Several econometric models, utilizing data on households in the Western United States from the U.S. Bureau of Labor Statistics’ 2016-2017 Consumer Expenditure Survey as well as localized supply and demand data from Esri Marketplace, were built to project total annual spending of these jobholders

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

in 32 categories, based on the jobholders' projected annual incomes and locations of residence. Similarly, the projected net new off-site spending of Project visitors will also generate new sales tax revenues for the Town of Pagosa Springs and for Archuleta County.

The sales tax impacts of the consumer spending of new jobholders associated with the Project's construction, ongoing on-site employment, and net new off-site tourism spending are shown in the following tables. An additional fiscal impact is sales tax revenue generated from the projected local purchases of building materials used in the construction of the Project, which is also included in the following tables. Furthermore, an increasing share of consumer spending occurs via e-commerce, and under Colorado law some of these online purchases made by Archuleta County residents will be subject to collection of its Town and County sales taxes.<sup>1</sup> The Town and County sales tax revenue potential from e-commerce purchases were also projected and presented in the following tables.

### **Town of Pagosa Springs – Off-Site Fiscal Impacts**

As shown in the following table, **the combined off-site spending impacts associated with the Project are projected to generate over \$7.86 million in new sales tax revenues for the Town of Pagosa Springs, from 2020 to 2044.** Additionally, **the potential new sales tax revenue for the Town of Pagosa Springs generated by the e-commerce component of these off-site spending impacts is projected to be over \$1.15 million, from 2020 to 2044.** Because these projected tax revenues are generated by spending occurring only outside of the Project, **these new sales tax revenues are not subject to TIF and represent additional revenues realized by the Town of Pagosa Springs.**

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1. Generally, retailers must collect County sales tax revenues on purchases made online if the seller has a "substantial nexus" in that County (e.g. physical presence in that County, or a physical presence in Colorado and a business presence in that County via, e.g., providing deliveries or customer service to that County), and makes over \$100,000 in sales annually - see Colorado Department of Revenue Taxation Division, Colorado Sales Tax Guide (rev. April 2019), and Colorado Department of Revenue General Information Letter GIL-11-012 (14 June 2011). Also, those who make purchases over the Internet from non-collecting retailers are generally required to report and pay consumer use tax on those purchases annually with one's State income tax return, in lieu of the applicable sales tax - see Colorado Department of Revenue Taxation Division, FYI (July 2017). However, under § 29-2-109 C.R.S., Counties may only impose use taxes on motor vehicles or construction materials, and not on any other consumer goods or services. Therefore, as interpreted in Colorado Department of Revenue Private Letter Ruling PLR-16-0010 (18 April 2015), consumer use taxes on online purchases do not have to be reported and paid to Counties in lieu of County sales taxes not collected by online vendors.

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### Pagosa Springs Plaza URA: Town of Pagosa Springs: Off-Site Sales Tax Impacts

TOWN SHARE - COUNTY SALES TAX REVENUE *	2021	2022	2024	2026	2028	2030	2032
Project Development Building Materials Purchased in County	\$52,876	\$9,750	\$25,731	\$58,263	\$22,099	\$20,288	\$13,237
Net New Off-Site Visitor Retail Expenditures in County	\$0	\$35,772	\$12,765	\$173,052	\$93,588	\$94,033	\$75,980
Direct Project Employment Retail Expenditures in County	\$0	\$26,563	\$29,728	\$53,147	\$125,752	\$181,589	\$191,529
Indirect and Induced Project Employment Retail Expenditures in County	\$0	\$10,188	\$11,085	\$23,529	\$53,242	\$74,886	\$77,555
Direct Construction Employment Retail Expenditures in County	\$29,671	\$3,446	\$9,992	\$29,011	\$10,665	\$9,179	\$5,480
Indirect and Induced Construct. Employment Retail Expenditures in County	\$20,007	\$3,982	\$9,882	\$23,649	\$8,704	\$9,439	\$6,378
<b>TOTAL:</b>	<b>\$102,553</b>	<b>\$89,700</b>	<b>\$99,183</b>	<b>\$360,652</b>	<b>\$314,051</b>	<b>\$389,413</b>	<b>\$370,158</b>

TOWN SHARE - COUNTY SALES TAX REVENUE *	2034	2036	2038	2040	2042	2044	TOTAL
Project Development Building Materials Purchased in County	\$0	\$0	\$0	\$0	\$0	\$0	\$375,608
Net New Off-Site Visitor Retail Expenditures in County	\$79,049	\$82,243	\$85,566	\$89,023	\$92,619	\$96,361	\$1,886,880
Direct Project Employment Retail Expenditures in County	\$201,431	\$208,725	\$216,279	\$224,103	\$232,206	\$240,598	\$3,749,833
Indirect and Induced Project Employment Retail Expenditures in County	\$81,002	\$83,922	\$86,945	\$90,076	\$93,319	\$96,676	\$1,518,775
Direct Construction Employment Retail Expenditures in County	\$0	\$0	\$0	\$0	\$0	\$0	\$179,010
Indirect and Induced Construct. Employment Retail Expenditures in County	\$0	\$0	\$0	\$0	\$0	\$0	\$151,489
<b>TOTAL:</b>	<b>\$361,482</b>	<b>\$374,890</b>	<b>\$388,790</b>	<b>\$403,202</b>	<b>\$418,144</b>	<b>\$433,635</b>	<b>\$7,861,596</b>

TOWN SHARE - COUNTY ONLINE SALES TAX REVENUE * POTENTIAL	2021	2022	2024	2026	2028	2030	2032
Direct Project Employment Retail Expenditures in County	\$0	\$3,219	\$3,842	\$6,919	\$17,909	\$27,336	\$30,993
Indirect and Induced Project Employment Retail Expenditures in County	\$0	\$2,114	\$2,393	\$4,981	\$12,093	\$17,632	\$19,331
Direct Construction Employment Retail Expenditures in County	\$3,478	\$466	\$1,441	\$4,205	\$1,687	\$1,531	\$982
Indirect and Induced Construct. Employment Retail Expenditures in County	\$5,670	\$1,291	\$3,262	\$7,499	\$2,907	\$3,216	\$2,264
	<b>\$9,148</b>	<b>\$7,090</b>	<b>\$10,938</b>	<b>\$23,603</b>	<b>\$34,596</b>	<b>\$49,715</b>	<b>\$53,570</b>

TOWN SHARE - COUNTY ONLINE SALES TAX REVENUE * POTENTIAL	2034	2036	2038	2040	2042	2044	TOTAL
Direct Project Employment Retail Expenditures in County	\$34,399	\$37,513	\$40,822	\$44,337	\$48,068	\$52,029	\$669,554
Indirect and Induced Project Employment Retail Expenditures in County	\$20,979	\$22,548	\$24,208	\$25,966	\$27,827	\$29,795	\$405,303
Direct Construction Employment Retail Expenditures in County	\$0	\$0	\$0	\$0	\$0	\$0	\$26,663
Indirect and Induced Construct. Employment Retail Expenditures in County	\$0	\$0	\$0	\$0	\$0	\$0	\$49,671
	<b>\$55,378</b>	<b>\$60,061</b>	<b>\$65,030</b>	<b>\$70,303</b>	<b>\$75,895</b>	<b>\$81,824</b>	<b>\$1,151,190</b>

Sources: IMPLAN; Longwood's International, *Colorado Travel Year 2017 Final Report*; Esri ArcGIS Marketplace, Archuleta County market area and ArcGIS maps created by Archuleta County GIS Department; U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2016-2017, Western Region; project developer; Colorado Department of Revenue, Office of Research and Analysis; ICSC, *Office Worker Retail Spending in a Digital Age* (2012); U.S. Census Bureau, Retail Indicators Branch; U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (LODES); and econometric model built by *ANDERSON ANALYTICS*.

\* Less vendor's fees.

Over the urban renewal period, from 2020 to 2044, the Town of Pagosa Springs is projected to realize a total of over \$9.01 million in new tax revenues generated by the Project's total off-site sales tax impacts, including e-commerce sales. In 2044, the annual tax revenues to the Town are projected to total over \$515,000. After the urban renewal period, the total annual sales, lodging, and property tax impact is projected to rise to over \$2.46 million in new tax revenues to the Town in 2045. Of this total in 2045, almost \$527,000 is comprised of off-site sales tax impacts. Additionally, the Town is projected to realize almost \$1.16 million in sales tax increment revenue generated on-site, almost \$741,000 in lodging tax increment revenue generated on-site, and almost \$40,000 in property tax increment revenue generated by the Project in 2045.

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### Archuleta County – Off-Site Fiscal Impacts

As shown in the following table, the combined off-site spending impacts associated with the Project are also projected to generate over \$7.86 million in new sales tax revenues for the Archuleta County, from 2020 to 2044. The potential new sales tax revenue for the Archuleta County generated by the e-commerce component of these off-site spending impacts is also projected to be over \$1.15 million, from 2020 to 2044. Because these projected tax revenues are generated by spending occurring only outside of the Project, these new sales tax revenues are not subject to TIF and represent additional revenues realized by Archuleta County. The similarity in County and Town sales tax totals are due to those governments' agreement to split the County's sales tax revenue equally.

### Pagosa Springs Plaza URA: Archuleta County: Off-Site Sales Tax Impacts

COUNTY SHARE - COUNTY SALES TAX REVENUE*	2021	2022	2024	2026	2028	2030	2032
Project Development Building Materials Purchased in County	\$52,876	\$9,750	\$25,731	\$58,263	\$22,099	\$20,288	\$13,237
Net New Off-Site Visitor Retail Expenditures in County	\$0	\$35,772	\$12,765	\$173,052	\$93,588	\$94,033	\$75,980
Direct Project Employment Retail Expenditures in County	\$0	\$26,563	\$29,728	\$53,147	\$125,752	\$181,589	\$191,529
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<b>TOTAL:</b>	<b>\$102,553</b>	<b>\$89,700</b>	<b>\$99,183</b>	<b>\$360,652</b>	<b>\$314,051</b>	<b>\$389,413</b>	<b>\$370,158</b>

COUNTY SHARE - COUNTY SALES TAX REVENUE*	2034	2036	2038	2040	2042	2044	TOTAL
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Direct Construction Employment Retail Expenditures in County	\$0	\$0	\$0	\$0	\$0	\$0	\$179,010
Indirect and Induced Construct. Employment Retail Expenditures in County	\$0	\$0	\$0	\$0	\$0	\$0	\$151,489
<b>TOTAL:</b>	<b>\$361,482</b>	<b>\$374,890</b>	<b>\$388,790</b>	<b>\$403,202</b>	<b>\$418,144</b>	<b>\$433,635</b>	<b>\$7,861,596</b>

COUNTY SHARE - COUNTY ONLINE SALES TAX REVENUE* POTENTIAL	2021	2022	2024	2026	2028	2030	2032
Direct Project Employment Retail Expenditures in County	\$0	\$3,219	\$3,842	\$6,919	\$17,909	\$27,336	\$30,993
Indirect and Induced Project Employment Retail Expenditures in County	\$0	\$2,114	\$2,393	\$4,981	\$12,093	\$17,632	\$19,331
Direct Construction Employment Retail Expenditures in County	\$3,478	\$466	\$1,441	\$4,205	\$1,687	\$1,531	\$982
Indirect and Induced Construct. Employment Retail Expenditures in County	\$5,670	\$1,291	\$3,262	\$7,499	\$2,907	\$3,216	\$2,264
<b>TOTAL:</b>	<b>\$9,148</b>	<b>\$7,090</b>	<b>\$10,938</b>	<b>\$23,603</b>	<b>\$34,596</b>	<b>\$49,715</b>	<b>\$53,570</b>

COUNTY SHARE - COUNTY ONLINE SALES TAX REVENUE* POTENTIAL	2034	2036	2038	2040	2042	2044	TOTAL
Direct Project Employment Retail Expenditures in County	\$34,399	\$37,513	\$40,822	\$44,337	\$48,068	\$52,029	\$669,554
Indirect and Induced Project Employment Retail Expenditures in County	\$20,979	\$22,548	\$24,208	\$25,966	\$27,827	\$29,795	\$405,303
Direct Construction Employment Retail Expenditures in County	\$0	\$0	\$0	\$0	\$0	\$0	\$26,663
Indirect and Induced Construct. Employment Retail Expenditures in County	\$0	\$0	\$0	\$0	\$0	\$0	\$49,671
<b>TOTAL:</b>	<b>\$55,378</b>	<b>\$60,061</b>	<b>\$65,030</b>	<b>\$70,303</b>	<b>\$75,895</b>	<b>\$81,824</b>	<b>\$1,151,190</b>

Sources: IMPLAN; Longwood's International, *Colorado Travel Year 2017 Final Report*; Esri ArcGIS Marketplace, Archuleta County market area and ArcGIS maps created by Archuleta County GIS Department; U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2016-2017, Western Region; project developer; Colorado Department of Revenue, Office of Research and Analysis; ICSC, *Office Worker Retail Spending in a Digital Age* (2012); U.S. Census Bureau, Retail Indicators Branch; U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (LODES); and econometric model built by ANDERSON ANALYTICS.

\* Less vendor's fees.

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

Over the urban renewal period, from 2020 to 2044, Archuleta County is projected to realize a total of over \$9.01 million in new tax revenues generated by the Project's total off-site sales tax impacts, including e-commerce sales. In 2044, the annual tax revenues to the County are projected to total over \$515,000. After the urban renewal period, the total annual sales, lodging, and property tax impact is projected to rise to almost \$2.61 million in new tax revenues to the County in 2045. Of this total in 2045, almost \$527,000 is comprised of off-site sales tax impacts. Additionally, the County is projected to realize almost \$1.16 million in sales tax increment revenue generated on-site, over \$469,000 in lodging tax increment revenue generated on-site, and almost \$456,000 in property tax increment revenue generated by the Project in 2045.

### **Other Fiscal Impacts**

Some of the new direct, indirect, and induced employees associated with the Project, and their households, will presumably live in some of the new residential units constructed in the Project. It is difficult to project what portion of these new employees will live in the Project versus elsewhere in Archuleta County. Presumably, these new employees not living in the Project will create demand for new residential construction elsewhere in Pagosa Springs, Archuleta County, and the other relevant property taxing entities. This additional residential construction will result in additional new property tax revenues to these governmental entities. Likewise, the additional off-site economic impacts associated with the Project will induce new and expanding businesses in Archuleta County to construct new commercial space, also resulting in additional new property tax revenues.

There will be many other various miscellaneous sources of additional government revenues associated with the additional population, workers, and visitors. These miscellaneous revenues may come from parking fees, traffic tickets, County Clerk and Recorder fees, business licenses, parks and recreation fees and program revenues, and many other sources. Although many of these miscellaneous sources of revenue are not projected in this report, some of these sources may represent a significant fiscal impact to certain governmental departments who facilitate and rely on these particular revenues. Some of the substantial miscellaneous revenues that are projected and presented in the next section include building permit fees to the Town, water service-related fees generated by the Pagosa Area Water and Sanitation District, and sewer service-related fees generated by the Town of Pagosa Spring Sanitation General Improvement District.

## Urban Renewal Authority (URA) Discussion I.1.

### Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

Finally, there will likely be State and other intergovernmental revenue sources to the Town, County, and other relevant local governments that will be impacted by the Project. Many of these revenues are difficult to project because they are based on formulas dependent upon economic and fiscal activity elsewhere. The increased population and economic activity associated with the project should generally help the Town, County, and other relevant local governments compete for these funds. Some of these intergovernmental revenue sources include Conservation Trust Fund distributions from Colorado Lottery proceeds, specific ownership tax distributions from vehicle registrations, and cigarette tax local-share distributions based on the proportion of State sales tax revenues generated in a locality. One intergovernmental revenue source projected in the next section are local shares of State retail marijuana sales taxes, because they are distributed proportional to sales generated in a locality.

## Impacts on Governments

This section summarizes the estimated impacts on the infrastructure, services, and revenues of Archuleta County and the special districts eligible for urban renewal TIF for the Project. This section includes combined summarizations of all of the various fiscal impact revenue streams to each of these governments, as well as to the Town of Pagosa Springs, over the 25-year urban renewal period from 2020 to 2044. This section also analyzes and discusses the likely impacts of the Project on the infrastructure and services of the County and special districts, and identifies expenditures needed for those governments to serve the Project and its residents to a level of service standard comparable to the level of service currently provided to existing residents.

