

CVI FUNDING & COSTCO INFRASTRUCTURE INCENTIVE AGREEMENT

AUGUST 11, 2022



LOCATION

Dawson Trails – planned location of future Costco Warehouse facilities – encompasses roughly 2,000 acres located west of Interstate 25, primarily south of Territorial Road and one mile north of Tomah Road



OVERVIEW

DAWSON TRAILS

Annexed November 1984

Original zoning allowed 7,900 dwelling units and 17.5 million square feet of commercial, office and retail uses

Proposed plan downzones allowed development to 5,850 dwelling units and roughly 3.2 million square feet of commercial, office and retail uses

Upcoming public meetings:

- Planning Commission – August 11, 2022
- Town Council – August 16, 2022
- Town Council – September 6, 2022



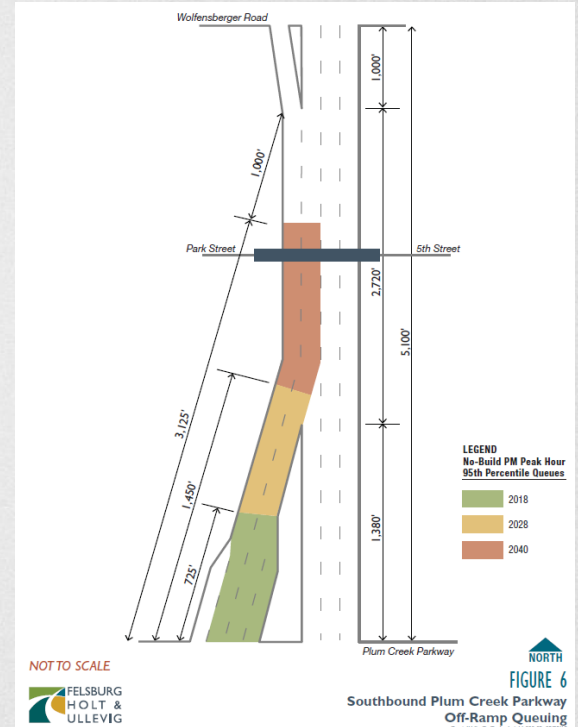
CVI INTERCHANGE NEED

ENGINEER'S 2018 PEAK HOUR ANALYSIS

Based on still-relevant growth projections, the 2018 analysis shows that southbound traffic at the current Plum Creek Parkway/I-25 Interchange will queue nearly onto the interstate by 2028

By 2040, offramp traffic will backup onto I-25, past the 5th Street/Park Street bridge

The Crystal Valley Interchange is the Town's top infrastructure priority – essential to mitigating current and future traffic congestion



OVERVIEW

CRYSTAL VALLEY INTERCHANGE

Current project estimate: \$118M

Town funding (incl. grant): \$25M

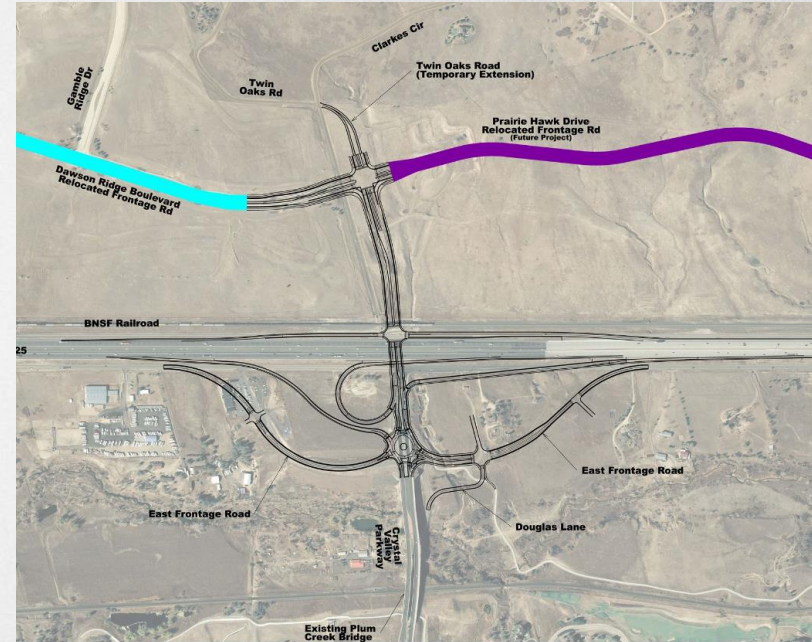
County funding: \$25M

Dawson Trails Metro Dist: \$50M

Total: \$100M

Remaining \$18M from Town, County, grants and recoupment* from future development in the interchange area

