

PUBLIC HEARING

# CVI FUNDING & COSTCO INFRASTRUCTURE INCENTIVE AGREEMENT

DAVID L. CORLISS, TOWN MANAGER  
AUGUST 16, 2022 TOWN COUNCIL MEETING



# 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 5<sup>th</sup> Street/Park Street bridge

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



# Castle Rock sheds pit stop image

6.23.85/E Castle Rock, Colorado

By Lou Chapman  
Denver Post Real Estate Writer

For years, people thought of Castle Rock as a tourist stop with a gas station on the way out of town, says John Reardon of the Douglas County Economic Development Council.

That, however, was before the clockwise expansion of Denver met the counterclockwise growth of Colorado Springs at an equidistant point: Castle Rock.

Today, the plans of four residential developers in Castle Rock could take the 1980 pit stop of 3,000 acres and 3,800 people and in the next 20 years turn it into a Front Range municipality sprawled over 17,000 acres with more than 115,000 residents.

The amazing thing about Castle Rock is how the dizzying residential boom occurred in such a short time, and how the planning, organization and huge corporations behind the boom collided.

Castle Rock has four "cities within a city," each in various stages of design or construction, and each planned to encompass housing, shopping and office space.

Houses in Plum Creek, south of old Castle Rock, have been going up since late 1983; Plum Creek South is expected to begin construction within two years; the Vil-

lages at Castle Rock has completed model homes east and north of what is now called Old Town; Dawson Ridge (formerly Castle Rock Ranch) is beginning its roadwork southwest of old Castle Rock; and The Meadows, northwest of the center of town, expects to break ground this fall.

"And if anyone were to say all this happened overnight," said Reardon, Council chief executive officer, "they wouldn't be wrong."

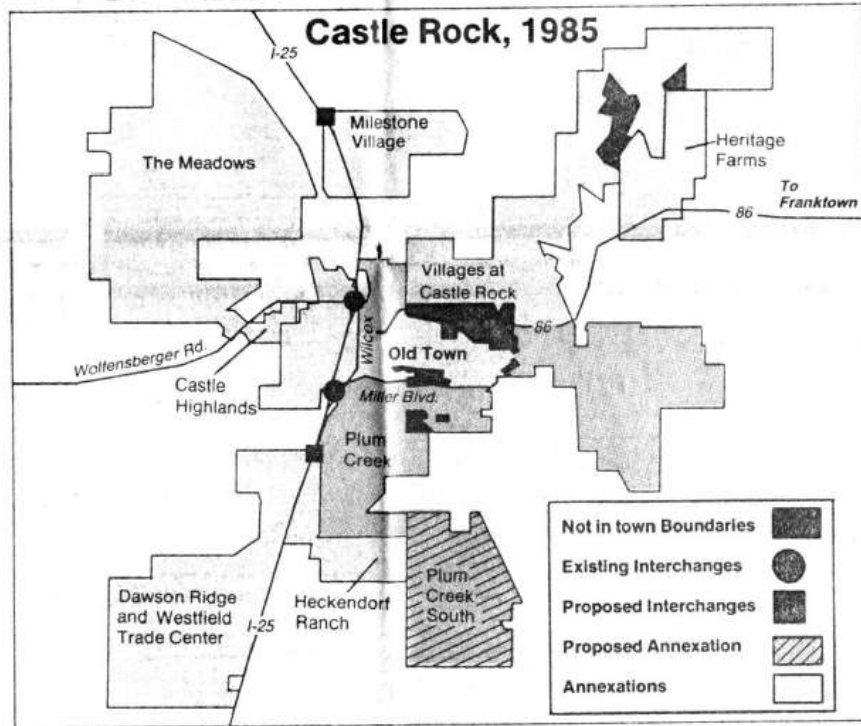
The first major tract of land was annexed into Castle Rock in 1973. The area is now Plum Creek, a 2,200-acre development by Environmental Design Inc.

The annexation was made out of fear of pending state legislation that could have limited Castle Rock's ability to annex land later, said Joe Knopinski, city administrator.

In 1976, Castle North, a small subdivision to the east of Old Town, was developed.

But the big kid on the block, Park Funding Corp., surfaced in 1980. In 1981 it annexed 3,600 acres into Castle Rock.

One apocryphal story has it that in the late 1970s, Ken Ash met developer David Feinberg by coincidence in a local bar and pegged Castle Rock for future residential



The Denver Post / Bruce Gaut

Please see BOOM on 10-E

Development is under way in Plum Creek, Founders Village and The Woodlands. Stories below.



