

Final Report

Alexander Way Fiscal Impact Analysis

The Economics of Land Use



Prepared for:
Town of Castle Rock

Prepared by:
Economic & Planning Systems, Inc.

*Economic & Planning Systems, Inc.
730 17th Street, Suite 630
Denver, CO 80202-3511
303 623 3557 tel
303 623 9049 fax*

*Denver
Los Angeles
Oakland
Sacramento*

www.epsys.com

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1. Introduction and Summary of Findings

This report summarizes the analysis and conclusions of Economic & Planning Systems (EPS) regarding the fiscal impacts of the proposed Alexander Way development (Alexander Way) on the Town of Castle Rock, Colorado. The applicants, Tierra Investors and Alexander 445 LLC (Developer) are proposing to annex the property into the Town of Castle Rock and zone the property as a Planned Development Plan. The Alexander Way property consists of approximately 78 acres and is located east of the Silver Heights subdivision in unincorporated Douglas County, north of the Brewer Court and Alexander Place intersection, and west of the Diamond Ridge Estates neighborhood, as shown in **Figure 1**.

Figure 1. Alexander Way Vicinity Map



The proposed development plan includes 55 custom single family detached units and 22 duplexes, which are envisioned as live/work units, as shown in **Figure 2**. The project is also planned to provide 30 acres of open space.

Figure 2. Alexander Way Conceptual Site Plan



Scope of Work

The findings of the analysis are presented in three sections following this Introduction and Summary of Findings as follows:

- **Fiscal Impact Model Key Assumptions** – This section describes the proposed development program by phase, detailing market inputs including estimated annual absorption and sales and lease values.
- **Fiscal Model Assumptions** – This section describes the financial model developed by EPS to estimate the fiscal impacts of the proposed development on the Town of Castle Rock. The model was developed using the Town’s 2022 adopted budget to identify the major revenues, expenditures, and trends. The model inputs include revenue and expenditure factors by land use category.
- **Fiscal Impacts** – This section provides a summary of the estimated annual revenues, expenditures, and net fiscal impacts of the proposed development program in total.

Summary of Findings

- 1. *The proposed Alexander Way development is anticipated to generate sufficient annual revenues to pay for expected operating costs for the Town at full buildout.***

The estimated net fiscal impact of the project is a positive \$113,813 per year at buildout for the three major Town funds combined (General Fund at \$89,645, Transportation Fund at \$23,426, and Community Center Fund at \$742).

- 2. *At full stabilization, retail sales tax is estimated as the highest ongoing revenue source from the project.***

Retail sales tax collected from future transactions by residents in the development are anticipated to total approximately \$166,943. Additional ongoing revenue sources include property tax collected by the Town, property tax remitted by a metro district, and other revenue sources (i.e., licenses & permits, fines & forfeitures, etc.) at \$99,184 per year. Total ongoing revenues associated with the project total an estimated \$266,128 per year.

- 3. *At full stabilization, the highest ongoing expenditures from the project are associated with providing police and fire services.***

Police and fire expenditures, which are estimated using the service population nexus factor and categorized as a general expenditure, are expected to total an estimated \$73,547 annually. Expenditures related to other departments (i.e., Town Council, Town Manager, etc.) are estimated to total approximately \$78,768. Total ongoing expenditures from the project are estimated at \$152,315.

- 4. *It should be noted that based on the level of data available, a fiscal impact analysis provides an order of magnitude estimate of project revenues and expenses based on the current Town budget.***

Based on the planning level assumptions used in fiscal impact analysis, this level of positive revenues can be considered approximately net neutral. The aggregate fiscal impacts could be lower if the estimated household incomes are lower than estimated or if the household sizes are larger, resulting in higher service level costs to the Town. The objective of the analysis is not to forecast a precise level of cost and revenues, but rather to determine if the project is estimated to generate sufficient revenues to cover the costs of providing Town services, and in order to not cause an unreasonable cost burden to the Town government and to the Town's existing residents, businesses, and taxpayers.

As with any fiscal projection, there is a margin of error associated with estimating future costs and revenues based on the Town's current budget. To the extent that the Town is providing services at a level below desired levels based on budget constraints, the analysis may underrepresent the future costs of providing services to the project.

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2. Fiscal Impact Model Key Assumptions

This section of the report summarizes the proposed development program and absorption by land use category. Additionally, key assumptions related to the development's market value and estimated household income are detailed.

Development Program

Residential Development Program

Alexander Way is proposed to contain a total of 77 for-sale housing units including 55 single family detached units and 22 duplex units, as shown in **Table 1**. The single family detached units are anticipated to absorb over a period of nine years beginning in 2025, while the duplex units are anticipated to absorb over a period of five years. The development does not contain any commercial space.

