

Crowsnest Annexation

Fiscal Impact Analysis Overview

Independent analyses prepared by City staff, the City's consultant, and the applicant's consultant all conclude that the proposed Crowsnest development is projected to generate more revenue than the cost of providing municipal services.

Across the analyses, the development is projected to:

- Generate significant **sales tax and property tax revenue**
- Produce substantial **construction-related revenue during development**
- Result in **positive long-term fiscal outcomes under most scenarios**

While the specific fiscal projections vary depending on assumptions and modeling approaches, the studies consistently indicate that the proposed development is expected to provide favorable fiscal outcomes for the City.

Purpose of Fiscal Analysis

As part of the review of the proposed Crowsnest Annexation, the City evaluated the potential financial impacts of the development through three fiscal impact analyses:

- A **City staff fiscal analysis**
- An **independent fiscal impact analysis prepared by TischlerBise**
- A **fiscal impact analysis submitted by the applicant and prepared by THK Associates**

Fiscal impact analyses estimate the revenues generated by new development and compare them with the costs required to provide municipal services such as roads, parks, administration, and other City functions. These analyses provide long-term estimates of potential fiscal outcomes based on assumptions regarding development timing, property values, retail activity, and service costs.

Important Note Regarding Fiscal Impact Analyses

Fiscal impact analyses are planning tools used to estimate the potential long-term financial effects of development based on a set of assumptions about market conditions, development timing, property values, and retail activity. Actual revenues and expenditures will vary depending on how development occurs over time, economic conditions, and future City budgets and service levels. As a result, these analyses should be viewed as **reasonable projections rather than precise forecasts of future revenues or costs**.

Development Assumptions

The fiscal impact analysis summarized in this document is based on assumptions provided by the developer (residential units, commercial space, lane miles, park acres, and development absorption) available at the time this analysis was prepared.

Accordingly, the fiscal impact analysis presented here represents estimates based on the best available information at the time of preparation and reflects a **snapshot in time of the development assumptions used in the analysis**. Changes to development plans could result in changes to the projected fiscal impact.

City Staff Fiscal Analysis

City staff prepared an independent fiscal model using development information provided by the applicant along with the City's current revenue structure, service costs, and operating funds.

The City staff fiscal model is based on the City's adopted budget, current service levels, and fund structure, and was developed to estimate fiscal impacts using assumptions consistent with how the City currently provides and finances municipal services.

The staff model evaluates fiscal impacts over a **20-year period** and analyzes impacts on the City's primary operating funds:

- General Fund
 - Roads Fund
 - Parks and Recreation Fund
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Fiscal Impact Results – City Staff Model

The staff analysis indicates that revenues generated by the development are projected to significantly exceed the estimated cost of providing municipal services over the 20-year analysis period.

Fiscal Measure	City Staff Result
Total Revenue (20 years)	~\$207 million
Total Expenditures (20 years)	~\$95 million

Fiscal Measure	City Staff Result
Total Net Fiscal Impact	~\$112 million surplus
Annual Fiscal Impact at Buildout	~\$7.4 million surplus
One-time Revenue – Building Materials Use Tax	~\$27 million

Note: The annual fiscal impact at buildout will decrease (to about \$1.1 million) beginning in 2044 should the 1% Roads Fund sales and use tax expire.

The largest fiscal benefits occur in the **General Fund and Roads Fund**, with a smaller but positive impact projected in the **Parks and Recreation Fund**.

Construction activity associated with the development is also projected to generate significant **building materials use tax revenue** for the City during the development period.

Other Fiscal Impact Analyses

Two additional fiscal impact studies were prepared as part of the annexation review process.

The applicant submitted a fiscal impact analysis prepared by **THK Associates** as part of the development application materials. The City also retained **TischlerBise** to conduct an independent fiscal impact analysis to evaluate the potential revenues and costs associated with the proposed development.

While these studies use different assumptions and methodologies, both analyses evaluate the revenues generated by development and compare them to the estimated cost of providing municipal services.

The fiscal impact analyses prepared by THK Associates and TischlerBise produce **different projections based on their respective modeling approaches and assumptions**, but both studies similarly conclude that the proposed development is expected to generate revenues that exceed the estimated cost of providing municipal services.