*If grants and/or project contributions from CDOT or Railroads are and/or recoupment received, the net savings goes toward the \$18,000,000 first, and then split 50/50 between the Town/County and Metro District



Crystal Valley Interchange Project

OVERVIEW

COSTCO INFRASTRUCTURE

Dawson Trails Metro District to construct infrastructure to provide “shovel ready” site for Costco development

Costco is a significant sales tax generator to support Town services including public safety (Police/Fire), roads and recreation

Anchor that will bring other sales tax producing retailers into the area

Incentive packages are common practice to attract large retailers



COSTCO OVERVIEW

COSTCO

As of December 31, 2021:

- 828 locations (globally)
- 572 locations in the United States and Puerto Rico
- 14 locations in Colorado – Arvada, Aurora, Colorado Springs (2), Denver, Gypsum, Littleton (2), Parker, Sheridan, Superior, Thornton, Timnath and Westminster

INCENTIVE EXAMPLES

Longmont, CO (2022)

\$10,861,534

Timnath, CO (2014)

\$10,000,000

Parker, CO (2007)

\$8,000,000

Georgetown, TX (2019)

\$4,400,000

Kyle, TX (2021)

\$5,100,000 + \$2,500,000 in county support

COSTCO - CASTLE ROCK

PROJECT

The Castle Rock Costco location is proposed to include the building plus a fuel station totaling **~158,000 square feet**

FEES

Based on 2022 fees, Town development costs to construct the Costco are total **~\$1.6 million** including impact fees, system development fees, use tax and other permitting costs

CONSTRUCTION OVERVIEW & TIMING

Infrastructure for the Castle Rock Costco location would be constructed by the Dawson Trails Metro District

Dawson Trails Metro District and developer to provide land that is ready for development to Costco

Infrastructure and Costco facility construction planned to be concurrent with Crystal Valley Interchange

Goal is for Costco to open to the public when the Crystal Valley Interchange construction is complete

INCENTIVE OVERVIEW

PROPOSED INCENTIVE

\$10 million to Dawson Trails Metro District to construct necessary infrastructure for Costco and fuel center

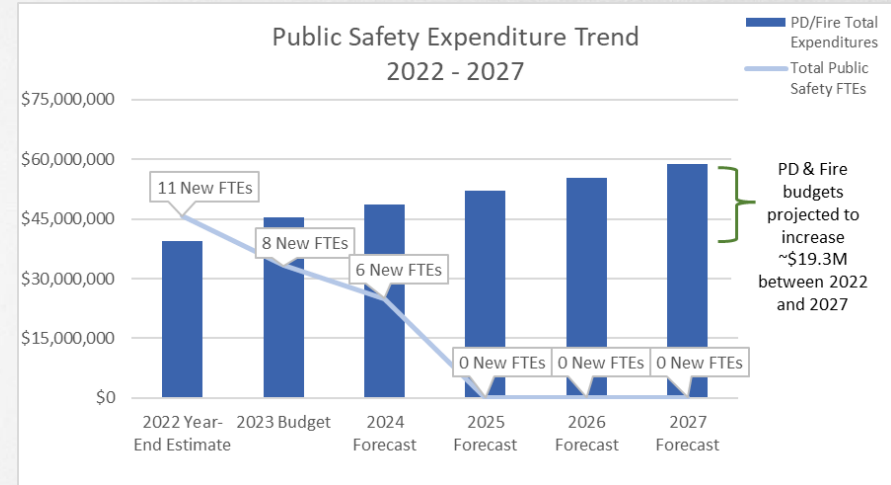
- \$3.5 million up front from Economic Development Fund (Commercial Use Tax)
- \$6.5 million from 33.33% sales tax shareback based on actual Costco sales after opening
 - Shareback anticipated to be fulfilled after the first 2-3 years of Costco operations