Table 1. Development Program

Type	Total	2025	2026	2027	2028	2029	2030	2031	2032	2033
Residential Development (Units)										
Single Family Detached	55	7	7	7	7	7	5	5	5	5
Duplex	22	5	5	5	5	2	0	0	0	0
Total/Average	77	12	12	12	12	9	5	5	5	5

Source: Developer; Economic & Planning Systems

Key Assumptions

Development Value

Key valuation assumptions for the development, used as inputs to the fiscal impact analysis, are summarized in **Table 2**. Based on sales and construction values, the project is estimated to have a nominal total market value of \$165.0 million at buildout in 2033.

Table 2. Alexander Way Property Valuation

Description	Factor	Total Value
Residential Development Value		
Single Family Detached	\$2.5M per unit	\$137.5M
Duplex	\$1.25M per unit	\$27.5M
Total/Average	\$2.1M per unit	\$165.0M

Source: Developer; Economic & Planning Systems

To underpin the Developer’s assumptions related to the value of each product type, EPS compiled data on comparable projects in Castle Rock, as shown in **Table 3**. Comparable projects include Sapphire Pointe, Piñon Soleil, and Copper Blush. Each project was selected based on characteristics such as lot size, home size, geographic attributes, and age.

Table 3. Comparable Projects

Description	City	Development	Year Built	Year Sold	Home Sq. Ft.	Lot Acreage	Sale Price (Total)	Sale Price (PSF)
Single Family Detached								
7460 Sapphire Pointe Blvd	Castle Rock	Sapphire Pointe	2019	2020	3,074	1.11	\$2,766,685	\$900
7478 Sapphire Pointe Blvd	Castle Rock	Sapphire Pointe	2020	2021	2,934	1.07	\$2,435,000	\$830
7460 Sapphire Pointe Blvd	Castle Rock	Sapphire Pointe	2019	2021	3,074	1.11	\$3,100,000	\$1,008
7436 Sapphire Pointe Blvd	Castle Rock	Sapphire Pointe	2020	2021	2,822	0.71	\$2,320,000	\$822
1803 Avenida Del Sol	Castle Rock	Piñon Soleil	2018	2021	3,748	1.01	\$1,470,000	\$392
2178 Sierra Verde Ct	Castle Rock	Piñon Soleil	2017	2020	5,778	1.00	\$3,000,000	\$519
1764 Via Los Pinon	Castle Rock	Piñon Soleil	2020	2020	6,858	1.00	\$4,050,000	\$591
2163 Sierra Verde Ct	Castle Rock	Piñon Soleil	2018	2020	2,938	0.90	\$1,670,000	\$568
2198 Avenida Del Sol	Castle Rock	Piñon Soleil	N/A	2018	6,222	1.00	\$2,540,000	\$408
4705 Mira Del Sol Ct	Castle Rock	Piñon Soleil	2019	2019	3,678	0.99	\$1,675,000	\$455
Average					4,113	0.99	\$2,502,669	\$649
Duplex								
5189 Copper Blush Ct	Castle Rock	Copper Blush	2020	2020	1,592	0.10	\$852,005	\$535
5187 Copper Blush Ct	Castle Rock	Copper Blush	2020	2020	1,611	0.10	\$846,223	\$525
5188 Copper Blush Ct	Castle Rock	Copper Blush	2020	2021	1,611	0.10	\$875,000	\$543
5186 Copper Blush Ct	Castle Rock	Copper Blush	2020	2021	1,592	0.10	\$893,000	\$561
Average					1,602	0.10	\$866,557	\$541

Source: Zonda; Economic & Planning Systems

Comparable single family detached homes ranged from 2,822 to 6,858 square feet, averaging 4,113 square feet. The homes sold for an average price of \$2.5 million or \$649 per square foot. At the future Alexander Way development, the Developer has indicated that homes will average 5,000 square feet with an average sale price of \$2.5 million or \$500 per square foot.

Comparable duplexes averaged 1,602 square feet and sold for an average price of \$866,557 or \$541 per square foot. At the proposed Alexander Way development, the Developer has indicated that duplexes will be considerably larger, averaging 3,000 square feet per unit, with an average sales price of \$1.25 million or \$417 per square foot.

Based on the comparable projects located elsewhere in Castle Rock, EPS considers the Developer’s assumptions on pricing to be feasible.

A selected sample of recently built single family and duplex homes located in Castle Rock are profiled below.



7460 Sapphire Pointe Blvd

Sapphire Pointe
Single Family Detached

Home Size: 3,074 sq. ft.