### Town of Pagosa Springs

The following table summarizes the projected fiscal impacts to the Town of Pagosa Springs from 2020 to 2044. The Town is projected to realize a total of over \$335,000 in property tax revenues over this period, of which over \$298,000 are from the “base” property value, and almost \$37,000 are from projected inflation in the “base” property value. The Town is also projected to realize a total of almost \$10.94 million in sales tax revenues from retail sales over this period, of which almost \$3.08 million are from “base” sales, and over \$7.86 million are from new off-site retail sales associated with the Project’s construction, ongoing on-site employment, and net new off-site tourism spending. These new off-site sales impacts are also projected to generate over \$1.15 million in potential sales tax revenues collected from e-commerce expenditures. Furthermore, these sources of off-site spending are also projected to generate over \$558,000 in local share distributions of State recreational marijuana sales tax revenues. The Town is also projected to realize a total of over \$4.33 million in “base” lodging tax revenues over the urban renewal period. During the urban renewal period, the Town is projected to realize total revenues of almost \$17.84 million (with e-commerce sales taxes), and generate almost \$30.12 million in sales, lodging, and property tax TIF revenues for the Project. **After the urban renewal period, total annual tax and fee revenue to the Town of Pagosa Springs (including e-commerce sales taxes) from the Project is projected to rise from \$860,413 in 2044 to \$2,808,019 in 2045.**



# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### Summary of Fiscal Impacts to the Town of Pagosa Springs

	TOTAL 2020-2044	2044	AFTER URA 2045
<b>TOWN SHARE - COUNTY SALES TAX REVENUE</b>			
Urban Renewal Area Sales Not Captured by Urban Renewal Increment:			
"Base" 2019 Sales	\$ 3,075,751	\$ 123,030	\$ 123,030
New Sales Above "Base" Not Captured by Increment	\$ -	\$ -	\$ 1,155,817
Project Development Building Materials Purchased in County	\$ 375,608	\$ -	\$ -
Net New Off-Site Visitor Retail Expenditures in County	\$ 1,886,880	\$ 96,361	\$ 98,288
Direct Project Employment Retail Expenditures in County	\$ 3,749,833	\$ 240,598	\$ 244,906
Indirect and Induced Project Employment Retail Expenditures in County	\$ 1,518,775	\$ 96,676	\$ 98,399
Direct Construction Employment Retail Expenditures in County	\$ 179,010	\$ -	\$ -
Indirect and Induced Construct. Employment Retail Expenditures in County	\$ 151,489	\$ -	\$ -
<b>TOTAL SALES TAX REVENUES</b>	<b>\$ 10,937,347</b>	<b>\$ 556,665</b>	<b>\$ 1,720,440</b>
<b>TOWN SHARE - COUNTY ONLINE SALES TAX REVENUE POTENTIAL</b>			
Direct Project Employment Retail Expenditures in County	\$ 669,554	\$ 52,029	\$ 54,099
Indirect and Induced Project Employment Retail Expenditures in County	\$ 405,303	\$ 29,795	\$ 30,821
Direct Construction Employment Retail Expenditures in County	\$ 26,663	\$ -	\$ -
Indirect and Induced Construct. Employment Retail Expenditures in County	\$ 49,671	\$ -	\$ -
<b>TOTAL POTENTIAL ONLINE SALES TAX REVENUES</b>	<b>\$ 1,151,190</b>	<b>\$ 81,824</b>	<b>\$ 84,920</b>
<b>"TOWN" SHARE - TOWN LODGER'S TAX REVENUE</b>			
Urban Renewal Area Sales Not Captured by Urban Renewal Increment:			
"Base" 2019 Sales	\$ 4,331,240	\$ 173,250	\$ 173,250
New Sales Above "Base" Not Captured by Increment	\$ -	\$ -	\$ 740,546
<b>TOTAL LODGER'S TAX REVENUES</b>	<b>\$ 4,331,240</b>	<b>\$ 173,250</b>	<b>\$ 913,795</b>
<b>TOWN PROPERTY TAX REVENUE</b>			
Urb. Renew. Area Town Prop. Tax Not Captured by Increment @ 1.570 mills:			
"Base" 2019 Valuation	\$ 298,290	\$ 11,932	\$ 11,932
Inflation in "Base" Valuation	\$ 36,897	\$ 3,201	\$ 3,201
New Valuation Above Inflated "Base" Not Captured by Increment	\$ -	\$ -	\$ 39,519
<b>TOTAL PROPERTY TAX REVENUES</b>	<b>\$ 335,187</b>	<b>\$ 15,132</b>	<b>\$ 54,651</b>
<b>LOCAL SHARE - STATE RECREATIONAL MARIJUANA SALES TAX REVENUE</b>			
New Visitor Retail Expenditures in Town	\$ 511,938	\$ 30,666	\$ 31,280
Direct Project Employment Retail Expenditures in Town	\$ 30,868	\$ 2,018	\$ 2,058
Indirect and Induced Project Employment Retail Expenditures in Town	\$ 13,197	\$ 858	\$ 875
Direct Construction Employment Retail Expenditures in Town	\$ 1,407	\$ -	\$ -
Indirect and Induced Construct. Employment Retail Expenditures in Town	\$ 928	\$ -	\$ -
<b>TOTAL STATE REC. MARIJUANA SALES TAX REVENUES</b>	<b>\$ 558,338</b>	<b>\$ 33,542</b>	<b>\$ 34,213</b>
<b>TOWN PERMIT FEE REVENUE</b>			
Building Permit Fees	\$ 526,387	\$ -	\$ -
<b>TOTAL PERMIT FEE REVENUES</b>	<b>\$ 526,387</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL REVENUES FOR TOWN OF PAGOSA SPRINGS (w/o E-COMM.)</b>	<b>\$ 16,688,500</b>	<b>\$ 778,589</b>	<b>\$ 2,723,099</b>
<b>TOTAL REVENUES FOR TOWN OF PAGOSA SPRINGS (with E-COMM.)</b>	<b>\$ 17,839,691</b>	<b>\$ 860,413</b>	<b>\$ 2,808,019</b>
<b>TOTAL NEW REVENUES (w/o E-COMM.)</b>	<b>\$ 8,946,322</b>	<b>\$ 467,177</b>	<b>\$ 2,411,688</b>
<b>TOTAL NEW REVENUES (with E-COMM.)</b>	<b>\$ 10,097,512</b>	<b>\$ 549,001</b>	<b>\$ 2,496,607</b>

# Urban Renewal Authority (URA) Discussion I.1.

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## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

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### **Archuleta County**

The following table summarizes the projected fiscal impacts to Archuleta County from 2020 to 2044. The County is projected to realize a total of almost \$3.87 million in property tax revenues over this period, of which over \$3.44 million are from the “base” property value, and almost \$426,000 are from projected inflation in the “base” property value. The County is also projected to realize a total of almost \$10.94 million in sales tax revenues from retail sales over this period, of which almost \$3.08 million are from “base” sales, and \$7.86 million are from new off-site retail sales associated with the Project’s construction, ongoing on-site employment, and net new off-site tourism spending. These new off-site sales impacts are also projected to generate over \$1.15 million in potential sales tax revenues collected from e-commerce expenditures. Furthermore, these sources of off-site spending are projected to generate over \$114,000 in local share distributions of State recreational marijuana sales tax revenues. The County is also projected to realize a total of over \$2.74 million in “base” lodging tax revenues over the urban renewal period. Finally, the property tax revenues generated by the Project are projected to generate over \$809,000 in County Treasurer’s fees, which under State statute flow to a fund used to pay for the tax-collection functions of the County Treasurer’s office. During the urban renewal period, Archuleta County is projected to realize total revenues of over \$19.62 million (with e-commerce sales taxes). **After the urban renewal period, the total annual tax and fee revenue (including e-commerce sales taxes) to Archuleta County from the Project is projected to rise from \$974,058 in 2044 to \$3,065,977 in 2045.**

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### Summary of Fiscal Impacts to Archuleta County

	TOTAL 2020-2044	2044	AFTER URA 2045
<b>COUNTY SHARE - COUNTY SALES TAX REVENUE</b>			
Urban Renewal Area Sales Not Captured by Urban Renewal Increment:			
"Base" 2019 Sales	\$ 3,075,751	\$ 123,030	\$ 123,030
New Sales Above "Base" Not Captured by Increment	\$ -	\$ -	\$ 1,155,817
Project Development Building Materials Purchased in County	\$ 375,608	\$ -	\$ -
Net New Off-Site Visitor Retail Expenditures in County	\$ 1,886,880	\$ 96,361	\$ 98,288
Direct Project Employment Retail Expenditures in County	\$ 3,749,833	\$ 240,598	\$ 244,906
Indirect and Induced Project Employment Retail Expenditures in County	\$ 1,518,775	\$ 96,676	\$ 98,399
Direct Construction Employment Retail Expenditures in County	\$ 179,010	\$ -	\$ -
Indirect and Induced Construct. Employment Retail Expenditures in County	\$ 151,489	\$ -	\$ -
<b>TOTAL SALES TAX REVENUES</b>	<b>\$ 10,937,347</b>	<b>\$ 556,665</b>	<b>\$ 1,720,440</b>
<b>COUNTY SHARE - COUNTY ONLINE SALES TAX REVENUE POTENTIAL</b>			
Direct Project Employment Retail Expenditures in County	\$ 669,554	\$ 52,029	\$ 54,099
Indirect and Induced Project Employment Retail Expenditures in County	\$ 405,303	\$ 29,795	\$ 30,821
Direct Construction Employment Retail Expenditures in County	\$ 26,663	\$ -	\$ -
Indirect and Induced Construct. Employment Retail Expenditures in County	\$ 49,671	\$ -	\$ -
<b>TOTAL POTENTIAL ONLINE SALES TAX REVENUES</b>	<b>\$ 1,151,190</b>	<b>\$ 81,824</b>	<b>\$ 84,920</b>
<b>"COUNTY" SHARE - TOWN LODGER'S TAX REVENUE</b>			
Urban Renewal Area Sales Not Captured by Urban Renewal Increment:			
"Base" 2019 Sales	\$ 2,743,119	\$ 109,725	\$ 109,725
New Sales Above "Base" Not Captured by Increment	\$ -	\$ -	\$ 469,012
<b>TOTAL LODGER'S TAX REVENUES</b>	<b>\$ 2,743,119</b>	<b>\$ 109,725</b>	<b>\$ 578,737</b>
<b>LOCAL SHARE - STATE RECREATIONAL MARIJUANA SALES TAX REVENUE</b>			
New Visitor Retail Expenditures in Unincorporated County	\$ 104,730	\$ 6,274	\$ 6,399
Direct Project Employment Retail Expenditures in Unincorp. County	\$ 6,315	\$ 413	\$ 421
Indir. and Induc. Project Employment Retail Expenditures in Unincorp. County	\$ 2,700	\$ 175	\$ 179
Direct Construction Employment Retail Expenditures in Unincorp. County	\$ 288	\$ -	\$ -
Indir. and Induc. Construct. Employ. Retail Expenditures in Unincorp. County	\$ 190	\$ -	\$ -
<b>TOTAL STATE REC. MARIJUANA SALES TAX REVENUES</b>	<b>\$ 114,223</b>	<b>\$ 6,862</b>	<b>\$ 6,999</b>
<b>COUNTY PROPERTY TAX REVENUE</b>			
Urb. Renew. Area County Prop. Tax Not Captured by Increment @ 18.298 mills:			
"Base" 2019 Valuation	\$ 3,441,023	\$ 137,641	\$ 137,641
Inflation in "Base" Valuation	\$ 425,644	\$ 36,921	\$ 36,921
New Valuation Above Inflated "Base" Not Captured by Increment	\$ -	\$ -	\$ 455,887
<b>TOTAL PROPERTY TAX REVENUES</b>	<b>\$ 3,866,667</b>	<b>\$ 174,562</b>	<b>\$ 630,449</b>
<b>COUNTY TREASURER'S FEES REVENUE</b>			
Urban Renewal Area Treasurer's Fees on Total Property Taxes Paid	\$ 809,036	\$ 44,421	\$ 44,432
<b>TOTAL TREASURER'S FEES REVENUES</b>	<b>\$ 809,036</b>	<b>\$ 44,421</b>	<b>\$ 44,432</b>
<b>TOTAL REVENUES FOR ARCHULETA COUNTY (w/o E-COMM.)</b>	<b>\$ 18,470,392</b>	<b>\$ 892,234</b>	<b>\$ 2,981,057</b>
<b>TOTAL REVENUES FOR ARCHULETA COUNTY (with E-COMM.)</b>	<b>\$ 19,621,582</b>	<b>\$ 974,058</b>	<b>\$ 3,065,977</b>
<b>TOTAL NEW REVENUES (w/o E-COMM.)</b>	<b>\$ 8,784,855</b>	<b>\$ 484,918</b>	<b>\$ 2,573,740</b>
<b>TOTAL NEW REVENUES (with E-COMM.)</b>	<b>\$ 9,936,045</b>	<b>\$ 566,741</b>	<b>\$ 2,658,660</b>

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

Each of Archuleta County's funds in its *2019 Adopted Budget* was examined by departmental detail in order to identify the likely County services that could potentially be measurably impacted by the Project. Most of the services identified are primarily or solely provided for County residents, and not for non-residents like tourists. Similarly, the off-site housing and business establishments associated with the jobholders supported by the Project's economic impacts will generate additional property taxes funding County services to those workers. Therefore, the projection of additional County expenditures was calculated on a per-capita basis for the additional household population projected to reside in the Project. 2019 budgeted expenditures, net of any dedicated grants, fees, donations, or other intergovernmental and special revenues, for those departments were utilized to calculate per-capita expenditures, based on Archuleta County's estimated population of 12,592 people in 2017, according to the ACS.

The following table shows the projected additional annual County expenditures associated with serving the new population residing in the Project. Annual inflation in per-capita expenditure rates of 1.50% was assumed.

### Archuleta County: Marginal Revenues and Expenditures

		2022	2023	2024	2025	2030	2035	2040	2044	TOTAL 2020-2044
Total Projected Population:	1/	25.9	51.8	98.0	144.2	318.0	456.7	456.7	456.7	-
<b>Additional County Expenditures:</b>										
Assessor:	2/	\$1,437	\$2,917	\$5,599	\$8,361	\$19,861	\$30,732	\$33,107	\$35,139	\$528,356
Clerk & Recorder:	2/	\$138	\$279	\$536	\$800	\$1,900	\$2,940	\$3,167	\$3,362	\$50,549
Clerk (Elections):	2/	\$345	\$700	\$1,343	\$2,006	\$4,764	\$7,372	\$7,942	\$8,429	\$126,744
County Fair:	2/	\$107	\$218	\$419	\$625	\$1,485	\$2,297	\$2,475	\$2,627	\$39,494
Surveyor:	2/	\$40	\$82	\$158	\$235	\$559	\$865	\$932	\$989	\$14,874
Treasurer:	2/	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CSU Extension:	2/	\$358	\$726	\$1,394	\$2,082	\$4,945	\$7,651	\$8,243	\$8,748	\$131,543
District Attorney:	2/	\$924	\$1,875	\$3,599	\$5,375	\$12,767	\$19,756	\$21,282	\$22,588	\$339,644
Animal Control - Sheriff:	2/	\$241	\$489	\$939	\$1,402	\$3,331	\$5,155	\$5,553	\$5,894	\$88,620
Court Security - Sheriff:	2/	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Detention - Sheriff:	2/	\$2,925	\$5,937	\$11,394	\$17,013	\$40,414	\$62,536	\$67,369	\$71,503	\$1,075,143
Veterans Service Office:	2/	\$86	\$174	\$333	\$498	\$1,182	\$1,829	\$1,970	\$2,091	\$31,446
Human Services:	2/	\$1,234	\$2,506	\$4,809	\$7,180	\$17,057	\$26,393	\$28,433	\$30,178	\$453,759
<b>Total Additional Expenditures:</b>		<b>\$7,834</b>	<b>\$15,904</b>	<b>\$30,522</b>	<b>\$45,576</b>	<b>\$108,264</b>	<b>\$167,527</b>	<b>\$180,474</b>	<b>\$191,548</b>	<b>\$2,880,172</b>
<b>New Fiscal Impact Revenues:</b>	3/	<b>\$108,156</b>	<b>\$142,895</b>	<b>\$127,990</b>	<b>\$199,005</b>	<b>\$479,860</b>	<b>\$472,749</b>	<b>\$522,906</b>	<b>\$566,741</b>	<b>\$9,936,045</b>
<b>Surplus/Deficit:</b>		<b>\$100,322</b>	<b>\$126,991</b>	<b>\$97,468</b>	<b>\$153,429</b>	<b>\$371,596</b>	<b>\$305,222</b>	<b>\$342,432</b>	<b>\$375,193</b>	<b>\$7,055,873</b>

1/ 2017 data for Town of Pagosa Springs from: U.S. Census Bureau, 2013-2017 American Community Survey (ACS).