Methodological Differences

Each fiscal impact analysis uses a different methodology to estimate the fiscal impacts of development.

- The **City staff model** estimates revenues and expenditures using the City's current budget structure, service levels, and operating funds.

- The **TischlerBise analysis**, commissioned by the City, evaluates revenues and service costs using department-level cost modeling and alternative retail sales scenarios.
- The **THK analysis**, submitted by the applicant, estimates revenues and service costs using a cost-per-acre approach derived from the City's overall budget.

These methodological differences contribute to variations in projected revenues and expenditures among the analyses.

Conclusion

Although the three fiscal impact analyses use different assumptions and modeling approaches, **all three studies reach similar overall conclusions**. Each analysis indicates that the proposed Crowsnest development is projected to generate revenues that exceed the estimated cost of providing municipal services.

As a result, the proposed development is projected to produce **positive long-term fiscal outcomes for the City**.

Please direct questions to Mike Farina, Finance Director, Mike.Farina@castlepinesco.gov.

City of Castle Pines

Crowsnest Annexation Fiscal Impact

Model Input/Assumptions			
Annexation Date	2026		
Residential - units		Market Value	
SF Front A 40' x 100'	799	\$	825,000
SF Front B 50' x 100'	886	\$	875,000
SF Front C 60' x 105'	439	\$	950,000
Paired Home Alley 30' x 85'	360	\$	550,000
Paired Home Front 35' x 85'	471	\$	600,000
sub-total residential units	2,955		
Multi-Family	1,000	\$	300,000
total residential units	3,955		
Commercial Space - square feet	435,600		
construction cost per SF	\$ 300.00	\$	130,680,000
market value per SF	\$ 300.00		\$ 130,680,000
retail space (developer 75%)	75%		
sales per square foot (developer \$475)	\$ 250.00		
Roads - lane miles			
development	25		
Crowfoot Valley Rd (years 0-10)	6		
Crowfoot Valley Rd (years 11-20)	12		
Parks/Trails/Open Space - acres	75		
Absorption - years			
residential	7		
commercial	10		
delay from Annexation date	2		
Source: developer info unless stated otherwise			
Note: no assumed inflation, including assessed valuation; no potential fixed cost increases (i.e. personnel)			

Fiscal Impact							
	years 1 - 2	years 3 - 5	years 6 - 10	years 11 - 20	TOTAL		
General Fund							
ongoing revenue	\$ -	\$ 17,393,392	\$ 41,191,776	\$ 65,817,962	\$ 124,403,129		
ongoing expenditures	\$ -	\$ 9,170,071	\$ 17,560,895	\$ 18,075,674	\$ 44,806,639		
net surplus	\$ -	\$ 8,223,321	\$ 23,630,881	\$ 47,742,288	\$ 79,596,491		
annual net surplus at buildout	\$ 4,773,982						
Roads Fund							
ongoing revenue	\$ -	\$ 2,355,634	\$ 11,498,319	\$ 26,708,235	\$ 40,562,188		
ongoing expenditures	\$ 212,178	\$ 697,155	\$ 2,361,741	\$ 6,542,150	\$ 9,813,224		
net surplus (deficit)	\$ (212,178)	\$ 1,658,479	\$ 9,136,578	\$ 20,166,085	\$ 30,748,964		
annual net surplus at buildout (1% sal	\$ 2,432,303						
annual net surplus at buildout (1% sal	\$ 1,084,242						
Parks and Recreation Fund							
ongoing revenue	\$ -	\$ 2,349,640	\$ 11,398,933	\$ 28,640,330	\$ 42,388,903		
ongoing expenditures	\$ -	\$ 2,302,514	\$ 11,129,242	\$ 26,874,946	\$ 40,306,702		
net surplus	\$ -	\$ 47,126	\$ 269,691	\$ 1,765,384	\$ 2,082,201		
annual net surplus at buildout	\$ 180,730						
One-time Revenue							
Building Materials Use Tax							
General Fund						\$	19,892,368
Roads Fund						\$	7,233,589
Total One-time Revenue						\$	27,125,957