Lot Size: 1.11 acres

Year Built: 2019

Sale Price: \$3.1 million



7436 Sapphire Pointe Blvd

Sapphire Pointe
Single Family Detached

Home Size: 2,822 sq. ft.

Lot Size: 0.71 acres

Year Built: 2020

Sale Price: \$2.3 million



1803 Avenida Del Sol

Piñon Soleil
Single Family Detached

Home Size: 3,748 sq. ft.

Lot Size: 1.01 acres

Year Built: 2018

Sale Price: \$1.5 million



1764 Via Los Pinon

Piñon Soleil
Single Family Detached

Home Size: 6,858 sq. ft.

Lot Size: 1.0 acres

Year Built: 2020

Sale Price: \$4.1 million



5188 Copper Blush Ct

Copper Blush
Duplex

Home Size: 1,611 sq. ft.

Lot Size: 0.10 acres

Year Built: 2020

Sale Price: \$875,000

Source: Zonda; Zillow; Economic & Planning Systems

Household Income

The Town of Castle Rock, like most Colorado municipalities, is very dependent on retail sales taxes. Sales taxes currently account for two-thirds of General Fund revenues. While the development is not anticipated to include any retail space, the project will generate new sales tax revenues from retail expenditures made by residents of the new housing units.

EPS estimates resident retail spending as a percent of average household income. Household income is estimated based on the sales price of the homes in the project and assuming 30 percent of income is needed to pay for housing costs. For the Alexander Way development, household income is an estimated \$575,000 for the single family detached units and \$285,000 for the duplex units, which equates to a weighted average of \$492,000. The project at buildout is estimated to have total personal income (TPI) of \$37.9 million, with \$3.9 million estimated to be spent on retail purchases within the town or online, as shown in **Table 4**. The portion of retail sales tax accrued to the Town is estimated in the next section of the report.

Table 4. Retail Total Personal Income (TPI)

Description	Total
Household Income	
New Households	77
Average HH Income	\$492,000
Total Personal Income	\$37,884,000
Household Spending Pattern	
% Retail Spending	14.6%
Total Retail Spending	\$5,545,449
Local Capture (% of Spending)	70%
Local Spending	\$3,882,404

Source: Developer; Economic & Planning Systems

Using data from the Bureau of Labor Statistics Consumer Expenditure Survey, the percent of income spent on retail purchases (irrespective of location) is shown by income range in **Table 5**.

Table 5. Household Retail Expenditure Assumptions

Household Income Range	Average HH Income	Total Spent on Retail	% Total Spent on Retail
\$30,000 - \$39,999	\$34,780	\$14,523	41.8%
\$40,000 - \$49,000	\$44,683	\$16,408	36.7%
\$50,000 - \$69,999	\$59,210	\$18,398	31.1%
\$70,000 - \$99,999	\$83,658	\$22,371	26.7%
\$100,000 - \$149,999	\$121,162	\$27,159	22.4%
\$150,000 - \$199,999	\$171,570	\$33,371	19.5%
\$200,000 or greater	\$316,328	\$46,304	14.6%

Source: Bureau of Labor Statistics; Consumer Expenditure Survey 2021; Economic & Planning Systems

EPS estimates Castle Rock stores will capture approximately 70.0 percent of household retail spending in stores within town limits (or on internet sales subject to Town taxes), as shown in **Table 6**.

Table 6. Retail Capture Rate by Store Category

Description	% Total	Capture Rate
Store Category		
Convenience Goods	31.2%	90%
Shopper's Goods	38.7%	50%
Eating and Drinking	20.0%	75%
Building Material & Garden	10.1%	75%
Weighted Average		70%

Source: Economic & Planning Systems

3. Fiscal Model Assumptions

This section describes the revenue and expenditure factors used in the fiscal impact model to estimate the fiscal impacts of the proposed development on the Town of Castle Rock. The Town's 2022 annual budget was used to identify the major revenues, expenditures, and trends. The calculation of model inputs, including revenue and expenditure factors by land use category, are then estimated.

Demographic Factors

Demographic inputs are used to determine baseline Town service levels on a per resident or per employee basis. For many of the Town's revenues and expenditures, this analysis utilizes a "Proportionate Share" methodology to estimate the cost of providing services to future development based on current expenditures. It also estimates current revenues in a similar manner. This methodology derives demand for Town services, proportional to town residents and employees over a typical 24-hour period. It provides a basis in the model for computing the cost per service hour for a given population across Town departments providing services to the proposed development. These factors are summarized in **Table 7**, and show an overall service demand split of approximately 77 percent residential/23 percent commercial.