2/ Based on per-capita budgeted expenditures (net of grants, fees, donations, and other intergovernmental or dedicated revenues) from Archuleta County *2019 Adopted Budget*. 2017 Archuleta County population of 12,592, from 2013-2017 ACS.

3/ After capture of sales, lodging, and property tax increments, and not including "base" revenues.

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

From 2020 to 2044, the total additional unfunded County expenditures required to serve the new population in the Project is projected to total just over \$2.88 million. When compared to the \$9.94 million in total projected new County revenues generated by the Project and its associated impacts over this period, the Project is estimated to have a net positive fiscal impact on Archuleta County of about \$7.06 million during the urban renewal period. This additional net new revenue could also serve to compensate for other additional expenditures associated with the Project's tourists, workers, as well as from additional induced traffic throughout the County – like roadway repairs or Sheriff's patrols in unincorporated areas.

Overall, the additional tax and fee revenues generated by the Project are projected to significantly exceed the additional expenditures required for the County to maintain its present level of service to the Project's new residents. The Project is also not anticipated to necessitate any additional infrastructure development from Archuleta County.

### **Archuleta School District #50 JT**

The following table summarizes the projected fiscal impacts to Archuleta School District #50 JT from 2020 to 2044. Archuleta School District is projected to realize a total of almost \$4.96 million in property tax revenues over this period, of which almost \$4.36 million are from the "base" property value, over \$510,000 are from projected inflation in the "base" property value, and almost \$93,000 are from new property tax increment not allocated for eligible Project costs. During the urban renewal period, Archuleta School District is projected to realize total revenues of almost \$4.36 million. **After the urban renewal period, the total annual property tax revenue to Archuleta School District from the Project is projected to rise from \$206,980 in 2044 to \$747,530 in 2045.**

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### Summary of Fiscal Impacts to Archuleta School District #50 JT

	TOTAL 2020-2044	2044	AFTER URA 2045
<b>PROPERTY TAX REVENUE</b>			
U.R.A. School Property Tax Not Captured by Increment - General @ 21.014 mills:			
"Base" 2019 Valuation	\$ 4,063,814	\$ 162,553	\$ 162,553
Inflation in "Base" Valuation	\$ 502,681	\$ 43,603	\$ 43,603
New Valuation Above Inflated "Base" Not Captured by Increment	\$ -	\$ -	\$ 538,398
U.R. Area School Property Tax Not Captured by Increment - Bond @ 2.660 mills:			
"Base" 2019 Valuation	\$ -	\$ -	\$ -
Inflation in "Base" Valuation	\$ -	\$ -	\$ -
New Valuation Above Inflated "Base" Not Captured by Increment	\$ -	\$ -	\$ -
U.R.A. School Property Tax Not Captured by Increment - Override @ 5.942 mills:			
"Base" 2019 Valuation	\$ 275,784	\$ -	\$ -
Inflation in "Base" Valuation	\$ 5,552	\$ -	\$ -
New Valuation Above Inflated "Base" Not Captured by Increment	\$ 92,893	\$ -	\$ -
U.R.A. School Prop. Tax Not Captured by Increment - Abatements @ 0.084 mills:			
"Base" 2019 Valuation	\$ 16,244	\$ 650	\$ 650
Inflation in "Base" Valuation	\$ 2,009	\$ 174	\$ 174
New Valuation Above Inflated "Base" Not Captured by Increment	\$ -	\$ -	\$ 2,152
<b>TOTAL PROPERTY TAX REVENUES</b>	<b>\$ 4,958,979</b>	<b>\$ 206,980</b>	<b>\$ 747,530</b>
<b>TOTAL REVENUES FOR SCHOOL DISTRICT 50JT</b>	<b>\$ 4,958,979</b>	<b>\$ 206,980</b>	<b>\$ 747,530</b>
<b>TOTAL NEW REVENUES</b>	<b>\$ 92,893</b>	<b>\$ -</b>	<b>\$ 540,550</b>

Archuleta School District serves an area encompassing most of Archuleta County, except for a portion of its southwest corner around Arboles and a small area on its western border around U.S. 160, as well as the southern portion of Hinsdale County below the Continental Divide. According to the Colorado Department of Education, Archuleta School District enrolled 1,706 pupils, amounting to 1,652.5 funded pupils, in the 2018-2019 school year. 132 of Archuleta School District's pupils in 2018-2019 were New Mexico residents, comprising the entirety of its nonresident enrollment. The District provides busing services throughout most of its area, including to the New Mexico border.

According to the *Archuleta School District 50 JT Master Plan* (May 4, 2018) and the Colorado Department of Education, Pagosa Springs Elementary School was built in 1970, has capacity for 620 students, and enrolled 572 students in 2018-2019. Pagosa Springs Middle School was built in 1954, has capacity for 775 students, and enrolled 540 students in 2018-2019. Pagosa Springs High School was built in 1997, has capacity for 743 students, and enrolled 498 students in 2018-2019. Additionally, 96 students were enrolled in Pagosa Peak Open School in 2018-2019, which is the District's only charter

## Urban Renewal Authority (URA) Discussion I.1.

### Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

school. Archuleta School District therefore should have more than sufficient school capacity to serve additional pupils associated with the Project, but the District also must manage aging facilities which, according to its master plan, have combined deferred maintenance needs of almost \$31.92 million. The nearby availability of K-12 schools close to or within walking distance of the Project should be an important and differentiating factor for the Project's new residential units in the real estate market.

School districts in Colorado are funded via two primary revenue sources – local property and specific ownership tax revenues, and State aid – under a complex set of statutes that will be briefly discussed in order to analyze the Project's likely fiscal impacts on Archuleta School District. Under formulas laid out in the "Public School Finance Act of 1994," a per-pupil funding amount is calculated for each individual school district in Colorado for a school year. The total number of pupils in each district is multiplied by its calculated per-pupil funding amount to establish its annual school finance act funding amount. Each district's school finance act funding amount essentially represents the mandatory and guaranteed level of funding from two sources: "local share," comprised of the district's general fund property tax revenues as well as its share of annual specific ownership tax revenues; and "State equalization" funding, which is State funding distributed to the district in an amount necessary for "local share" plus "State equalization" to equal the annual school finance act funding amount. There are some modifications to Colorado's basic 'equalized' funding scheme in rare circumstances, but none should apply to Archuleta School District. According to the Colorado Department of Education, Archuleta School District's projected total program school finance act funding is about \$15.01 million, or about \$8,571 per pupil, for 2019-2020.

In the school finance act funding amount formula, a school district's "local share" amount does not include any of its general fund mill levy revenues captured for TIF under urban renewal. This essentially means that "State equalization" funding backfills any general fund mill levy tax increment revenue foregone to TIF that would otherwise go to funding any additional pupils associated with the urban renewal project. Therefore, regardless of how many new pupils associated with the Project enroll in the District, neither the Project's tax increment revenue realized by the District, nor its tax increment revenue captured for TIF, will impact Archuleta School District's annual amount of school finance act per-pupil funding.

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

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Per-pupil school finance act funding amounts will not be impacted by the Project's property tax increment generation or urban renewal TIF because school districts' property tax revenues are not a variable in the school finance act formulas used to calculate per-pupil funding. The underlying constitutional premise is that funding for every K-12 public school student's education is 'equalized' regardless of the unequal levels of property valuation amongst Colorado's school districts. The Project will potentially affect some of the variables that are used in the school finance act formulas, which will be discussed later in this section, but those impacts are unrelated to the mechanism of urban renewal TIF.

A school district override mill levy is one of the few mechanisms under Colorado's statutes that allows a district to raise and spend additional funds above its annual school finance act funding amount. There are no equalization revenues associated with school district overrides. Archuleta School District voters approved an override mill levy in 2018, which will sunset after 2025, to raise \$1.7 million annually. The Project is projected to generate \$92,893 in new override mill levy revenues for Archuleta School District from 2020 through 2025, which will serve to lower the effective annual override mill levy rates on all District taxpayers. Additionally, by expanding the total assessed property valuation in Archuleta School District, the Project would enhance the revenue-generating potential of a new mill levy override in the future. A new mill levy override would require voter authorization, and the additional population associated with the Project would expand the potential electorate for a District ballot question.

The following table illustrates the overall projected fiscal impact of the Project on Archuleta School District. This projection utilizes the District's projected 2019-2020 school finance act funding per-pupil with 1.50% annual inflation, the District's 2019-2020 budgeted general fund expenditures per-pupil with 1.50% annual inflation, and it assumes no future mill levy overrides after 2025. The projected number of students is based on an average of 0.23 students per occupied housing unit in Archuleta County enrolled in grades K-12 in a public school in 2017, according to the ACS, and assumes each projected student residing in the Project represents one FTE funded pupil. At full buildout and occupancy in 2035, the additional student enrollment from the Project's new households is projected to total about 48 pupils. It is important to note that 2019-2020 per-pupil general fund expenditures are budgeted to slightly exceed per-pupil general fund revenues, as the District's general fund was budgeted to start its fiscal year with a beginning fund balance of almost \$8.32 million. The additional mill levy override revenues from the Project are projected to result in a slight positive net fiscal



# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

impact on Archuleta School District from 2023 through 2025, and, as discussed before, the Project will have a neutral net fiscal impact under Colorado’s ‘equalized’ school finance act funding system.

### Archuleta County School District 50JT - Net Impact on School Finance Act Funding and Mill Levy Override Revenues

	2020	2021	2022	2023	2024	2025	2030	2035	2040	2044
Total Projected Occupied Households	0.0	0.0	12.0	24.0	45.4	66.8	147.2	211.4	211.4	211.4
Avg. # of Students per Occup. HH	1/ 0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
<b>Projected New Pupils:</b>	<b>0.0</b>	<b>0.0</b>	<b>2.7</b>	<b>5.4</b>	<b>10.3</b>	<b>15.1</b>	<b>33.4</b>	<b>47.9</b>	<b>47.9</b>	<b>47.9</b>

#### School Finance Act Funding:

Total Funding per Pupil (State Projection)	2/ \$8,572	\$8,701	\$8,831	\$8,964	\$9,098	\$9,234	\$9,948	\$10,717	\$11,545	\$12,254
<b>Total Funding for New Pupils:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,027</b>	<b>\$48,774</b>	<b>\$93,606</b>	<b>\$139,773</b>	<b>\$332,026</b>	<b>\$513,773</b>	<b>\$553,479</b>	<b>\$587,443</b>
General Prop. Tax Increment Revenue	3/ \$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Spec. Ownership Revenues @ 22%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total State Equalization Funding	\$0	\$0	\$24,027	\$48,774	\$93,606	\$139,773	\$332,026	\$513,773	\$553,479	\$587,443

#### Mill Levy Override Funding:

Override Prop. Tax Increment Revenue	3/ \$0	\$394	\$402	\$28,005	\$29,571	\$34,521	\$0	\$0	\$0	\$0
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#### Projected General Fund Expenditures:

Expenditures per Pupil	4/ \$8,624	\$8,753	\$8,885	\$9,018	\$9,153	\$9,291	\$10,009	\$10,782	\$11,615	\$12,328
<b>New General Fund Expenditures:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,173</b>	<b>\$49,071</b>	<b>\$94,176</b>	<b>\$140,623</b>	<b>\$334,045</b>	<b>\$516,897</b>	<b>\$556,845</b>	<b>\$591,015</b>

#### Net Impact

Total Funding plus Override	\$0	\$394	\$24,429	\$76,779	\$123,177	\$174,294	\$332,026	\$513,773	\$553,479	\$587,443
Total General Fund Expenditures	\$0	\$0	\$24,173	\$49,071	\$94,176	\$140,623	\$334,045	\$516,897	\$556,845	\$591,015
<b>Total Net Surplus/Deficit:</b>	<b>\$0</b>	<b>\$394</b>	<b>\$256</b>	<b>\$27,708</b>	<b>\$29,002</b>	<b>\$33,671</b>	<b>(\$2,019)</b>	<b>(\$3,124)</b>	<b>(\$3,365)</b>	<b>(\$3,572)</b>

1/ Students enrolled K-12 in public school. 2017 data for Archuleta County from: U.S. Census Bureau, 2013-2017 American Community Survey.

2/ 2019-2020 school finance act funding amount per-pupil for Archuleta School District, per Colorado Department of Education, *Fiscal Year 2019-20 School Finance Funding*. Inflated by 1.5% annually thereafter.

3/ After capture of property tax increment.

4/ In 2019-2020, total general fund expenditures less federal and categorical reimbursement funding, other local funding, and debt service payments from general fund, per Archuleta School District 50JT Fiscal Year 2019-2020 Adopted Budget (11 June 2019). Inflated by 1.5% annually thereafter.

Although the table above, for purposes of illustration, utilized Archuleta School District’s current per-pupil funding amount, the Project will impact some of the variables used to calculate the District’s annual school finance act funding amount. Under the school finance act formulas, a preliminary per-pupil funding amount is calculated for each school district, which begins with the “statewide base” funding amount per-pupil. The “statewide base” amount is set by the General Assembly every year, and has historically reflected the base amount of statewide public education funding required per Article IX, Section 17, of the Colorado Constitution (“Amendment 23”). A portion of the “statewide base” is then adjusted by the district’s “cost-of-living factor,” which is intended to help adjust districts’ personnel salaries for cost-of-living variations throughout the State. The Project will likely impact the cost of living in Archuleta School District because of the scale of its economic impacts, but it is difficult to project what the Project’s impact will be on future annual “cost-of-living factors” because their

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

calculation is dependent upon relative changes in the cost of living in other districts and statewide. The percent of the “statewide base” funding that is inflated by the “cost-of-living factor” is called the “personnel costs factor.” The “personnel factor” increases as a District’s total student enrollment increases, under the premise that larger school districts spend a larger proportion of their budget on personnel. The increased student enrollment associated with the Project will serve to increase Archuleta School District’s “personnel factor,” resulting in a larger portion of its base per-pupil funding inflated by its “cost-of-living factor.” The per-pupil base funding adjusted by cost-of-living is then multiplied by the “size factor,” which is meant to adjust for economies of scale by increasing funding for smaller school districts. The increased student enrollment associated with the Project will therefore serve to reduce Archuleta School District’s “size factor” multiplier. The “size factor” multiplier is structured in a complex set of brackets meant to benefit particularly small districts while discouraging districts from suppressing enrollment.

The following table shows the combined effect of the “personnel factor” and “size factor” changes from the additional pupils projected to reside in the Project, holding the 2019-2020 per-pupil “statewide base” funding amount and Archuleta School District’s 2019-2020 “cost-of-living factor” constant. At full buildout and occupancy in 2035, the approximately 48 additional pupils from the Project’s new households would result in only a 0.23% reduction in Archuleta School District’s school finance act per-pupil funding amount due to changes in the District’s “personnel factor” and “size factor.”

**Archuleta County School District 50JT -  
Impacts of Personnel Costs and Size Factors on School Finance Act Funding**

		2020	2021	2022	2023	2024	2025	2030	2035	2040	2044
Total Funded Pupils 2019-20	1/	1,750.7	1,750.7	1,750.7	1,750.7	1,750.7	1,750.7	1,750.7	1,750.7	1,750.7	1,750.7
Projected New Pupils from Project		0.0	0.0	2.7	5.4	10.3	15.1	33.4	47.9	47.9	47.9
<b>Total Projected Funded Pupils:</b>		<b>1,750.7</b>	<b>1,750.7</b>	<b>1,753.4</b>	<b>1,756.1</b>	<b>1,761.0</b>	<b>1,765.8</b>	<b>1,784.1</b>	<b>1,798.6</b>	<b>1,798.6</b>	<b>1,798.6</b>

<b>Impact of Projected Personnel Costs and Size Factors</b>											
Personnel Costs Factor (Projected)	2/	86.034%	86.034%	86.036%	86.037%	86.039%	86.042%	86.051%	86.058%	86.058%	86.058%
Size Factor (Projected)	2/	1.082514	1.082514	1.082367	1.082221	1.081959	1.081698	1.080716	1.079931	1.079931	1.079931
Cost of Living Factor (Constant 2019-20)	3/	1.184	1.184	1.184	1.184	1.184	1.184	1.184	1.184	1.184	1.184
Base Funding (Constant 2019-20)	3/	\$6,951.53	\$6,951.53	\$6,951.53	\$6,951.53	\$6,951.53	\$6,951.53	\$6,951.53	\$6,951.53	\$6,951.53	\$6,951.53
Preliminary Per-Pupil Funding	3/	\$8,716.38	\$8,716.38	\$8,715.22	\$8,714.06	\$8,711.99	\$8,709.92	\$8,702.13	\$8,695.91	\$8,695.91	\$8,695.91
<b>% Change from 2019-20:</b>		<b>N/A</b>	<b>0.00%</b>	<b>-0.01%</b>	<b>-0.03%</b>	<b>-0.05%</b>	<b>-0.07%</b>	<b>-0.16%</b>	<b>-0.23%</b>	<b>-0.23%</b>	<b>-0.23%</b>

1/ Projection per Archuleta School District 50JT Fiscal Year 2019-2020 Adopted Budget (11 June 2019).