Town collected revenue during shareback period expected to be ~\$4 million per year supporting General Fund, Transportation Fund and Community Fund services – Town revenue expected to increase to more than \$6 million/year following fulfillment of the shareback

TOWN NEEDS

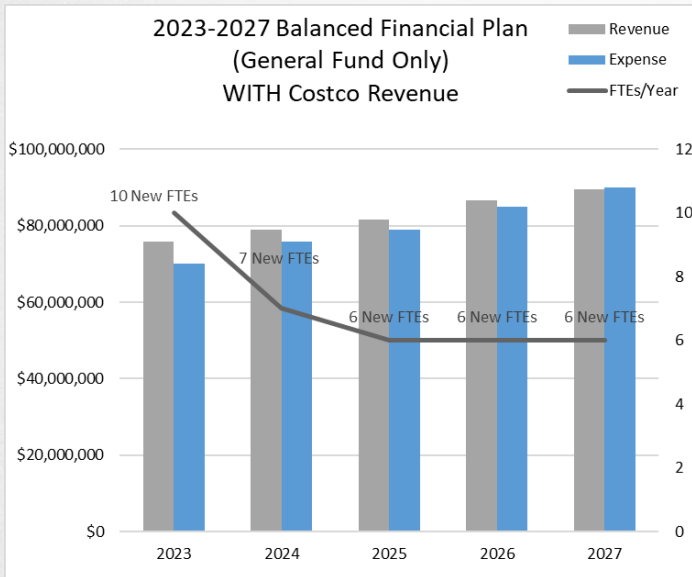
Without Costco revenue, General Fund sales tax collections are projected to grow \$13.8 million between 2022 and 2027

Police and Fire expenditures increase \$19.3 million during the same period, with no new public safety personnel added after 2024



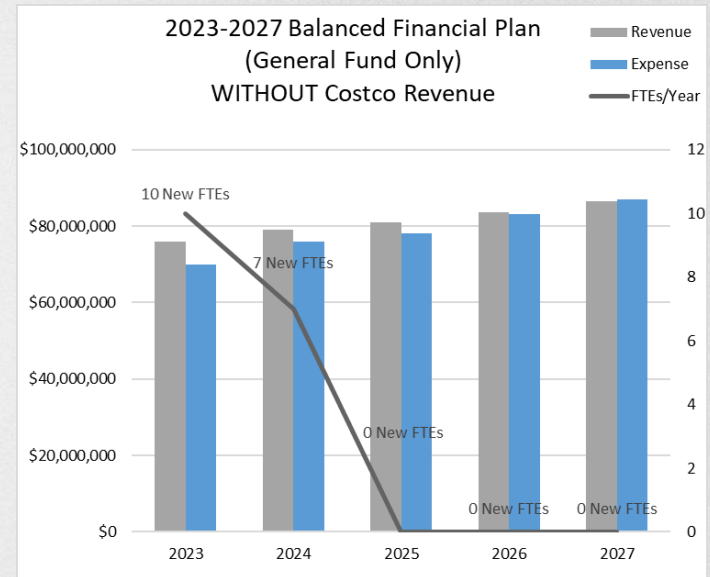
	2022	2027	Difference
Police	\$20,132,427	\$29,539,813	\$9,407,386
Fire	\$19,282,271	\$29,181,712	\$9,899,441

TOWN FINANCIAL PLAN



With projected Costco revenue, Town can hire 32 Public Safety and 3 General Gov't FTEs in 2023-2027 balanced financial plan

FTEs With Costco	FTEs W/O Costco
2023 DoIT (1) Town Atty (1) PD (4) Fire (4)	2023 DoIT (1) Town Atty (1) PD (4) Fire (4)
2024 Facilities (1) PD (3) Fire (3)	2024 Facilities (1) PD (3) Fire (3)
2025 PD (3) Fire (3)	2025 -
2026 PD (3) Fire (3)	2026 -
2027 PD (3) Fire (3)	2027 -



Without projected Costco revenue, Town will reduce hiring plan by 18 Public Safety FTEs to balance the 2023-2027 financial plan



QUESTIONS?