Table 7. Demographic Factors

Description	Factor	Amount
Demographic Factors		
Population		79,364
Households		27,662
Housing Units		29,227
Jobs		24,312
Maintained Lane Miles		715
Retail Area (sf)		4,247,357
Office/Inst. Area (sf)		1,299,529
Industrial Area (sf)		1,242,105
Lodging Area (sf)		N/A
Proportionate Share Estimate		
Residential Conditions		
Population		79,364
Non-Working Residents	55.8%	42,746
Working Residents	44.2%	36,618
Out Commuter Residents	82.5%	29,990
Live/Work Residents	17.5%	6,628
Residential Service Demand		
Non-Working Residents	20 hours per day	854,912
Out Commuter Residents	14 hours per day	419,867
Live/Work Residents	14 hours per day	<u>92,791</u>
Residential Total		1,367,570
Commercial Conditions		
Total Jobs		24,312
Less: Mult. Job Holders	5.60%	<u>1,361</u>
Total Employment		22,951
In-Commuting Employees	72.05%	16,323
Live/Work Employees	27.95%	6,628
Employment Service Demand		
Non-Working Residents	4 hours per day	170,982
In-Commuting Employees	10 hours per day	163,226
Live/Work Employees	10 hours per day	<u>66,279</u>
Commercial Total		400,488
Total Service Demand		1,768,057
Residential Service Demand		1,367,570
% of Total		77.3%
Commercial Service Demand		400,488
% of Total		22.7%

Source: Town of Castle Rock; Economic & Planning Systems

Nexus to Growth Factors

Specific revenues and expenditures are tied to future development through nexus to growth factors, which account for the relationship between revenues/expenditures and new development. Factors used in this model include:

- **Case Studies** – Indicate that a specific revenue or expenditure item was estimated using project-specific data. Case studies used in this analysis include detailed estimates of property tax and sales tax revenues.
- **Residents** – Correlates the specific revenue or expenditure item to future growth in residents.
- **Employees (Commercial)** – Correlates the specific revenue or expenditure item to future growth in employees.
- **Service Population** – Reflects the service demand hours associated with residents and employees in the town. The model shows roughly 77 percent of service demand is attributed to providing services to residential development and 23 percent of service demand is attributed to serving commercial development.
- **Fixed Revenues/Expenditures** – Indicates that a specific revenue or expenditure budget item does not have a nexus to growth and as a result is therefore not expected to increase due to the growth associated with new development. For specific revenue items that are estimated to be fixed, expenditures are adjusted accordingly, thus both the revenues and expenditures are adjusted equally. Net expenditures for individual departments are calculated by subtracting department-specific revenue items or the department's pro rata share of fixed revenues from total department expenditures.

Variability Factors

In addition to nexus to growth factors, the model includes assumptions relating to fixed and variable revenues and expenditures. This is captured in a "variability factor" that enables the model to account for the proportion of revenues or expenditures that are assumed to be variable (i.e., impacted by future development). Generally, revenues are typically assumed to be 100 percent variable and expenditures are estimated to be 25 to 100 percent variable depending on the department. For example, Town administrative functions are relatively fixed and therefore have a lower level of variability. Existing staff are able to accommodate a substantial amount of growth without adding staff or other costs. By contrast, other functions, such as streets or public safety, have a high variability, reflecting a strong correlation between new growth and the need to expand services.

General Fund

This section summarizes the revenue and expenditure assumptions used to estimate the net fiscal impact of the Alexander Way development on the Town's General Fund. The analysis is based on the Town's adopted 2022 budget.

Revenues

The model accounts for General Fund revenue impacts from the Alexander Way development by linking each major revenue source to a nexus to growth factor and variability factor, as summarized below and shown in **Table 8**.

Sales Tax – Annual sales tax revenues are estimated based on the adopted 2022 budget and account for 66.6 percent of the Town's General Fund revenue. Of the Town's total 4.0 percent sales tax rate, 70.29 percent of the generated revenue is allotted to the General Fund. Sales tax revenues from the Alexander Way development are estimated through a case study that estimates future sales tax revenues based on the spending potential and local capture of taxable retail expenditures made by new households associated with the project, shown previously in **Table 4**.

Property Tax – Property taxes represent 2.3 percent of the Town's General Fund revenues and are estimated through a case study based on the anticipated assessed value of Alexander Way. The development's estimated sales values are applied the state's residential assessment rate of 7.15 percent and then multiplied by the Town mill levy of 1.139.