2/ Colorado Legislative Council Research Publication No. 722, *School Finance in Colorado: 2019*.

3/ Colorado Department of Education, Fiscal Year 2019-20 School Finance Funding.

In addition to the preliminary funding amount, the school finance act funding amount is also adjusted for online pupils, ASCENT (community college-concurrent enrollment)

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pupils, and “at-risk” pupils. Archuleta School District is projected to have one online pupil and no ASCENT pupils in 2019-2020. It is difficult to project how many new online pupils might be associated with the Project, and ASCENT pupils are rare outside of areas with a community college or university. “At-risk” pupils primarily include students eligible for free lunches as well as some students with limited English-language proficiency. Districts whose proportion of “at-risk” pupils is higher than the statewide average receive a per-pupil funding premium proportional to the number of percentage points higher than the statewide average its proportion of “at-risk” pupils is. Archuleta School District’s projected 2019-2020 proportion of “at-risk” pupils is 43.77%, which is higher than the statewide average of 34.77%, resulting in total “at-risk” premium funding of about \$196,000. Given the likely socioeconomic profile of Project residents, the additional pupils residing in the Project will probably result in a slightly lower District-wide proportion of “at-risk” pupils, thereby slightly reducing the per-pupil premium amount received for the District’s total “at-risk” pupils. Finally, after online, ASCENT, and “at-risk” premium adjustments, the final school finance act funding amount is calculated by applying the budget stabilization factor (“negative factor”), which is a uniform statewide percentage reduction in total per-pupil funding that serves to lower actual total per-pupil funding beneath the base funding level mandated by “Amendment 23.” The Project will have no direct effect on the “negative factor” because it is a State budgetary decision set by the General Assembly and signed by the Governor.

As mentioned before, capital improvements and deferred maintenance needs are one of the largest challenges facing Archuleta School District. Via several mechanisms under Colorado’s statutes, a school district may also exceed its annual school finance act funding amount in order to fund school construction and capital improvements. These capital improvement financing mechanisms are primarily funded by an additional mill levy requiring voter approval, and currently include: bonded indebtedness; a special building and technology fund; a supplemental capital construction, technology, and maintenance fund; or a “growth district” loan via the State Treasurer. By expanding the total assessed property valuation in Archuleta School District, the Project would enhance the financing capacity and/or lower the number of mills needed for a potential capital improvement initiative. At buildout in 2035, the Project is projected to add about \$24.33 million in assessed valuation to Archuleta School District, representing a 7.31% increase from its 2018 total assessed valuation adjusted by 2.00% biennial inflation.

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Overall, Colorado’s school finance act formulas determine Archuleta School District’s annual general fund amount and associated per-pupil funding, regardless of how much general property tax increment revenue or new enrolled pupils are generated by the Project. Archuleta School District will realize additional override mill levy revenue generated by the Project, and the Project’s expansion of the District’s property tax base would serve to enhance potential future mill levy overrides. The Project will likely affect some of the variables used to calculate Archuleta School District’s annual school finance act funding amount. The most significant variable impacted will probably be the District’s “cost-of-living factor,” although it is very difficult to project how much it might be impacted. The other school finance act funding variables likely to be impacted by the Project are expected to have only a minimal overall fiscal impact on Archuleta School District. Finally, the Project’s expansion of the District’s property tax base could be a critical factor to feasibly finance a future District capital improvement initiative.

### **Pagosa Area Water and Sanitation District #2 (PAWSD)**

The following table summarizes the projected fiscal impacts to the Pagosa Area Water and Sanitation District #2 (PAWSD) from 2020 to 2044. PAWSD is projected to realize a total of over \$1.44 million in property tax revenues over this period, of which over \$1.07 million are from the “base” property value, almost \$133,000 are from projected inflation in the “base” property value, and almost \$237,000 are from new property tax increment not allocated for eligible Project costs. Additionally, PAWSD is projected to realize a total of over \$5.90 million in new annual water service charge revenues, from 2020 to 2044. PAWSD is also projected to realize a total of almost \$504,000 in water connection fees, and over \$1.31 million in water capital investment and raw water acquisition fees during construction of the Project, from 2021 to 2033. During the urban renewal period, PAWSD is projected to realize total revenues of almost \$9.16 million. After the urban renewal period, the total annual property tax and water service charge revenue to PAWSD from the Project is projected to rise from \$396,344 in 2044 to \$524,138 in 2045.

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## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### Summary of Fiscal Impacts to Pagosa Area Water & Sanitation District #2 (PAWSD)

	TOTAL		AFTER URA
	2020-2044	2044	2045
<b>PROPERTY TAX REVENUE</b>			
U.R.A. PAWSD Property Tax Not Captured by Increment - 5.699 mills:			
"Base" 2019 Valuation	\$ 1,071,723	\$ 42,869	\$ 42,869
Inflation in "Base" Valuation	\$ 132,569	\$ 11,499	\$ 11,499
New Valuation Above Inflated "Base" Not Captured by Increment	\$ 236,688	\$ 14,194	\$ 141,988
<b>TOTAL PROPERTY TAX REVENUES</b>	<b>\$ 1,440,980</b>	<b>\$ 68,562</b>	<b>\$ 196,356</b>
<b>WATER SERVICE CHARGE REVENUES</b>			
Water Service Charges from New Project Buildings	\$ 5,902,087	\$ 327,782	\$ 327,782
<b>TOTAL SERVICE CHARGE REVENUES</b>	<b>\$ 5,902,087</b>	<b>\$ 327,782</b>	<b>\$ 327,782</b>
<b>WATER CONNECTION FEE REVENUES</b>			
Water Connection Fees from Project Development	\$ 503,646	\$ -	\$ -
<b>TOTAL CONNECTION FEE REVENUES</b>	<b>\$ 503,646</b>	<b>\$ -</b>	<b>\$ -</b>
<b>WATER SYSTEM CAPITAL INVESTMENT FEES</b>			
Water Capital Investment Fees from Project Development	\$ 754,660	\$ -	\$ -
Raw Water Acquisition Fees from Project Development	\$ 556,210	\$ -	\$ -
<b>TOTAL CAPITAL INVESTMENT FEE REVENUES</b>	<b>\$ 1,310,870</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL REVENUES FOR PAWSD</b>	<b>\$ 9,157,583</b>	<b>\$ 396,344</b>	<b>\$ 524,138</b>
<b>TOTAL NEW REVENUES</b>	<b>\$ 7,953,291</b>	<b>\$ 341,976</b>	<b>\$ 469,770</b>

PAWSD serves as the water utility for nearly all of the greater Pagosa Springs area, diverting, storing, treating, and distributing water to its customers. While PAWSD also operates a wastewater treatment plant and provides sewage collection service in PAWSD #1, PAWSD #2 provides water service only. Of PAWSD #2's mill levy certified for 2019, about 67% is allocated towards its debt service fund, and about 33% is allocated towards its general fund. The debt service fund property tax revenues from PAWSD #2 currently go towards annual debt service payments of just over \$740,000 on PAWSD's General Obligation Refunding Bonds, District (Water) Series 2012. This general obligation bond series, which refinanced the \$10.355 million of general obligation bonds that were issued in 2002 and 2003 to construct several projects that brought PAWSD's water system to its current capacity, are scheduled to be fully paid off in 2022. The Project is projected to generate a total of only \$742 in new PAWSD property tax increment revenue from 2020 to 2022, of which \$74 is projected to flow to PAWSD after TIF capture. Therefore, only about \$448 in new PAWSD property tax increment revenue that would be eligible to go towards debt service on PAWSD's out-

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### Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

standing general obligation bonds is projected to instead be captured for eligible Project costs.

PAWSD's general fund is primarily responsible for funding the governmental and administrative operations of the District. PAWSD's *2019 Adopted Budget* states that the District employs a total of 27 full-time staff members, although it does not delineate specifics about those positions. It seems unlikely, though, that the Project should necessitate, on the margin, any additional administrative staff paid from PAWSD's general fund. Part of the almost \$237,000 in new property tax increment revenues flowing to PAWSD could be used for any incremental administrative costs incurred by the Project. A significant portion of the property tax revenues realized by PAWSD can also be transferred to its water enterprise fund, so long as less than 10% of the Water Enterprise's annual budget comes from local and State government sources, per TABOR. For 2019, \$340,000 of PAWSD's \$1.12 million in general fund expenditures are budgeted to be transferred to its water enterprise fund, with another \$160,000 to be transferred to its wastewater enterprise fund. The general fund revenues budgeted to be transferred to the water enterprise fund comprise about 6.0% of the Enterprise's projected \$5.67 million in total revenues for 2019. The additional water service charge, connection fee, and capital investment fee revenues generated by the Project for PAWSD's water enterprise fund will also increase the TABOR-allowable transfer amount of surplus general fund revenues to the Water Enterprise – which is where the bulk of PAWSD's long-term debt is held.

As an enterprise and a utility, PAWSD's Water Enterprise can adjust its service charge and/or capital investment fee rates if the incremental costs associated with serving the Project far exceed the revenues generated for its water enterprise fund. Similarly, if the Project generates surplus service charge and/or capital investment fee revenues beyond the additional costs associated with serving the Project, then PAWSD could potentially lower rates for its customers. Furthermore, PAWSD's Water Enterprise currently has long-term debt obligations comprising about \$14.09 million in estimated total debt service obligations from 2019 through 2034. The Water Enterprise's long-term debt is comprised of: Water Enterprise Refunding Bonds, Series 2015 with total outstanding obligations of about \$3.29 million through 2024; Drinking Water Revenue Bond, Series 2008 issued through the Colorado Water Resources and Power Development Authority with outstanding obligations of about \$6.70 million through 2028; and a restructured loan agreement with the Colorado Water Conservation Board for land acquisition of the proposed Dry Gulch Reservoir project with outstanding obligations of

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about \$4.10 million through 2034. Therefore, surplus service charge and/or capital investment fee revenues beyond annual operating costs can be applied towards the Water Enterprise’s outstanding long-term debt obligations.

The following table shows the projected total annual water connection, water capital investment, and raw water acquisition fees generated by the new development in the Project. Utilizing the PAWSD’s 2019 Commercial/Multifamily Water Meter Sizing Worksheet, a preliminary fixture sizing estimate was prepared for each element of the Project’s development. Total equivalent units (E.U.’s) for the Project were then calculated based on the fixture sizing estimates using PAWSD’s sizing worksheet and its 2019 Schedule of Fees and Charges. The fees were inflated according to the recommended schedule of fees in PAWSD’s current water and wastewater rate study, prepared by Stantec in September, 2018.

### Pagosa Area Water & Sanitation District #2 - Estimate of Water Connection and Capital Investment Fee Revenues

		2021	2022	2023	2024	2025	2026	2027
Total Equivalent Units (E.U.’s) Added	1/	33.5	5.0	16.1	17.6	22.0	41.0	12.5
Total Water Connection Fees	2/	\$65,749	\$10,108	\$32,694	\$36,892	\$48,598	\$92,794	\$28,787
Total Water Capital Investment Fees	2/	\$97,309	\$14,959	\$49,584	\$55,832	\$71,925	\$138,063	\$43,355
Total Raw Water Acquisition Fees	2/	\$71,720	\$11,026	\$36,545	\$41,150	\$53,011	\$101,757	\$31,954

		2028	2029	2030	2031	2032	2033
Total Equivalent Units (E.U.’s) Added	1/	14.5	18.5	12.0	8.5	7.3	13.5
Total Water Connection Fees	2/	\$34,479	\$45,458	\$30,176	\$22,135	\$19,167	\$36,608
Total Water Capital Investment Fees	2/	\$51,801	\$68,073	\$45,480	\$33,182	\$29,368	\$55,728
Total Raw Water Acquisition Fees	2/	\$38,179	\$50,172	\$33,521	\$24,456	\$21,645	\$41,073

1/ Calculated per Pagosa Area Water & Sanitation District 2019 Commercial/Multifamily Water Meter Sizing Worksheet .  
 2/ 2019 fees from: Pagosa Area Water & Sanitation District Schedule of Fees and Charges - Appendix A (17 January 2019); Pagosa Area Water & Sanitation District 2019 Water/Wastewater Connection Request Permit . After 2019, fees inflated by 3.00% annually per PAWSD’s current published water and wastewater rate studies: Stantec, Pagosa Area Water & Sanitation District - Water Fund FAMS: Assumptions & Preliminary Results Workbooks (18 September, 2018).

The following table shows the projected total annual water service charge revenues generated by the new development in the Project, along with the total projected annual water consumption from the non-residential and residential space in the Project. Comparable water consumption rates per sq. ft. by type of building usage were collected from a variety of sources to utilize in this projection, including studies from Colorado WaterWise Council, the U.S. Energy Information Administration’s Commercial Buildings Energy Consumption Survey (CBECS), Rozaklis & Associates, LLC for the City of Boulder, CO, and the University of Massachusetts Extension. The future water service charge rates used in this projection came from PAWSD’s 2018 rate study prepared by Stantec. At full buildout in 2035, the Project is projected to generate almost \$328,000 in additional water sewer charge revenue for PAWSD’s Water Enterprise.

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### Pagosa Area Water & Sanitation District #2 - Estimate of Annual Water Service Charge Revenues

	2020	2021	2022	2023	2024	2025	2026
<b>Total Annual Water Consumption (acre/ft)</b>	<b>0.00</b>	<b>0.00</b>	<b>10.58</b>	<b>12.15</b>	<b>16.13</b>	<b>20.37</b>	<b>31.99</b>
Non-Residential: 1/	0.00	0.00	9.73	9.72	9.94	10.46	20.17
Residential: 2/	0.00	0.00	0.85	2.42	6.20	9.91	11.83
<b>Total Annual Water Service Charge</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55,256</b>	<b>\$63,332</b>	<b>\$76,726</b>	<b>\$92,840</b>	<b>\$149,463</b>

	2027	2028	2029	2030	2035	2040	2044
<b>Total Annual Water Consumption (acre/ft)</b>	<b>44.14</b>	<b>49.02</b>	<b>53.14</b>	<b>56.44</b>	<b>68.67</b>	<b>68.67</b>	<b>68.67</b>
Non-Residential: 1/	28.58	28.92	29.52	30.12	32.22	32.22	32.22
Residential: 2/	15.55	20.10	23.63	26.32	36.45	36.45	36.45
<b>Total Annual Water Service Charge</b>	<b>\$225,567</b>	<b>\$241,398</b>	<b>\$256,765</b>	<b>\$271,479</b>	<b>\$327,782</b>	<b>\$327,782</b>	<b>\$327,782</b>

1/ Consumption rate sources include: The Brendle Group, Inc., and Colorado WaterWise Council, *Benchmarking Taskforce Collaboration for Industrial, Commercial, & Institutional (ICI) Water Conservation* (July, 2007). U.S. Energy Information Administration (EIA), Commercial Buildings Energy Consumption Survey (CBECS), Table WD1: "Daily water consumption in large commercial buildings, 2012," (February 2017). Tina Smith, Paul Lopes, et. al., *Massachusetts Greenhouse Industry Best Management Practices Guide* (University of Massachusetts Extension, and Massachusetts Department of Agricultural Resources, June 2010).

2/ Consumption rate sources include: Rozaklis & Associates, LLC: City of Boulder 2016 Water Efficiency Plan (October, 2016). Per capita consumption multiplied by 2017 average owner-occupied household size of 2.16 in Town of Pagosa Springs, according to U.S. Census Bureau, 2013-2017 American Community Survey (ACS). Assumes unoccupied units consume zero gallons of water.