# 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

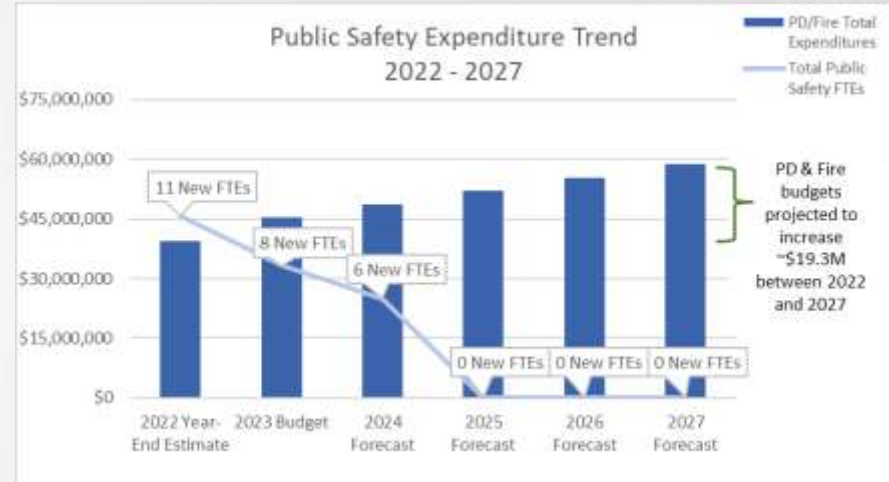
- \$3.5 million up front from Economic Development Fund (Commercial Use Tax)
- \$6.5 million from 33.33% sales tax shareback based on actual Costco sales after opening
  - Shareback anticipated to be fulfilled after the first 2-3 years of Costco operations

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

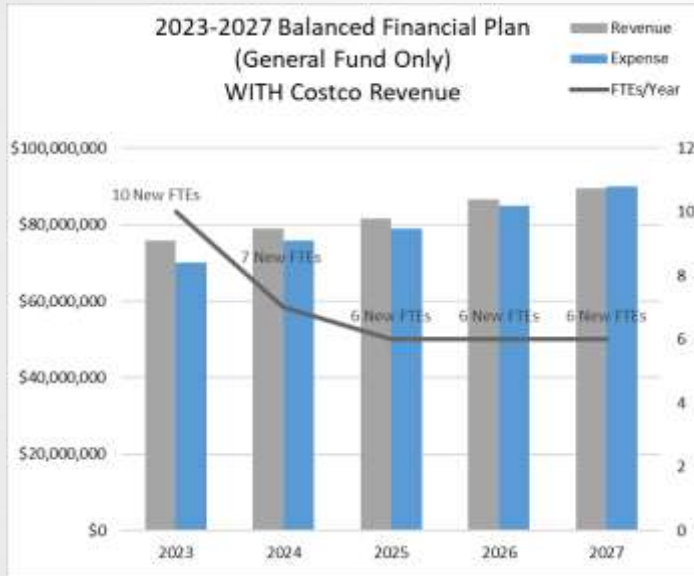
Without Costco revenue, General Fund sales tax collections are projected to grow \$13.8 million between 2022 and 2027

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



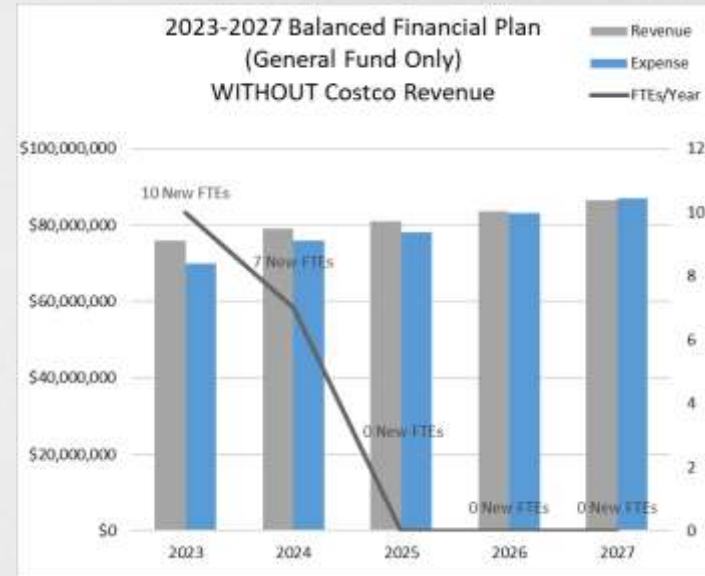
	2022	2027	Difference
Police	\$20,132,427	\$29,539,813	\$9,407,386
Fire	\$19,282,271	\$29,181,712	\$9,899,441

# 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
<b>2023</b> DoIT (1) Town Atty (1) PD (4) Fire (4)	<b>2023</b> DoIT (1) Town Atty (1) PD (4) Fire (4)
<b>2024</b> Facilities (1) PD (3) Fire (3)	<b>2024</b> Facilities (1) PD (3) Fire (3)
<b>2025</b> PD (3) Fire (3)	<b>2025</b> -
<b>2026</b> PD (3) Fire (3)	<b>2026</b> -
<b>2027</b> PD (3) Fire (3)	<b>2027</b> -



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



# QUESTIONS?



# PROPOSED MOTION

*"I move to approve the ordinance as introduced by title, on first reading."*

ALTERNATE MOTIONS:

*"I move to approve the ordinance as introduced by title, with the following conditions:  
(list conditions)."*

*"I move to continue this item to the Town Council meeting on (date) to allow additional time to  
(list information needed)."*