Other Revenues – Other revenue sources represent the remaining 31.1 percent of the Town's General Fund revenue. Of these revenue sources, only four were determined to have a nexus to growth, the largest being Motor Vehicle Tax (6.7 percent of total revenue). These revenue streams are primarily estimated based on the growth in service population. The remaining revenue sources in the budget were determined to have no significant nexus to this project and are therefore not estimated.

Expenditures

All departments funded through the Town's General Fund, apart from Parks, are accounted for on a service population basis, as shown in **Table 8**. Based on the anticipated level of future growth in the Town and the current staffing levels in these departments, department expenditures are estimated to range from 25 to 100 variable. Parks are accounted for based on the residential population only (no costs are assigned to commercial development).

Table 8. General Fund Nexus to Growth Factors

Description	Adopted Budget		Nexus Factor	Variability	Res.	Comm.	Total
	2022	% of Total			Hourly	Hourly	Hourly
					1,367,570	400,488	1,768,057
General Fund Revenues							
Property	\$ 1,467,849	2.3%	Case Study	100.0%	\$ -	\$ -	\$ -
Use Tax	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -
Sales Tax	\$ 43,106,714	66.6%	Case Study	100.0%	\$ -	\$ -	\$ -
Motor Vehicle Tax	\$ 4,331,278	6.7%	Residential	100.0%	\$ 3.17	\$ -	\$ -
Other Taxes	\$ 396,730	0.6%	N/A	100.0%	\$ -	\$ -	\$ -
Franchise Fees	\$ 2,509,241	3.9%	Service Population	100.0%	\$ -	\$ -	\$ 1.42
Licenses & Permits	\$ 133,816	0.2%	Service Population	100.0%	\$ -	\$ -	\$ 0.08
Intergovernmental	\$ 2,614,092	4.0%	N/A	100.0%	\$ -	\$ -	\$ -
Charges for Service	\$ 2,906,638	4.5%	N/A	100.0%	\$ -	\$ -	\$ -
Management Fees	\$ 4,205,990	6.5%	N/A	100.0%	\$ -	\$ -	\$ -
Fines & Forfeitures	\$ 391,764	0.6%	Service Population	100.0%	\$ -	\$ -	\$ 0.22
Investment Earnings	\$ 368,383	0.6%	Fixed	100.0%	\$ -	\$ -	\$ -
System Development Fees	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -
Contributions & Donations	\$ 1,336,000	2.1%	N/A	100.0%	\$ -	\$ -	\$ -
Transfers In	\$ 719,259	1.1%	N/A	100.0%	\$ -	\$ -	\$ -
Interfund Loan Revenue	\$ 1,112,318	1.7%	N/A	100.0%	\$ -	\$ -	\$ -
Debt & Financing Revenue	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -
Other Revenue	\$ 245,343	0.4%	N/A	100.0%	\$ -	\$ -	\$ -
Fund Balance Transfer	\$ (1,131,160)	-1.7%	Fixed	100.0%	\$ -	\$ -	\$ -
Total	\$ 64,714,255	100.0%			\$ 3.17	\$ -	\$ 1.72
General Fund Expenditures							
Town Council	\$ 382,381	0.6%	Service Population	25.0%	\$ -	\$ -	\$ 0.04
Town Manager	\$ 1,045,192	1.6%	Service Population	25.0%	\$ -	\$ -	\$ 0.12
Human Resources	\$ 807,103	1.2%	Service Population	50.0%	\$ -	\$ -	\$ 0.18
Community Relations	\$ 1,009,388	1.6%	Service Population	50.0%	\$ -	\$ -	\$ 0.23
DoIT	\$ 3,910,294	6.0%	Service Population	50.0%	\$ -	\$ -	\$ 0.89
Facilities	\$ 1,392,413	2.2%	Service Population	50.0%	\$ -	\$ -	\$ 0.32
Town Attorney	\$ 1,145,619	1.8%	Service Population	50.0%	\$ -	\$ -	\$ 0.26
Town Clerk	\$ 452,775	0.7%	Service Population	50.0%	\$ -	\$ -	\$ 0.10
Municipal Court	\$ 467,163	0.7%	Service Population	50.0%	\$ -	\$ -	\$ 0.11
Finance - Departmental	\$ 3,401,247	5.3%	Service Population	50.0%	\$ -	\$ -	\$ 0.77
Police	\$ 19,865,933	30.7%	Service Population	100.0%	\$ -	\$ -	\$ 9.02
Fire	\$ 18,494,264	28.6%	Service Population	100.0%	\$ -	\$ -	\$ 8.40
Development Services	\$ 690,788	1.1%	Service Population	50.0%	\$ -	\$ -	\$ 0.16
Parks	\$ 10,389,061	16.1%	Residential	100.0%	\$ 6.10	\$ -	\$ -
Finance Non-Departmental	\$ 1,260,634	1.9%	Service Population	50.0%	\$ -	\$ -	\$ 0.29
Total	\$ 64,714,255	100.0%			\$ 6.10	\$ -	\$ 20.88

Source: Town of Castle Rock; Economic & Planning Systems

Transportation Fund

This section summarizes the revenue and expenditure assumptions used to estimate the net fiscal impact of the Alexander Way development on the Town's Transportation Fund. The analysis is based on the Town's adopted 2022 Budget.