3/ Assumes 6.0% annual rate increases from 2019 through 2023, and no rate increases thereafter, based on the rates used in PAWSD's published 2018 water rate study: Stantec, *Pagosa Area Water & Sanitation District - Water Fund FAMS: Assumptions & Preliminary Results Workbooks* (18 September, 2018).

As shown in the table above, the Project's additional annual water demand is projected to be about 68.7 acre-feet at full buildout and occupancy in 2035. According to the *Pagosa Area Water and Sanitation District Water Conservation Plan*, prepared by Great Western Institute in October 2008, PAWSD's total rated water treatment capacity in 2008 was about 19.95 acre-feet per day, or about 7,281 acre-feet annually. This treatment capacity has presumably been maintained or increased since then. And according to PAWSD's *2018 Drought Management Plan*, PAWSD delivered 1,167 acre-feet of water to customers in 2017, and averaged 2,246 acre-feet of total annual raw and treated water demand from 2008 through 2017. PAWSD's current water treatment and delivery capacity should therefore be sufficient to serve the Project's additional water demand.

Examination of PAWSD's *2019 Adopted Budget* and other recent budgets show that its "profit" margin between water service charge revenues and expenditures related to ongoing water service operations is positive, but rather small. For example, 2019 total water service revenues less budgeted water service operational expenditures – treatment, distribution, maintenance, and administration & billing – is only 11.4% of budgeted water service revenues. This means that the additional water service charge revenues will compensate for PAWSD's Water Enterprise's additional ongoing operational costs to serve the Project, but those additional water service charge revenues will not



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amount to a significant net source of funds so long as PAWSD continues with this type of fiscal prioritization in setting future rates. As mentioned before, transfers from its general fund appear to be an important source of revenue for PAWSD’s Water Enterprise’s debt service payments on its long-term debt.

Overall, the new property tax, water connection fee, water capital investment fee, and water service charge revenues generated by the Project should result in a net positive fiscal impact on PAWSD. The Project should not necessitate any major capital improvements for PAWSD’s water treatment, storage, or distribution system, as PAWSD should have sufficient water supply and capacity to serve the additional water demand from the Project. The additional water service charge and fee revenues generated by the Project should allow PAWSD’s water service fund greater capacity, under TABOR, to receive transfers from its general fund to be used to pay debt service on its Water Enterprise’s long-term debt.

### San Juan Water Conservancy District (SJWCD)

The following table summarizes the projected fiscal impacts to the San Juan Water Conservancy District (SJWCD) from 2020 to 2044. SJWCD is projected to realize a total of \$79,900 in property tax revenues over this period, of which over \$59,400 are from the “base” property value, almost \$7,400 are from projected inflation in the “base” property value, and over \$13,100 are from new property tax increment not allocated for eligible Project costs. During the urban renewal period, SJWCD is projected to realize total revenues of \$79,900. After the urban renewal period, the total annual revenue to SJWCD from the Project is projected to rise from \$3,802 in 2044 to \$10,888 in 2045.

#### Summary of Fiscal Impacts to San Juan Water Conservancy District (SJWCD)

	TOTAL		AFTER URA	
	2020-2044	2044	2045	
<b>PROPERTY TAX REVENUE</b>				
U.R.A. SJWCD Property Tax Not Captured by Increment - 0.316 mills:				
"Base" 2019 Valuation	\$ 59,425	\$ 2,377	\$	2,377
Inflation in "Base" Valuation	\$ 7,351	\$ 638	\$	638
New Valuation Above Inflated "Base" Not Captured by Increment	\$ 13,124	\$ 787	\$	7,873
<b>TOTAL PROPERTY TAX REVENUES</b>	<b>\$ 79,900</b>	<b>\$ 3,802</b>	<b>\$</b>	<b>10,888</b>
<b>TOTAL REVENUES FOR SJWCD</b>	<b>\$ 79,900</b>	<b>\$ 3,802</b>	<b>\$</b>	<b>10,888</b>

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### Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

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SJWCD facilitates the rights to the water stored, treated, and delivered by the Pagosa Area Water & Sanitation District (PAWSD), and SJWCD has historically been active in water development and river restoration projects. According to its website, the SJWCD is in the process of developing a new strategic plan to replace its previous plan, which had focused on construction of the proposed Dry Gulch Reservoir project in conjunction with PAWSD. In 2017, SJWCD voters rejected a proposed mill levy increase to fund property acquisition for the Dry Gulch Reservoir project. The Board President's cover letter to SJWCD's *2019 Adopted Budget* states, "Negotiations to obtain the target property and secure the private ranch land are on-going." This cover letter also states SJWCD is considering helping PAWSD to satisfy its debt related to the Dry Gulch Reservoir project, and that SJWCD has begun discussions to make the property surrounding the Dry Gulch Reservoir project a State Park.

At full buildout and occupancy in 2035, the Project is projected to consume 68.67 acre-feet of water annually. According to the PAWSD's *2018 Drought Management Plan*, PAWSD currently has 4,070 acre-feet of usable raw water storage, delivered 1,167 acre-feet of water to customers in 2017, and averaged 2,246 acre-feet of total annual raw and treated water demand from 2008 through 2017. Therefore, the Project's additional water demand should not necessitate SJWCD to help construct any additional reservoir storage capacity. If SJWCD continues discussions to make the Dry Gulch Reservoir site a State Park, the additional day and overnight visitors associated with the Project should help facilitate demand for such a park.

Of the \$76,120 total expenditures before contingency in SJWCD's *2019 Adopted Budget*, \$58,520 (76.9%) are for administrative expenses, \$3,500 (4.6%) are for local water supply initiatives, and \$14,100 (18.5%) are for the statutory operations of conservancy districts, including engineering, water rights defense, land acquisition, fencing, and cloud seeding. **The Project should require minimal to no incremental increases in these service expenditures.** Overall, the Project's property tax impacts should be a net positive to SJWCD.

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### Upper San Juan Health Service District (USJHSD)

The following table summarizes the projected fiscal impacts to the Upper San Juan Health Service District (USJHSD) from 2020 to 2044. USJHSD is projected to realize a total of almost \$985,400 in property tax revenues over this period, of which over \$732,800 are from the “base” property value, almost \$90,700 are from projected inflation in the “base” property value, and almost \$161,900 are from new property tax increment not allocated for eligible Project costs. During the urban renewal period, USJHSD is projected to realize total revenues of almost \$985,400. After the urban renewal period, the total annual revenue to USJHSD from the Project is projected to rise from \$46,883 in 2044 to \$134,269 in 2045.

### Summary of Fiscal Impacts to Upper San Juan Health Service District (USJHSD)

	TOTAL		AFTER URA
	2020-2044	2044	2045
<b>PROPERTY TAX REVENUE</b>			
U.R.A. USJHSD Property Tax Not Captured by Increment - 3.897 mills:			
"Base" 2019 Valuation	\$ 732,849	\$ 29,314	\$ 29,314
Inflation in "Base" Valuation	\$ 90,651	\$ 7,863	\$ 7,863
New Valuation Above Inflated "Base" Not Captured by Increment	\$ 161,850	\$ 9,706	\$ 97,092
<b>TOTAL PROPERTY TAX REVENUES</b>	<b>\$ 985,350</b>	<b>\$ 46,883</b>	<b>\$ 134,269</b>
<b>TOTAL REVENUES FOR USJHSD</b>	<b>\$ 985,350</b>	<b>\$ 46,883</b>	<b>\$ 134,269</b>

USJHSD manages and operates the Pagosa Springs Medical Center, which is an 11-bed Critical Access Hospital with a connected Rural Health Clinic. The hospital opened in 2008, and was financed with a \$12 million 2006/2007 Series general obligation bond issuance. A new 22,000 sq. ft. outpatient wing opened in 2017, and was financed from \$11.135 million in Series 2016A and Series 2016B enterprise bonds. USJHSD also provides ambulance and emergency medical service (EMS) within its boundaries, which encompass most of Archuleta County as well as the southern parts of Hinsdale and Mineral Counties below the Continental Divide. According to USJHSD’s website, the Pagosa Springs Medical Center is the largest employer in Archuleta County. The Pagosa Springs Medical Center will be an important community amenity helping to attract residents, businesses, workers, and tourists to the Project, and there will be symbiotic benefits to both USJHSD and the Project.

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## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

The following table shows the Pagosa Springs Medical Center’s total number of in-patient days, out-patient visits, and EMS calls from 2016 through 2018. It also summarizes USJHSD’s total operating and non-operating revenues less total operating expenses from 2016 to 2018 to show its annual “income” available for debt service and/or for reserves.

### Upper San Juan Health Service District: Summary of Medical Center Income Statements

	2016	2017	2018
<b>In-Patient Days</b>	<b>1,299</b>	<b>1,216</b>	<b>1,190</b>
<b>Out-Patient Visits</b>	<b>62,878</b>	<b>63,112</b>	<b>66,926</b>
<b>EMS Calls</b>	<b>2,057</b>	<b>2,004</b>	<b>1,821</b>
<b>In-Patient Revenue</b>	<b>\$6,211,901</b>	<b>\$6,252,678</b>	<b>\$5,887,362</b>
<b>Out-Patient Revenue</b>	<b>\$34,615,698</b>	<b>\$37,346,734</b>	<b>\$43,609,614</b>
<b>Ambulance Revenue</b>	<b>\$2,145,648</b>	<b>\$2,100,538</b>	<b>\$2,305,084</b>
<b>Professional Fees</b>	<b>\$6,787,072</b>	<b>\$6,492,036</b>	<b>\$5,615,870</b>
<b>Revenue Deductions and Bad Debt</b>	<b>(\$23,366,265)</b>	<b>(\$24,470,642)</b>	<b>(\$26,292,345)</b>
<b>Net Patient Revenues:</b>	<b>\$26,394,054</b>	<b>\$27,721,344</b>	<b>\$31,125,585</b>
<i>difference from budgeted:</i>	<i>(\$749,146)</i>	<i>(\$2,313,622)</i>	<i>(\$2,459,785)</i>
<b>Grants &amp; Other Operating Income</b>	<b>\$3,363,435</b>	<b>\$2,966,085</b>	<b>\$2,635,814</b>
<b>Net Operating Revenues:</b>	<b>\$29,757,489</b>	<b>\$30,687,429</b>	<b>\$33,761,399</b>
<i>difference from budgeted:</i>	<i>\$896,989</i>	<i>(\$1,723,937)</i>	<i>(\$2,065,071)</i>
<b>Total Operating Expenses:</b>	<b>\$28,977,251</b>	<b>\$31,391,519</b>	<b>\$34,913,194</b>
<i>difference from budgeted:</i>	<i>\$1,470,351</i>	<i>(\$155,286)</i>	<i>(\$669,052)</i>
<b>Operating Revenue less Expenses:</b>	<b>\$780,238</b>	<b>(\$704,090)</b>	<b>(\$1,151,795)</b>
<b>Donations</b>	<b>\$1,114,864</b>	<b>\$515,235</b>	<b>\$174,697</b>
<b>Tax Revenues</b>	<b>\$1,144,735</b>	<b>\$1,171,890</b>	<b>\$1,218,301</b>
<b>Total Non-Operating Revenues:</b>	<b>\$2,259,599</b>	<b>\$1,687,125</b>	<b>\$1,392,998</b>
<b>Total Revenue Less Total Expenses:</b>	<b>\$3,039,837</b>	<b>\$983,035</b>	<b>\$241,203</b>
<i>difference from budgeted:</i>	<i>(\$292,763)</i>	<i>(\$1,380,524)</i>	<i>(\$1,500,021)</i>

Sources: Finance Committee and CFO Reports, Pagosa Springs Medical Center Income Statements, from USJHSD Board Meeting Packets for 22 January 2019, 23 January 2018, and 24 January 2017.

USJHSD experienced a net operating loss before property tax revenues and donations of about \$704,000 in 2017, and of about \$1.15 million in 2018. These net operating losses appear to primarily be a function of actual annual patient revenues falling short of budgeted projections. Actual patient revenues were 7.7% less than the budgeted projection in 2017, and 7.3% less in 2018, whereas actual operating expenditures were only 0.5% less than budgeted in 2017, and 1.9% less in 2018. Total in-patient days and EMS calls dropped slightly from 2016 through 2018. An average of 3.3 out of 11 total

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

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in-patient hospital beds were filled per day in the Pagosa Springs Medical Center in 2017 and 2018, versus about 3.6 per day in 2016. There were just over 4,000 more out-patient visits in 2018, with the new outpatient wing in operation, than in 2016, before construction of the wing. Overall, it appears that the Pagosa Springs Medical Center has the capacity, and the fiscal need, to serve a significant increase in patients annually.

In order to address its current long-term bond debt, USJHSD's total annual revenue less expenses generally needs to average at least \$1.57 million through 2022, at least \$1.45 million from 2023 through 2037, and at least \$700,000 from 2038 through 2046. This is because total annual debt service is about \$745,000 on its 2006/2007 Series general obligation bonds through 2037, about \$825,000 annually on its 2016A and 2016B Series enterprise bonds through 2022, and about \$700,000 annually on its 2016A Series enterprise bonds from 2023 through 2046. A large portion of 2006/2007 Series bonds can be redeemed early after 2021, and the 2016A Series bonds can be redeemed early after 2026, if USJHSD has sufficient cash and revenues to do so.

Because the Pagosa Springs Medical Center experienced net operating losses in 2017 and 2018, it is difficult to project the net fiscal impact of additional patients associated with the Project. It appears that under-utilization, rather than over-utilization, of the Pagosa Springs Medical Center's healthcare services was the primary cause of these net operating losses. Therefore, USJHSD should benefit from additional patient revenues associated with the Project. The following table summarizes potential additional in-patient days, out-patient visits, and EMS calls from the new household population projected to reside in the Project, based on 2017 per-capita days, visits, and calls from the estimated population residing in the District. It also summarizes the estimated annual revenues resulting from these additional patients, based on Pagosa Springs Medical Center average revenues per day, visit, or call in 2018. The following is only meant to be illustrative, as a full projection of USJHSD medical service revenues associated with the Project would require an extensive study effort.

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### Upper San Juan Health Service District - Projection of New Household Patient Revenues

		2022	2023	2024	2025	2030	2035	2040	2044	Total 2020-2044
Total Projected Household Population:	1/	25.9	51.8	98.0	144.2	318.0	456.7	456.7	456.7	-
Total New Annual In-Patient Days:	2/	2.6	5.1	9.7	14.2	31.4	45.1	45.1	45.1	-
<b>Total New In-Patient Revenues:</b>	3/	<b>\$13,693</b>	<b>\$27,933</b>	<b>\$53,872</b>	<b>\$80,838</b>	<b>\$196,806</b>	<b>\$312,109</b>	<b>\$344,594</b>	<b>\$373,000</b>	<b>\$5,395,927</b>
Total New Annual Out-Patient Visits:	2/	133	265	502	738	1,628	2,338	2,338	2,338	-
<b>Total New Out-Patient Revenues:</b>	3/	<b>\$93,600</b>	<b>\$190,945</b>	<b>\$368,263</b>	<b>\$552,597</b>	<b>\$1,345,331</b>	<b>\$2,133,531</b>	<b>\$2,355,590</b>	<b>\$2,549,767</b>	<b>\$36,885,700</b>
Total New Annual EMS Calls:	2/	4.2	8.4	15.9	23.4	51.7	74.2	74.2	74.2	-
<b>Total New Ambulance Revenues:</b>	3/	<b>\$5,774</b>	<b>\$11,778</b>	<b>\$22,716</b>	<b>\$34,087</b>	<b>\$82,986</b>	<b>\$131,606</b>	<b>\$145,303</b>	<b>\$157,281</b>	<b>\$2,275,272</b>
Total New In-Patient Days and Out-Patient Visits:	2/	135	271	512	753	1,659	2,383	2,383	2,383	-
<b>Total New Revenue Deductions and Bad Debt:</b>	3/	<b>(\$56,514)</b>	<b>(\$115,289)</b>	<b>(\$222,351)</b>	<b>(\$333,649)</b>	<b>(\$812,288)</b>	<b>(\$1,288,190)</b>	<b>(\$1,422,265)</b>	<b>(\$1,539,506)</b>	<b>(\$22,270,961)</b>

<b>Total New Net Patient Revenues:</b>		<b>\$56,552</b>	<b>\$115,367</b>	<b>\$222,500</b>	<b>\$333,873</b>	<b>\$812,835</b>	<b>\$1,289,056</b>	<b>\$1,423,222</b>	<b>\$1,540,541</b>	<b>\$22,285,938</b>
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1/ Average household size based on 2017 data for Town of Pagosa Springs from: U.S. Census Bureau, 2013-2017 American Community Survey (ACS).