Revenues

Variable revenue sources for the Transportation Fund are primarily attributable to sales tax, use tax, and motor vehicle tax, as shown in **Table 9**.

Sales Tax – The Town of Castle Rock's sales tax rate is 4.0 percent, of which 24.46 percent is allotted for the Transportation Fund. Similar to the General Fund, sales tax revenue generation from the Alexander Way development is estimated based on new household spending. Sales tax revenues account for 40.8 percent of the fund's total revenue.

Motor Vehicle Tax – Motor vehicle tax accounts for roughly 6.4 percent of the Town's Transportation Fund revenues. It is estimated using a residential nexus factor.

Use Tax – Roughly 36 percent of the Town's residential use tax revenues are allotted to the Transportation Fund. Use tax revenues are estimated on a one-time basis based on the value of materials associated with new development. The material value is estimated as 50 percent of construction value (the other 50 percent is assumed to be labor) and multiplied by the Town's 4.0 percent use tax rate. Use tax revenues accounts for 7.6 percent of the fund's total revenue.

Expenditures

Transportation Fund expenditures are estimated based on a Cost per Lane Mile case study. This approach applies the average cost of maintaining one lane mile in the town to the estimated number of new lane miles associated with Alexander Way. The development is anticipated to require 1.25 new miles of two lane roads.

Table 9. Transportation Fund Nexus to Growth Factors

Description	Adopted Budget		Nexus Factor	Variability	Res.	Comm.	Total	Per Ln
	2022	% of Total			Hourly	Hourly	Hourly	Mile
					1,367,570	400,488	1,768,057	715
Transportation Fund Revenues								
Property Tax	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -	\$ -
Use Tax	\$ 2,803,639	7.6%	Case Study	100.0%	\$ -	\$ -	\$ -	\$ -
Sales Tax	\$ 14,998,011	40.8%	Case Study	100.0%	\$ -	\$ -	\$ -	\$ -
Motor Vehicle Tax	\$ 2,348,951	6.4%	Residential	100.0%	\$ 1.72	\$ -	\$ -	\$ -
Other Taxes	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -	\$ -
Franchise Fees	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -	\$ -
Licenses & Permits	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -	\$ -
Intergovernmental	\$ 8,069,414	22.0%	Fixed	100.0%	\$ -	\$ -	\$ -	\$ -
Charges for Service	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -	\$ -
Management Fees	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -	\$ -
Fines & Forfeitures	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -	\$ -
Investment Earnings	\$ 112,865	0.3%	Fixed	100.0%	\$ -	\$ -	\$ -	\$ -
Impact Fees	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -	\$ -
System Development Fees	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -	\$ -
Contributions & Donations	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -	\$ -
Transfers In	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -	\$ -
Interfund Loan Revenue	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -	\$ -
Debt & Financing Revenue	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ 5,155	0.0%	Fixed	100.0%	\$ -	\$ -	\$ -	\$ -
Fund Balance Transfer	\$ 8,390,148	22.8%	Fixed	100.0%	\$ -	\$ -	\$ -	\$ -
Total	\$ 36,728,183	100.0%			\$ 1.72	\$ -	\$ -	\$ -
Transportation Fund Expenditures								
Personnel	\$ 5,362,650	14.6%	Per Lane Mile	50.0%	\$ -	\$ -	\$ -	\$ 2,057
Services & Other	\$ 23,273,286	63.4%	Per Lane Mile	100.0%	\$ -	\$ -	\$ -	\$ 17,858
Supplies	\$ 814,487	2.2%	Per Lane Mile	100.0%	\$ -	\$ -	\$ -	\$ 625
Capital	\$ 1,115,950	3.0%	Per Lane Mile	100.0%	\$ -	\$ -	\$ -	\$ 856
Debt & Financing	\$ 907,400	2.5%	Per Lane Mile	100.0%	\$ -	\$ -	\$ -	\$ 696
Interfund Loan	\$ -	0.0%	Per Lane Mile	100.0%	\$ -	\$ -	\$ -	\$ -
Transfers Out	\$ 5,254,410	14.3%	Per Lane Mile	100.0%	\$ -	\$ -	\$ -	\$ 4,032
Total	\$ 36,728,183	100.0%			\$ -	\$ -	\$ -	\$ 26,125

Source: Town of Castle Rock; Economic & Planning Systems

Community Center Fund

This section summarizes the revenue and expenditure assumptions used to estimate the net fiscal impact of the Alexander Way development to the Town's Community Center Fund. The analysis is based on the Town's adopted 2022 Budget.