2/ Total annual 2017 patient visits divided by 2017 estimated total District population, according to: Finance Committee and CFO Report from USJHSD Board Meeting Packet for 23 January 2018; and 2013-2017 ACS. USJHSD population estimated as total Archuleta County population, plus total Piedra CDP (Census-designated place) population, minus total Arboles CDP population. Assumes no increase in annual per-capita patient visits.

3/ Based on average 2018 revenue per patient according to: Finance Committee and CFO Report from USJHSD Board Meeting Packet for 22 January 2019. Assumes 2% annual inflation.

Based on the Pagosa Springs Medical Center’s recent per-capita utilization and revenues, USJHSD would realize almost \$22.3 million in net patient revenues from 2020 to 2044 from the household population residing in the Project. In comparison, the total amount of property tax increment revenue projected to be captured from USJHSD’s mill levy and used for eligible Project expenses is about \$1.46 million from 2020 to 2044.

The projected per-capita patient visits utilized above also include the current number of non-resident patient visits from tourists, travelers, and residents of surrounding areas outside of USJHSD’s boundaries. The Project will result in a significant increase in new day- and overnight visitors to Pagosa Springs, and some portion of these new tourists will also utilize the EMS, emergency, and out-patient services offered by USJHSD. Finally, although it is difficult to project how many of the new employees resulting from the Project will live in the Project’s new residential units versus elsewhere, there will be additional new patient revenues associated with the new direct, indirect, and induced employment from the Project. USJHSD will also realize additional prop-

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erty tax revenues associated with the new off-site housing needed for these new employees, as well as with the new or expanding business establishments associated with the Project's off-site economic impacts. Therefore, the full new revenue impacts to USJHSD from additional patients associated with the Project could be several times larger than just the net patient revenues from Project households.

Finally, the Project's new lodging and wellness-focused resort amenities should provide an opportunity for the Pagosa Springs Medical Center to expand its capture of the medical tourism market. Medical tourism is distinct from tourists requiring unexpected medical care, and represents a significant market of patients who travel to particular destinations primarily for the purpose of undergoing medical procedures and treatments. The various reasons for medical tourism can include lower cost of treatment, higher quality providers or facilities, or a desire to combine vacationing with the preparation for or recuperation from a medical procedure. Furthermore, the Pagosa Springs Medical Center competes with hospitals and clinics in Durango and Alamosa for rural patients who may combine a trip to the doctor with shopping or dining in a town. The Project's retail, restaurant, and other commercial establishments should help Pagosa Springs compete as a destination for those rural patients.

**Overall, while the Project's property tax impacts should be a net positive to USJHSD, the potential new patient revenues from the Project's residents, employees, and visitors will likely be a much more significant positive fiscal impact.** The Project could also help the Pagosa Springs Medical Center attract new medical tourism patients, as well as compete for patients within its Southern Colorado and Northern New Mexico market.

### **Town of Pagosa Springs Sanitation General Improvement District (GID)**

The following table summarizes the projected fiscal impacts to the Town of Pagosa Springs Sanitation General Improvement District (GID) from 2020 to 2044. The Sanitation GID is projected to realize a total of almost \$229,000 in property tax revenues over this period, of which over \$170,000 are from the "base" property value, over \$21,000 are from projected inflation in the "base" property value, and almost \$38,000 are from new property tax increment not allocated for eligible Project costs. Additionally, the Sanitation GID is projected to realize a total of almost \$2.73 million in new annual sewer service fees, from 2020 to 2044. The Sanitation GID is also projected to realize a total of almost \$942,000 in plant investment fees during construction of the Project, from 2021 to 2033. During the urban renewal period, the Sanitation GID is projected

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## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

to realize total revenues of almost \$3.90 million. After the urban renewal period, the total annual property tax and sewer service fee revenue to the Sanitation GID from the Project is projected to rise from \$164,851 in 2044 to \$185,145 in 2045.

### Summary of Fiscal Impacts to Pagosa Springs Sanitation General Improvement District (GID)

	TOTAL 2020-2044	2044	AFTER URA 2045
<b>PROPERTY TAX REVENUE</b>			
U.R.A. Sanitation GID Property Tax Not Captured by Increment - 0.905 mills:			
"Base" 2019 Valuation	\$ 170,189	\$ 6,808	\$ 6,808
Inflation in "Base" Valuation	\$ 21,052	\$ 1,826	\$ 1,826
New Valuation Above Inflated "Base" Not Captured by Increment	\$ 37,584	\$ 2,254	\$ 22,548
<b>TOTAL PROPERTY TAX REVENUES</b>	<b>\$ 228,825</b>	<b>\$ 10,888</b>	<b>\$ 31,182</b>
<b>SEWER SERVICE FEE REVENUES</b>			
Sewer Service Fees from New Project Buildings	\$ 2,726,292	\$ 153,963	\$ 153,963
<b>TOTAL SERVICE FEE REVENUES</b>	<b>\$ 2,726,292</b>	<b>\$ 153,963</b>	<b>\$ 153,963</b>
<b>PLANT INVESTMENT FEE REVENUES</b>			
Plant Investment Fees from Project Development	\$ 941,577	\$ -	\$ -
<b>TOTAL PLANT INVESTMENT FEE REVENUES</b>	<b>\$ 941,577</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL REVENUES FOR PAGOSA SPRINGS SANITATION GID</b>	<b>\$ 3,896,695</b>	<b>\$ 164,851</b>	<b>\$ 185,145</b>
<b>TOTAL NEW REVENUES</b>	<b>\$ 3,705,453</b>	<b>\$ 156,217</b>	<b>\$ 176,511</b>

The Sanitation GID develops, operates, and maintains the wastewater collection system, and provides sewer service, throughout a large portion of the Town of Pagosa Springs. The Sanitation GID is a wastewater collection utility only, as it pumps its sewage to the Pagosa Area Water and Sanitation District's (PAWSD's) Vista Wastewater Treatment Plant to be treated. The staff of the Sanitation GID, which currently totals one supervisor and one operator, serve within the Town of Pagosa Spring's Utilities Division. On the margin, the Project should not necessitate any additional Sanitation GID personnel.

The following table shows the projected total annual plant investment fees generated by the new development in the Project. Utilizing the Sanitation GID's *2019 Commercial/Multi-Dwelling Fixture Sizing Worksheet*, a preliminary fixture sizing estimate was prepared for each element of the Project's development. Total equivalent units (E.U.'s) for the Project were then calculated based on the fixture sizing estimates using the Sanitation GID's *2019 Amended and Restated Rules and Regulations*. The current plant investment fee rate of \$4,550 per E.U. was assumed for each future year without



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## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

inflation because no further plant investment fee rate increases were recommended in the Sanitation GID's *Wastewater Rate Study* prepared by Stantec in July, 2018.

### Pagosa Springs Sanitation GID - Estimate of Plant Investment Fee Revenues

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Total Equivalent Units (E.U.'s) Added	0.0	33.5	5.0	16.1	17.6	22.0	29.0	9.5	14.5	18.5
Plant Investment Fee per E.U.	\$4,550	\$4,550	\$4,550	\$4,550	\$4,550	\$4,550	\$4,550	\$4,550	\$4,550	\$4,550
<b>Total Plant Investment Fees</b>	1/ \$0	\$152,425	\$22,750	\$73,210	\$80,035	\$100,100	\$131,950	\$43,225	\$65,975	\$84,175

	2030	2031	2032	2033
Total Equivalent Units (E.U.'s) Added	12.0	8.5	7.3	13.5
Plant Investment Fee per E.U.	\$4,550	\$4,550	\$4,550	\$4,550
<b>Total Plant Investment Fees</b>	1/ \$54,600	\$38,675	\$33,233	\$61,225

1/ 2019 fee according to Pagosa Springs Sanitation GID Resolution 2019-01, "Setting 2019 Fee Schedule" (8 January 2019). No inflation in fee rates are assumed because Resolution 2019-01 was the first increase in plant investment fee rates since 2007, and because no further plant investment fee rate increases were recommended in the District's 2018 rate study: Stantec, Pagosa Springs Sanitation General Improvement District Wastewater Rate Study (July 2018).

The following table shows the projected total annual sewer service fees generated by the new development in the Project, along with the assumed monthly sewer service fee per E.U. The future sewer service fee rates used in this projection came from the Sanitation GID's *Wastewater Rate Study*. At full buildout in 2035, the Project is projected to generate almost \$154,000 in additional annual sewer service fees for the Sanitation GID.

### Pagosa Springs Sanitation GID - Estimate of Annual Sewer Service Fee Revenues

	2022	2023	2024	2025	2026	2027	2030	2035	2040	2044
Total Equivalent Units (E.U.'s)	33.5	38.5	54.6	72.2	94.2	123.2	165.7	206.9	206.9	206.9
Monthly Sewer Service Fee per E.U.	1/ \$49.00	\$52.50	\$56.00	\$57.50	\$59.00	\$60.50	\$62.00	\$62.00	\$62.00	\$62.00
<b>Total Annual Sewer Service Fees</b>	\$19,698	\$24,255	\$36,684	\$49,804	\$66,679	\$89,429	\$123,266	\$153,963	\$153,963	\$153,963

1/ The 2019 monthly service fee is \$40.00, set in Pagosa Springs Sanitation GID Resolution 2019-01, "Setting 2019 Fee Schedule" (8 January 2019). The assumed service fees from 2020 through 2028 are according to the service fee schedule proposed in Exhibit C of the partially-approved Pagosa Springs Sanitation GID Resolution 2018-02, "Implementing Sewer Rate Increases" (4 September 2018), although only the 2019 was approved with future rate changes postponed for future consideration. The assumed service fee schedule match the recommendations in the District's 2018 rate study: Stantec, *Pagosa Springs Sanitation General Improvement District Wastewater Rate Study* (July 2018). The service fee rate is assumed to remain constant after 2028.

As an enterprise fund and utility, the Sanitation GID will presumably continue to set its plant investment and service fee rates such that its revenues compensate for its expenditures. Therefore, new development should generally not result in a negative fiscal impact that substantively affects the Sanitation GID's level of service to its customers, but it could necessitate a rate increase. Similarly, a net positive fiscal impact on the Sanitation GID could enable it to lower its plant investment and/or service fee rates. The cost of any new lines, manholes, or other wastewater infrastructure needed to serve the Project was not yet available for this report. The plant investment fees generated by the Project's development, estimated to total almost \$942,000, will presumably go towards any such costs borne by the Sanitation GID. Also, wastewater util-

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ity infrastructure is usually an eligible public improvement for urban renewal TIF proceeds.

The following table summarizes the additional ongoing maintenance, electricity, billing/hosting, and sewage treatment expenditures associated with serving the Project’s new development. These expenditures are projected based on the ratio of budgeted expenditures to budgeted sewer service fee revenues in the Sanitation GID’s 2019 *Adopted Budget*. The annual inflation in expenditures is assumed to be equal to the annual sewer service fee inflation rates from the Sanitation GID’s *Wastewater Rate Study*. The projected expenditures are then compared to the sum of projected new sewer service fee revenues from the Project’s new development along with the incremental property tax revenues not allocated for eligible Project costs. The “base” property tax revenues are not included because The Springs Resort & Spa already receives wastewater collection services from the Sanitation GID.

### Pagosa Springs Sanitation GID - Projected Revenues and Sewer Service Expenditures

	2022	2023	2024	2025	2030	2035	2040	2044	Total 2020-44
Additional Lift Station Maintenance Expenditures: 1/	\$849	\$975	\$1,383	\$1,829	\$4,197	\$5,242	\$5,242	\$5,242	\$93,616
Additional Collections System Mainten. Expenditures: 1/	\$112	\$128	\$182	\$241	\$552	\$690	\$690	\$690	\$12,318
Additional Pump Station 2 Mainten. Expenditures: 1/	\$1,563	\$1,797	\$2,548	\$3,368	\$7,732	\$9,657	\$9,657	\$9,657	\$172,450
Additional Contractual Maintenance Expenditures: 1/	\$447	\$513	\$728	\$962	\$2,209	\$2,759	\$2,759	\$2,759	\$49,271
Additional Electricity Expenditures: 1/	\$1,273	\$1,463	\$2,074	\$2,743	\$6,296	\$7,864	\$7,864	\$7,864	\$140,423
Additional Billing/Hosting Expenditures: 1/	\$268	\$308	\$437	\$577	\$1,325	\$1,656	\$1,656	\$1,656	\$29,563
Additional PAWSD Sewage Treatment Expenditures: 1/	\$4,087	\$4,697	\$6,660	\$8,806	\$20,213	\$25,247	\$25,247	\$25,247	\$450,833
<b>Total Additional Expenditures:</b>	<b>\$8,598</b>	<b>\$9,882</b>	<b>\$14,011</b>	<b>\$18,526</b>	<b>\$42,525</b>	<b>\$53,115</b>	<b>\$53,115</b>	<b>\$53,115</b>	<b>\$948,474</b>
<b>New Annual Sewer Service Fees:</b>	<b>\$19,698</b>	<b>\$24,255</b>	<b>\$36,684</b>	<b>\$49,804</b>	<b>\$123,266</b>	<b>\$153,963</b>	<b>\$153,963</b>	<b>\$153,963</b>	<b>\$2,726,292</b>
<b>New Incremental Property Tax Revenues Generated: 2/</b>	<b>\$6</b>	<b>\$415</b>	<b>\$438</b>	<b>\$511</b>	<b>\$1,741</b>	<b>\$2,109</b>	<b>\$2,192</b>	<b>\$2,254</b>	<b>\$37,584</b>
<b>Annual Surplus/Deficit:</b>	<b>\$11,106</b>	<b>\$14,788</b>	<b>\$23,111</b>	<b>\$31,789</b>	<b>\$82,482</b>	<b>\$102,958</b>	<b>\$103,041</b>	<b>\$103,103</b>	<b>\$1,815,402</b>

1/ From 2019 budgeted revenues and expenditures in Pagosa Springs Sanitation General Improvement District *Adopted Budget 2019*. Inflation per annual sewer service fee inflation rates, based on the District's 2018 rate study: Stantec, *Pagosa Springs Sanitation General Improvement District Wastewater Rate Study* (July 2018).

2/ After capture of property tax increment.

From 2020 to 2044, the total additional maintenance, electricity, billing/hosting, and PAWSD sewage treatment expenditures needed to serve the Project’s new development is estimated to total about \$948,000. New sewer service fee and incremental property tax revenues are projected to outpace new expenditures by a total of almost \$1.82 million during this period, and by about \$103,000 in 2035. For comparison, the Sanitation GID’s total budgeted expenditures for 2019 total just over \$1.18 million. Therefore, the new annual sewer service fee and incremental property tax revenues could potentially enable the Sanitation GID to achieve a decrease in monthly sewer service rates.

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Overall, the combination of new property tax and new sewer service fee revenues from the Project should significantly exceed the additional ongoing sewer service expenditures to serve the Project. Depending upon the cost and method of financing any additional wastewater infrastructure needed to serve the Project, the new plant investment fee revenues generated by the Project’s new development could also be a significant net positive impact as well. There is perhaps potential for the new revenues associated with the Project to enable the Pagosa Springs Sanitation GID to lower sewer service rates for its customers.

### Upper San Juan Library District

The following table summarizes the projected fiscal impacts to the Upper San Juan Library District from 2020 to 2044. The Library District is projected to realize a total of over \$380,500 in property tax revenues over this period, of which over \$283,000 are from the “base” property value, over \$35,000 are from projected inflation in the “base” property value, and over \$62,500 are from new property tax increment not allocated for eligible Project costs. During the urban renewal period, the Library District is projected to realize total revenues of over \$380,500. After the urban renewal period, the total annual revenue to the Library District from the Project is projected to rise from \$18,106 in 2044 to \$51,854 in 2045.

#### Summary of Fiscal Impacts to Upper San Juan Library District

	TOTAL		AFTER URA
	2020-2044	2044	2045
<b>PROPERTY TAX REVENUE</b>			
U.R.A. Library Property Tax Not Captured by Increment - 1.505 mills:			
"Base" 2019 Valuation	\$ 283,022	\$ 11,321	\$ 11,321
Inflation in "Base" Valuation	\$ 35,009	\$ 3,037	\$ 3,037
New Valuation Above Inflated "Base" Not Captured by Increment	\$ 62,506	\$ 3,748	\$ 37,496
<b>TOTAL PROPERTY TAX REVENUES</b>	<b>\$ 380,537</b>	<b>\$ 18,106</b>	<b>\$ 51,854</b>
<b>TOTAL REVENUES FOR UPPER SAN JUAN LIBRARY DISTRICT</b>	<b>\$ 380,537</b>	<b>\$ 18,106</b>	<b>\$ 51,854</b>

The Upper San Juan Library District serves nearly all of Archuleta County, except for a small portion along its western boundary where Bayfield School District 10 JT-R overlaps with Archuleta County. The District operates the Ruby M. Sisson Memorial Library, located on the western edge of downtown Pagosa Springs and only about three blocks west of the Project site. The Ruby M. Sisson Library was built in 1988, and was

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

significantly expanded in 2005 to about 7,500 square feet. Both the original construction and the expansion of the Library were funded entirely by grants and donations, and the Library District has no debt. The Ruby M. Sisson Library will be an important community amenity serving the residents, workers, and businesses of the Project. According to the Upper San Juan Library District's *2019 Adopted Budget*, the Library had annual foot traffic of 83,206 patrons, checked out 93,977 items, and had 17,376 public computer logins in 2018. The patronage, circulation, and public computer logins were slightly lower in 2018 versus 2017, whereas downloadable content circulation increased by 15%. The Library District currently employs a director, a development officer, and seven additional staff members – or one staff member per 1,799 County residents. On the margin, the Library District should not need additional staffing to serve the additional residents in the Project.

The following table summarizes the additional annual library visits, items checked out, and expenditures associated with the new household population in the Project. The two expenditure categories in the Library District's *2019 Adopted Budget* anticipated to increase in order to maintain the current level of service are for programs and public use materials. Programs and public use materials expenditures are projected per-capita based on the expenditures budgeted for 2019, and assuming 1.50% annual inflation.

### Upper San Juan Library District - Marginal Revenues and Expenditures

		2022	2023	2024	2025	2030	2035	2040	2044	Total 2020-44
Total Projected Household Population:	1/	25.9	51.8	98.0	144.2	318.0	456.7	456.7	456.7	-
Additional Annual Library Visits:	2/	171	343	648	953	2,101	3,018	3,018	3,018	-
Additional Annual Items Checked Out:	2/	193	387	732	1,076	2,373	3,409	3,409	3,409	-
Additional Programs Expenditures:	2/ 3/	\$9	\$19	\$37	\$55	\$131	\$203	\$218	\$232	\$3,482
Additional Public Use Materials Expenditures:	2/ 3/	\$816	\$1,657	\$3,181	\$4,749	\$11,282	\$17,458	\$18,807	\$19,961	\$300,139
<b>Total Additional Expenditures:</b>		<b>\$826</b>	<b>\$1,677</b>	<b>\$3,218</b>	<b>\$4,804</b>	<b>\$11,413</b>	<b>\$17,660</b>	<b>\$19,025</b>	<b>\$20,193</b>	<b>\$303,621</b>
<b>Total Property Tax Revenues Generated:</b>	4/	<b>\$11,557</b>	<b>\$12,237</b>	<b>\$12,506</b>	<b>\$12,628</b>	<b>\$15,395</b>	<b>\$16,511</b>	<b>\$17,445</b>	<b>\$18,106</b>	<b>\$380,537</b>
<b>Annual Surplus/Deficit:</b>		<b>\$10,731</b>	<b>\$10,561</b>	<b>\$9,289</b>	<b>\$7,824</b>	<b>\$3,982</b>	<b>(\$1,149)</b>	<b>(\$1,580)</b>	<b>(\$2,087)</b>	<b>\$76,916</b>

1/ 2017 data for Town of Pagosa Springs from: U.S. Census Bureau, 2013-2017 American Community Survey (ACS).

2/ From Upper San Juan Library District *2019 Adopted Budget*, and estimated Archuleta County population in 2017 according to ACS.

3/ Assumes 1.5% annual inflation.

4/ After capture of property tax increment.

At Project buildout and full residential occupancy in 2035, the new household population is projected to result in 3,018 additional annual Library visits and 3,409 additional items checked out. From 2020 to 2044, the total additional expenditures to serve the Project's new household population is estimated to total almost \$304,000. As the Library District is projected to realize almost \$381,000 in property tax revenues from

## Urban Renewal Authority (URA) Discussion I.1.

### Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

2020 to 2044, property tax revenues are projected to outpace new expenditures by a total of almost \$77,000 during this period. At full buildout and occupancy in 2035, though, the Project is projected to have a net negative annual fiscal impact on the Library District of just over \$1,000.

Donations have historically been an important part of the Library District's funding, and accounted for \$28,648 (5.1%) of its total revenue in 2018. The additional residents, workers, businesses, and perhaps even tourists associated with the Project should serve to expand the Library District's potential donor base. Although the additional employees associated with the Project living off-site will represent an additional population utilizing the Library, the new housing and commercial buildings elsewhere in the County associated with this additional employment will also generate new property tax revenues for the Library District.

Overall, the Library District property tax revenues generated by the Project should offset the additional expenditures to serve the new household population in the Project over the 25-year urban renewal period. The additional annual Library utilization by these new residents should not necessitate additional Library District staffing or capital improvements. The Project should also expand the potential donor base for the Library District.

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### **Pagosa Fire Protection District (PFPD)**

The following table summarizes the projected fiscal impacts to the Pagosa Fire Protection District (PFPD) from 2020 to 2044. PFPD is projected to realize a total of almost \$1.99 million in property tax revenues over this period, of which almost \$1.48 million are from the “base” property value, almost \$183,000 are from projected inflation in the “base” property value, and almost \$327,000 are from new property tax increment not allocated for eligible Project costs. During the urban renewal period, PFPD is projected to realize total revenues of almost \$1.99 million. After the urban renewal period, the total annual revenue to PFPD from the Project is projected to rise from \$94,620 in 2044 to \$270,985 in 2045. It is important to delineate between “base” and new incremental property tax revenues for PFPD, because most of the “base” revenues are generated by The Springs Resort & Spa properties included in the urban renewal area, which already generate calls for service (CFS) from PFPD.

#### Summary of Fiscal Impacts to Pagosa Fire Protection District (PFPD)

	TOTAL 2020-2044	2044	AFTER URA 2045
<b>PROPERTY TAX REVENUE</b>			
U.R.A. PFPD Property Tax Not Captured by Increment - 7.865 mills:			
"Base" 2019 Valuation	\$ 1,479,049	\$ 59,162	\$ 59,162
Inflation in "Base" Valuation	\$ 182,954	\$ 15,870	\$ 15,870
New Valuation Above Inflated "Base" Not Captured by Increment	\$ 326,646	\$ 19,588	\$ 195,953
<b>TOTAL PROPERTY TAX REVENUES</b>	<b>\$ 1,988,649</b>	<b>\$ 94,620</b>	<b>\$ 270,985</b>
<b>TOTAL REVENUES FOR PFPD</b>	<b>\$ 1,988,649</b>	<b>\$ 94,620</b>	<b>\$ 270,985</b>

PFPD is a combination volunteer and career fire department providing fire and rescue services to most of the developed areas of Archuleta County outside of the Southern Ute Indian Reservation. Voters approved a mill levy increase in 2018 to allow PFPD to hire additional career firefighters and achieve 24/7 staffing. As of March 2019, PFPD employs 13 career firefighters and is served by 35 additional volunteer firefighters. Three full-time shifts staff Station 1, located on the western side of the Town of Pagosa Springs, which currently serves as PFPD’s only 24/7 station as well as its administrative headquarters.

PFPD responded to 627 CFS in 2018, according to the *Pagosa Fire Protection District Strategic Plan (Revised March 2019)*, which averages to just over 1.7 CFS per day. A typical goal workload for a fire crew at an urban or suburban station is to respond to

## Urban Renewal Authority (URA) Discussion I.1.

### Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

six to seven CFS per 12-hour shift. The goal number of CFS per shift is usually somewhat lower for a crew covering rural areas, though, because of the longer distances and types of calls involved. Nonetheless, each of PFPD's three full-time shifts should currently be below maximum workload in terms of average CFS per shift. EMS/ambulance CFS often compose a large portion of a fire department's workload, but the Upper San Juan Health Service District (USJHSD) is responsible for providing EMS/ambulance services in PFPD's boundaries. PFPD aims for its volunteer firefighters to respond to 10% of all alarms on average, according to the performance objectives in the *Pagosa Fire Protection District Strategic Plan (Revised March 2019)*, which would equate to about 63 CFS in 2018. This strategic plan also identifies one of the District's weaknesses as "volunteer staff not fully utilized." Overall, in terms of staffing, PFPD appears to have the capacity to respond to significantly more CFS than its present amount.

PFPD's response time performance objective, according to the *Pagosa Fire Protection District Strategic Plan (Revised March 2019)*, is to arrive on scene in 7.0 minutes or less, 90% of the time, in the Town of Pagosa Springs. PFPD's turnout time performance objective is for the first engine to be en-route in 90 seconds or less, 90% of the time. The Project site is approximately 4.9 miles away from Station 1, with a ten minute drive time at non-emergency speeds, according to Google Maps. Driving this distance from Station 1 to the Project site would require an average speed of 42 miles-per-hour to arrive in 7.0 minutes, or 53 miles-per-hour to arrive in 5.5 minutes. It is therefore feasible to meet the response time performance objectives from the station manned 24/7, although it could be difficult if there is heavy traffic along U.S. 160. The Project site is also approximately 1.7 miles away from Station 4, with a four minute drive time at non-emergency speeds, according to Google Maps. It should therefore be feasible to meet the response time performance objectives from Station 4, when it is manned. Station 4 should likely be manned more often than other stations, as it is PFPD's fleet maintenance facility as well as the station closest to downtown Pagosa Springs. Overall, the Project should not necessitate any new fire stations in order for PFPD to meet its response time objectives.

Every PFPD station is equipped with a Type 1 fire engine, which is an all-purpose structural firefighting engine designed to serve homes, apartments, commercial structures, and high-rise buildings. Station 1 is also equipped with a 75-foot ladder truck and a medium rescue truck, and PFPD furthermore operates five water tenders, including at Stations 1 and 4. PFPD also has several command and utility vehicles, several brush trucks, several trailers, an ATV, and four hydraulic extrication units. It appears that

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

PFPD, and the stations serving the Project, should have proper and sufficient fleet apparatus to serve the types of development planned for the Project.

According to FireCARES and National Fire Incident Reporting System (NFIRS) data, the number of annual structure fires in the District ranged from 6 to 14 fires, and averaged 10.4 fires, from 2002 to 2016. The Project's new structures will be built to appropriate modern fire protection standards, and will undergo the appropriate building plan review and inspection by PFPD like other new construction in the District. Thus, there should be a statistically insignificant number of new annual structure fires associated with the Project, with no resulting impact on PFPD's existing level of service.

Structure fires compose only a small portion of PFPD's annual CFS, though. It is difficult to project the number of other fire, rescue, and emergency CFS associated with any new development because of the wide range of potential variables involved, and because of limitations on existing CFS data. One method for projecting new CFS from the Project is on a current per-capita basis. PFPD estimates that it serves a population of about 12,350 residents, which equates to one CFS per 19.7 residents in 2018. In addition to new residents, though, there will be a large number of workers, visitors, and patrons associated with the Project's new office, retail, dining, lodging, and resort spas. The current rate of CFS per-capita also includes CFS from all non-residential sources and non-resident visitors in the District. Still, a projection based on current CFS per-capita and new Project residents may somewhat underestimate new CFS from the Project due to its comparatively high density of non-residential uses and associated workers, visitors, and patrons.

The following table projects new CFS from the Project on a per-capita basis, along with additional PFPD fire operations expenditures associated with these new CFS. This projection is based on PFPD's fire operations expenditures, not including salaries and benefits, per CFS that are budgeted for 2019, and assumes 1.50% annual inflation. The projected additional expenditures are compared only to incremental property tax revenues not allocated for eligible Project costs because the "base" revenues largely come from existing property of The Springs Resort & Spa included in the urban renewal area, which already generates CFS from PFPD.



# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

### Pagosa Fire Protection District - Additional Calls For Service (CFS) and Fire Operations Costs

		2022	2023	2024	2025	2026	2028	2030	2035	2040	2044	Total 2020-44
Total Projected Household Population:	1/	25.9	51.8	98.0	144.2	170.1	258.6	318.0	456.7	456.7	456.7	-
Total Annual New CFS (per capita basis):	2/	1.3	2.6	5.0	7.3	8.6	13.1	16.1	23.2	23.2	23.2	-
Additional Fire Operations Expenditures (per capita basis):	3/	\$759	\$1,541	\$2,957	\$4,416	\$5,287	\$8,280	\$10,489	\$16,230	\$17,485	\$18,558	\$279,040
New Incremental Property Tax Revenues Generated:	4/	\$52	\$3,605	\$3,806	\$4,443	\$5,259	\$13,100	\$15,134	\$18,330	\$19,050	\$19,588	\$326,646
Annual Surplus/Deficit (per capita basis):		(\$707)	\$2,064	\$849	\$27	(\$28)	\$4,820	\$4,645	\$2,100	\$1,565	\$1,030	\$47,606
Maximum Annual CFS Supported by Incremental Revenues:	4/	0.1	6.2	6.4	7.4	8.6	20.8	23.3	26.2	25.3	24.5	-
Percent of Projected CFS Supported:		7%	234%	129%	101%	99%	158%	144%	113%	109%	106%	-

1/ 2017 data for Town of Pagosa Springs from: U.S. Census Bureau, 2013-2017 American Community Survey (ACS).

2/ Based on estimated District population of 12,350 and 627 total CFS in 2018, from *Pagosa Fire Protection District Strategic Plan (Revised March 2019)*

3/ Based on 627 total CFS in 2018, and 2019 budgeted fire operations expenditures according to *PFPD Annual Budget For the Calendar Year 2019*.

4/ After capture of property tax increment.

At full buildout and residential occupancy in 2035, the Project is projected to generate, on a per-capita basis, 23.2 additional CFS from PFPD annually. These additional annual CFS in 2035 equate to one CFS every 15.7 days. Even though CFS projected on a per-capita basis will likely be somewhat low due to the Project's non-residential uses, the Project should not necessitate any additional full-time firefighters for PFPD to maintain its current level of service. The additional annual CFS from the Project should also not comprise sufficient workload for an additional volunteer firefighter, based on PFPD's performance objective for volunteers to respond to 10% of all alarms.

From 2020 to 2044, the total additional fire operations expenditures to serve the Project is projected to total about \$279,000, based on a per-capita CFS projection. It should be noted that projecting additional fire operations expenditures directly proportional to CFS likely overestimates actual expenditures. For example, some types of equipment, supplies, and maintenance expenditures will not be marginally impacted by each additional CFS. Almost \$327,000 in total incremental property tax revenues are projected to be realized by PFPD over this period. Therefore, the Project is projected to generate a net positive fiscal impact for PFPD when assuming a per-capita CFS projection. The maximum annual CFS supported by the total incremental property tax revenues flowing to PFPD, before incurring a negative fiscal impact, is projected to total 26.2 CFS in 2035, representing 113% of the new CFS projected on a per-capita basis. The actual maximum number of annual CFS supported before incurring a negative fiscal impact should likely be somewhat higher than this projected total, since some

# Urban Renewal Authority (URA) Discussion I.1.

## Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

fire operations expenditures should not be marginally impacted by each additional CFS.

Overall, PFPD should currently have sufficient staffing, stations, and fleet apparatus to serve the Project at the level of service defined by its performance objectives. The additional CFS associated with the Project may actually help PFPD’s volunteer firefighters to realize their goal annual volunteer workload. The new incremental PFPD property tax revenues generated by the Project should more than offset the additional expenditures to serve the Project when projecting additional annual CFS generation on a per-capita basis. The new incremental property tax revenues should also support the expenditures for at least some of the additional CFS that may occur because of the comparatively high density of workers, visitors, and patrons associated with the Project.