Revenues

Variable revenue sources for the Community Center Fund are primarily attributable to sales tax, use tax, and motor vehicle tax, as shown in **Table 10** below.

Sales Tax – Of Castle Rock's 4.0 percent sales tax rate, 5.25 percent is allotted to the Community Center Fund. Similar to the General Fund and Transportation Fund, sales tax revenue generation from the Alexander Way development is estimated through a case study that estimates retail spending by new households in the project. Sales tax revenues account for 38.1 percent of the fund's expenditures only.

Motor Vehicle Tax – Motor vehicle tax accounts for 5.0 percent of the Town's Community Center Fund revenues. It is estimated using a residential nexus factor.

Use Tax – Approximately 6 percent of the Town's residential use tax revenues are allotted to the Community Center Fund. Use tax revenues are estimated on a one-time basis based on the estimated development value and corresponding material value associated with each use. The total material value is multiplied by the Town's 4.0 percent use tax rate to provide an estimate of revenues attributable to the Alexander Way development. Use tax revenues account for 5.1 percent of the fund's total revenue.

Expenditures

Community Center Fund expenditures are estimated based on the Town's service population and all expenditure line items are estimated based on a variability factor of 100 percent, apart from Personnel, which is assumed to be 80 percent variable.

Table 10. Community Center Fund Nexus to Growth Factors

Description	Adopted Budget		Nexus Factor	Variability	Res.	Comm.	Total
	2022	% of Total			Hourly	Hourly	Hourly
					1,367,570	400,488	1,768,057
Community Center Fund Revenues							
Property Tax	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -
Use Tax	\$ 433,409	5.1%	Case Study	100.0%	\$ -	\$ -	\$ -
Sales Tax	\$ 3,219,305	38.1%	Case Study	100.0%	\$ -	\$ -	\$ -
Motor Vehicle Tax	\$ 424,886	5.0%	Residential	100.0%	\$ 0.31	\$ -	\$ -
Other Taxes	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -
Franchise Fees	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -
Licenses & Permits	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -
Intergovernmental	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -
Charges for Service	\$ 4,292,533	50.8%	N/A	100.0%	\$ -	\$ -	\$ -
Management Fees	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -
Fines & Forfeitures	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -
Investment Earnings	\$ 11,903	0.1%	Fixed	100.0%	\$ -	\$ -	\$ -
Impact Fees	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -
System Development Fees	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -
Contributions & Donations	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -
Transfers In	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -
Interfund Loan Revenue	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -
Debt & Financing Revenue	\$ -	0.0%	N/A	100.0%	\$ -	\$ -	\$ -
Other Revenue	\$ 17,918	0.2%	N/A	100.0%	\$ -	\$ -	\$ -
Fund Balance Transfer	\$ 46,486	0.6%	Fixed	100.0%	\$ -	\$ -	\$ -
Total	\$ 8,446,440	100.0%			\$ 0.31	\$ -	\$ -
Community Center Fund Expenditures							
Personnel	\$ 5,051,860	59.8%	Service Population	80.0%	\$ -	\$ -	\$ 1.10
Services & Other	\$ 2,367,220	28.0%	Service Population	100.0%	\$ -	\$ -	\$ 0.65
Supplies	\$ 569,822	6.7%	Service Population	100.0%	\$ -	\$ -	\$ 0.16
Capital	\$ 350,000	4.1%	Service Population	100.0%	\$ -	\$ -	\$ 0.10
Debt & Financing	\$ -	0.0%	Service Population	100.0%	\$ -	\$ -	\$ -
Interfund Loan	\$ -	0.0%	Service Population	100.0%	\$ -	\$ -	\$ -
Transfers Out	\$ 107,538	1.3%	Service Population	100.0%	\$ -	\$ -	\$ 0.03
Total	\$ 8,446,440	100.0%			\$ -	\$ -	\$ 2.03

Source: Town of Castle Rock; Economic & Planning Systems

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4. Fiscal Impacts

This section of the reports summarizes the estimated Town revenues, expenditures, and net fiscal impacts of the proposed development program by fund.