### **Southwestern Water Conservation District (SWCD)**

The following table summarizes the projected fiscal impacts to the Southwestern Water Conservation District (SWCD) from 2020 to 2044. SWCD is projected to realize a total of over \$102,900 in property tax revenues over this period, of which over \$76,500 are from the “base” property value, almost \$9,500 are from projected inflation in the “base” property value, and over \$16,900 are from new property tax increment not allocated for eligible Project costs. During the urban renewal period, SWCD is projected to realize total revenues of over \$102,900. After the urban renewal period, the total annual revenue to SWCD from the Project is projected to rise from \$4,896 in 2044 to \$14,023 in 2045.

#### **Summary of Fiscal Impacts to Southwestern Water Conservation District (SWCD)**

<b><u>SOUTHWESTERN WATER CONSERVATION DISTRICT (SWCD)</u></b>	<b>TOTAL</b>		<b>AFTER URA</b>
	<b>2020-2044</b>	<b>2044</b>	<b>2045</b>
<b>PROPERTY TAX REVENUE</b>			
U.R.A. SWCD Property Tax Not Captured by Increment - 0.407 mills:	\$ 102,909	\$ 4,896	\$ 14,023
"Base" 2019 Valuation	\$ 76,538	\$ 3,062	\$ 3,062
Inflation in "Base" Valuation	\$ 9,468	\$ 821	\$ 821
New Valuation Above Inflated "Base" Not Captured by Increment	\$ 16,906	\$ 1,014	\$ 10,140
<b>TOTAL PROPERTY TAX REVENUES</b>	<b>\$ 102,909</b>	<b>\$ 4,896</b>	<b>\$ 14,023</b>
<b>TOTAL REVENUES FOR SWCD</b>	<b>\$ 102,909</b>	<b>\$ 4,896</b>	<b>\$ 14,023</b>

Water education, via its Water Information Program, is an important part of SWCD’s operations. For example, SWCD has organized an Annual Children’s Water Festival for 24 year, and has organized an Annual Water Seminar for 37 years. SWCD may realize a

## Urban Renewal Authority (URA) Discussion I.1.

### Pagosa Springs Plaza URA – Projected Tax Increment, Economic & Fiscal Impacts

marginal increase in its educational program registration revenues from the additional residents, business establishments, and visitors associated with the Project. Furthermore, the Project's unique nature and location on the San Juan River could make it an interesting site to host some of SWCD's educational events. The unique utilization of geothermal and water at the heart Project could lead to interesting educational opportunities in line with SWCD's mission.

Additionally, SWCD offers a grant program to financially assist projects in the San Juan and Dolores River Basins that help carry out the statutory purposes of a water conservation district. The Project is not anticipated to develop any such projects that might qualify for SWCD's grant program, nor is the Project anticipated to necessitate any such projects. SWCD also matches funding, up to \$90,000, for cloud seeding conducted by its local partners, including the San Juan Water Conservancy District (SJWCD). If SJWCD increases its cloud seeding funding from its additional property tax revenues generated by the Project, then SWCD would experience a proportional increase in its cloud seeding matching funds. Similarly, SWCD matches funding for the Water Information Program made by its local partners, including SJWCD. For 2019, the San Juan Water Conservancy District has budgeted \$1,000 for cloud seeding and \$2,500 for the Water Information Program, which will be matched by SWCD.

Overall, the property tax revenues generated by the Project should be a net positive fiscal impact to SWCD. Any additional expenditures incurred by SWCD because of the Project should likely be minimal. The Project's location, and unique utilization of geothermal energy and water resources, could lead to further educational opportunities for the public via SWCD's informational programs.

# Urban Renewal Authority (URA) Discussion I.1.

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## Pagosa Springs Plaza URA – Taxing Entity Impact Summaries

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### Town of Pagosa Springs

- **Property Tax:** The Town is projected to realize a total of almost \$335,000 in property tax revenues over the 2020-2044 urban renewal period (See page 8 of Impact Report): about \$298,000 from the “base” property value, and about \$37,000 from projected inflation in the “base” property value.
- **Sales & Lodging Tax:** The Town is projected to realize a total of over \$9.5 million in new sales tax revenues during the urban renewal period, in addition to “base” sales and lodging tax revenue of \$7.4 million, for a total of \$16.9 million in sales and lodging tax revenues from the Project. The new sales tax revenue is anticipated to derive from off-site retail sales associated with the Project’s construction, ongoing on-site employment, and net new off-site tourism spending. (See pages 9 and 31 of Impact Report)
- **Fee Income:** The Town is projected to realize a total of approximately \$526,000 in fee income from the Project during the urban renewal period. (See page 30 of Impact Report)
- **Total Impact:** During the urban renewal period, the Town is projected to realize new tax and fee revenue of over \$10 million, and total revenues of almost \$17.84 million (new and existing tax revenue) from the Project. (See page 30 of Impact Report)
- **After the urban renewal period, total annual tax revenue to the Town of Pagosa Springs from the Project is projected to be \$2,496,607. That amount is equivalent to about 25% of the Town’s 2019 revenue budget of \$9,717,726.** (See page 31 of Impact Report)

# Urban Renewal Authority (URA) Discussion I.1.

## DRAFT - HOT SPRINGS BLVD URA CONDITIONS SURVEY - DRAFT

### 1.0 INTRODUCTION AND LEGAL BACKGROUND

Urban renewal is frequently identified as a slum clearance program operating in large cities and not in places like Colorado. However, the Colorado Urban Renewal Law, §§ 31-25-101 through 116, C.R.S. (the “Act”), has been in effect since 1958 and the program has evolved from mostly large federally funded projects to local projects of varying size financed with tax increment (“TIF”) revenues. According to the Department of Local Affairs, there are urban renewal authorities (“URAs”) in 61 Colorado municipalities (one URA may be formed per municipality).

Because there are few slum areas in Colorado, most, if not all, findings related to organizing URAs and approving urban renewal plans rely on meeting the requirements, findings, and declarations contained in the definition of “blighted area” in § 31-25-103 (2), C.R.S.

Not every property in a blighted area must be blighted for the area to qualify as an urban renewal area under the Act. It is the condition of the areas as a whole and not each individual property that is determinative. It is also worth noting that undeveloped or open lands can qualify as a blighted area under the Act. These are areas that are undeveloped and lack buildings, streets, utilities or other site improvements whether platted or not.

A blighted area means an area that, in its present condition and use, contains at least four of the following factors (or five in the unlikely event that eminent domain is approved by the municipal governing body as part of an urban renewal plan). Eminent domain will not be authorized as part of the URA contemplated herein.

There are two provisions that help smaller areas to qualify for urban renewal treatment. First, a condition that qualifies under one of the factors may be found to be blighted if there is no objection by the owners or tenants of the area surveyed. Second, the Act permits any particular condition found to be present may satisfy as many of the factors in § 31-25-103 (2), C.R.S., as are applicable to each condition. For example, the presence of vacant buildings included in a list of deteriorated structures may also pose a danger by fire. They would also qualify separately as an unsafe condition.

The following list of statutory factors is from the definition of “blighted area” in § 31-25-103(2), C.R.S. The subparagraphs are lettered as they are in the statute and contain examples of conditions evidencing blight. The examples are not a complete list, but merely illustrate conditions that qualify under each statutory category or factor. As noted, some conditions fit multiple categories.

(a) Slum, deteriorated, or deteriorating structures. It is the process of deterioration or the existence of substandard structures that constitutes blight. Included are conditions evidenced by an exterior inspection such items as roof damage, broken windows, vacant buildings,

## Urban Renewal Authority (URA) Discussion I.1.

damaged or deteriorated siding or exterior walls. Lack of code required life safety facilities such as sprinkler systems, ADA requirements, defective electrical wiring, and presence of hazardous substances such as asbestos are also conditions that qualify. Under this factor, the emphasis is upon the condition of structures in the area as a whole and not each individual building or structure.

(b) Predominance of defective or inadequate street layout. This factor includes such conditions as lack of streets; inadequate street widths; dead ends; deterioration of existing streets; poor provisions or unsafe conditions for the flow of traffic, including pedestrians and bicycles; traffic congestion; inadequate emergency vehicle access; missing, obsolete and impractical street layout; or inadequate facilities for traffic flow or movement through the area.

(c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness. Included in this condition are long, narrow or irregularly sized properties, fractional lots, obsolete and impractical lot layout; and configurations resulting in unproductive and underutilization of the land.

(d) Unsanitary or unsafe conditions. Elements of this factor may include the existence of a floodplain or flood prone area; dangerous traffic or pedestrian conditions; inadequate storm drainage systems; poor fire protection facilities; high or unusual crime statistics; above average incidences of public safety responses; inadequate utility systems; lack of water or sanitary sewer systems; or existence of contaminants or hazardous materials or conditions on the ground or in buildings.

(e) Deterioration of site or other improvements. Elements of this factor may include deteriorated or obsolete streets, sidewalks, alleyways or other public infrastructure; damaged or missing public utilities; and some of the conditions listed in factors (b) and (d).

(f) Unusual topography or inadequate public improvements or utilities. Severe and significant slopes making use of property difficult, very expensive, or impractical may be included in this factor; and some conditions listed under (b), (d) and (e) involving public improvements or utilities may also apply to this factor.

(g) Defective or unusual conditions of title rendering the title unmarketable. This factor includes diversity and multiplicity of ownership making assemblage of land or redevelopment of a site difficult or impossible; title covenants or restrictions that inhibit or prevent redevelopment; and title problems such as the interruption of the chain of ownership or tracing of the ownership of the property.

(h) The existence of conditions that endanger life or property by fire or other causes. Factors such as buildings or property not in compliance with fire codes, building codes or environmental regulations (asbestos or soil contamination), flood hazards, and conditions found in other factors (such as unsanitary or unsafe conditions) may also apply here.

# Urban Renewal Authority (URA) Discussion I.1.

(i) Buildings that are unsafe or unhealthy for persons to live or work in because of building code violations, dilapidation, deterioration, defective design, physical construction, or faulty or inadequate facilities. Some of the factors listed in (a), (d), (e) and (h) may also apply here.

(j) Environmental contamination of buildings or property. Aspects of the site qualifying as blight under (d) or (h) may also qualify here.

(k.5) The existence of health, safety, or welfare factors requiring high levels of municipal services or substantial physical underutilization or vacancy of sites, buildings, or other improvements. Many of the conditions listed above can also apply here. In addition, evidence of higher than normal fire and other public service calls can be listed as well as the presence of numerous vacant buildings (regardless of physical condition). Open land and predominantly open lands also qualify under this category.

(l) If there is no objection by the property owner(s) and tenants of such owner(s), if any, to the inclusion of such property in an urban renewal area, "blighted area" also means an area that, in its present condition and use, and by reason of the presence of any one of the blight factors, substantially impairs or arrests the sound growth of the city, retards the provision of housing accommodations, or constitutes an economic or social liability, and is a menace to the public health, safety, morals or welfare.

When it added factor (k.5) in 2005, the Colorado General Assembly deleted a previous factor that read "inadequate public improvements or facilities" and combined it with "unusual topography." Thus, the absence of public improvements or facilities alone may not constitute a factor that can contribute to a finding of blight. No court has ruled on whether use of the disjunctive "or" makes unusual topography and inadequate public improvements separate factors. However, as stated above, if there is no objection by a property owner and any tenants, only one of the factors (a) through (k.5) is necessary to qualify as a blighted area.

## 2.0 SURVEY RESULTS

This Conditions Survey was conducted in the area (the "Survey Area") described in Exhibit A and depicted in Exhibit B, both of which are attached to and made a part of this Conditions Survey. The Survey Area includes approximately 11 separate parcels of land covering approximately 45 acres and the adjoining Hot Springs Boulevard right of way from its intersection with US Highway 160 to Apache Street.

Although the Survey Area contains seven buildings, they are not considered deteriorated or deteriorating to qualify under that factor of the statutory definition of blighted area. Most of the area, approximately 27 acres, is predominantly open land, some of which is in the 100-year flood plain and flood way as defined by the Federal Emergency Management Agency ("FEMA"). The threat of flooding is identified in the Comprehensive Plan Update 2017 as the most significant natural hazard in the Town. The river is also a valuable amenity that benefits the community and the surrounding region and development in the area should enhance its use and protect its banks

# Urban Renewal Authority (URA) Discussion I.1.

while providing a free and clear flood way. There are some topographical challenges to development of the open land area.

The large open land portion of the Survey Area lacks streets, utilities, has areas where dumping has occurred in the past. There are unusual conditions that are dangerous from discharge of scalding mineral water from hot springs and caverns that are known to exist below the surface of the undeveloped land.

The following conditions that are evidence of a blighted area as defined in the Act were found to be present in the Survey Area.

## 2.1 Predominance of Defective or Inadequate Street Layout

Much of the Survey Area lacks streets and related improvements such as curbs, gutter, and sidewalks. Vehicle and pedestrian ingress and egress and circulation through much of the Survey Area are not presently possible. There is a general lack of adequate access to the large open area between Hot Springs Boulevard and the river. Hot Springs Boulevard needs vehicular and pedestrian improvements to meet current and future demand in the Survey Area, including improvements to the bridge over the San Juan River that will become functionally deficient due to the proposed development and additional development activities on Hot Springs Blvd. . Additional roadways and related infrastructure will be required to develop the Study Area as required by Town code.

## 2.2 Faulty Lot Layout in Relation to Size, Adequacy, Accessibility, or Usefulness

Faulty lot layout is often the result of access problems and inadequate streets. The Survey Area includes a large undeveloped parcel containing 27 acres. Redevelopment of that parcel will require platting into parcels conducive to proposed uses as well as mitigation of site problems caused by flood danger, dumping sites, topographical challenges, and vehicular and pedestrian access.

## 2.3 Unsanitary or Unsafe Conditions.

As shown on Exhibit C, the northerly and westerly borders of the Survey Area are in the 100-year flood plain and floodway area. Such areas are designated by FEMA as Areas of Special Flood Hazard. These problems in the Survey Area qualify as an unsafe condition under the Act. Exhibit D shows the location of natural hot springs that emit scalding water. There is evidence of materials dumping in parts of the Survey Area. There is no public lighting in much of the area. These conditions constitute both unsanitary and unsafe conditions in the Survey Area.

## 2.4 Deterioration of Site or Other Improvements.

The bridge on Hot Springs Boulevard will become functionally deficient due to the proposed development and the additional development expected along Hot Springs Blvd. Some areas along Hot Springs Boulevard have deficient or non-existent sidewalks, curb, gutter and storm drainage facilities. Vehicular and pedestrian access and interior infrastructure is deficient or lacking in capacity to serve expected development. Roadways lack sufficient width to safely support joint use by automobiles and bicycles. The entire Survey Area is deficient in lighting required by modern safety codes.



# Urban Renewal Authority (URA) Discussion I.1.

## 2.5 Unusual Topography or Inadequate Public Improvements or Utilities.

Topographical problems exist in the Survey Area because of the change in elevation from existing public streets to the San Juan River. The large undeveloped portion of the Survey Area lacks the internal street, sidewalk, and access improvements necessary to serve any proposed development. There are no adequate water, gas and sewer utilities to serve development of the Survey Area as contemplated by the Comprehensive Plan. The same is true of electric service needed to serve potential commercial uses with infrastructure necessary to meet electrical demands of current technology and appliances. The Survey Area qualifies under both factors listed in this subsection of the Act.

## 2.6 The Existence of Conditions that Endanger Life or Property by Fire or Other Causes.

Section 107(1)(c)(I) of the Act states that any particular condition found to be present may satisfy as many of the factors listed in the definition of blighted area as are applicable to such condition. Applying this provision, the dangers posed by the potential for flooding, and scalding hot springs, in the area constitute conditions that endanger life and property.

## 2.7 The Existence of Health, Safety, or Welfare Factors Requiring High Levels of Municipal Services or Substantial Physical Underutilization or Vacancy of Sites, Buildings, or Other Improvements.

While the Survey Area lacks deteriorated buildings, the barriers to development evidenced by dangerous conditions, inadequate streets, utilities, and other infrastructure, site deterioration, traffic and access problems all contribute to substantial underutilization of the Survey Area. The conditions listed above in Sections 2.1 through 2.6 also qualify under this factor as authorized by § 107(1)(c)(I) of the Act.

Because the Survey Area contains an area of predominantly open land there is substantial physical underutilization of the area, requiring a significant planning and financial commitment from public and private sources to correct.

### **3.0 SUMMARY**

The Conditions Survey shows that seven of a possible eleven factors listed in the Act are present in the Survey Area. This documentation will support the designation of the Area as a “blighted area” if the Town Council elects to designate it as an urban renewal area under the Act.