Fiscal Impact by Fund

Revenues

Ongoing and one-time revenue generation estimates were provided for the General Fund, Transportation Fund, and Community Center Fund. Ongoing annual revenue associated with the Alexander Way project is estimated to average \$266,128 at full stabilization. Additionally, one-time use tax revenues total an estimated \$3.5 million over the course of buildout, from 2025 to 2033. Revenue generation estimates are shown in **Table 11** and summarized below.

Table 11. Summary of Revenues, Expenditures, and Net Fiscal Impact by Fund

Description	General Fund	Transportation Fund	Community Center Fund	Other Funds [1]	Total
Ongoing Revenues					
Sales Tax - General	\$109,158	\$37,985	\$8,153	--	\$155,296
Sales Tax - County Transfer	--	\$11,647	--	--	\$11,647
Property Tax - Town	\$13,437	--	--	--	\$13,437
Property Tax - Metro District	\$58,988	--	--	--	\$58,988
General Revenue	\$19,143	\$6,450	\$1,167	--	\$26,760
Total	\$200,726	\$56,082	\$9,320	--	\$266,128
Ongoing Expenditures					
Total	-\$111,081	-\$32,656	-\$8,577	--	-152,315
Ongoing Net Fiscal Impact	\$89,645	\$23,426	\$742	\$0	\$113,813
One-Time Revenues					
Use Tax - General	--	\$1,197,570	\$185,130	\$1,917,300	3,300,000
Use Tax - County Transfer	--	\$247,500	--	--	\$247,500
Total	--	\$1,445,070	\$185,130	\$1,917,300	3,547,500

[1] Other Funds include the Transportation Capital Fund, and General Long-Term Planning Fund

Source: Economic & Planning Systems

Ongoing Revenue

Property Tax Revenues – Property tax revenues are allotted to the General Fund. The project has an overall development value of \$165.0 million at full buildout. Applying the state’s residential assessment rate of 7.15 percent multiplied by the Town mill levy of 1.139, Alexander Way is estimated to generate \$13,437 in annual property tax revenue at full stabilization. Additionally, a regional improvement mill levy of 5 mills will be collected by the project’s metro district and remitted to the Town to fund capital improvements associated with regional improvements. The regional improvement mill levy is anticipated to generate \$58,988 in annual property tax revenue at full stabilization.

Sales Tax Revenues – Sales tax revenues are estimated based on the Point of Origin methodology only, which accounts for retail expenditures made in the town by new households in the project. After full buildout, new households from the project are estimated to spend \$3.9 million annually on retail goods within the Town of Castle Rock. After applying the 4.0 percent sales tax rate retained by the Town, Alexander Way households generate \$155,296 annually in additional sales tax revenue at full stabilization.

Of the total sales tax generated, \$109,158 or 70.3 percent is allotted to the General Fund, \$37,985 or 24.5 percent is allotted to the Transportation Fund, and \$8,153 or 5.2 percent is allotted to the Community Center Fund. Additionally, the Town Transportation Fund is estimated to receive \$11,647 in sales tax revenues via a transfer from Douglas County.

General Revenue – General revenue includes funding sources estimated using a residential or service population nexus to growth factor. At full stabilization, these sources total \$19,143 annually in the General Fund, \$6,450 in the Transportation Fund, and \$1,167 in the Community Center Fund, totaling \$26,760.

One-Time Revenue

Use Tax Revenues – Use tax revenues are allotted to the Transportation Fund, Community Center Fund, Transportation Capital Fund, and General Long-Term Planning Fund.

The total material value associated with new construction from Alexander Way averages \$9.2 million and totals \$82.5 million over the estimated 9-year buildout period from 2025 to 2033. After applying the 4.0 percent use tax rate retained by the Town, Alexander Way generates a total of \$3.5 million in one-time use tax revenues.

Expenditures

Annual expenditures are estimated on a service population, residential, or per lane mile basis, depending on the fund, as shown in **Table 8**, **Table 9**, and **Table 10**. The Alexander Way development is estimated to generate a total annual service cost of \$152,315 per year, which is comprised of \$111,081 from General Fund services, \$32,656 from Transportation Fund services, and \$8,577 from Community Center Fund services, as shown in **Table 11**.

Ongoing Net Fiscal Impact

The average annual net fiscal impact of Alexander Way on the Town's General Fund, Transportation Fund, and Community Center Fund is estimated at a positive \$89,645, \$23,426, and \$742 at full stabilization, respectively, as shown in **Table 11**. The total net fiscal impact at full stabilization is estimated at \$113,813. These project returns can be characterized as close to revenue neutral, given the margin of error applicable to a fiscal impact analysis.