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February 13, 2012

Ms. Kelli Fitzpatrick
RED Development, LLC
4717 Central
Kansas City, Missouri 64112

Re: Eagle River Station Fiscal Impact Analysis

Dear Ms. Fitzpatrick:

This analysis quantifies the fiscal effects of the prospective development of the Eagle River Station (ERS) property within the Town of Eagle, Colorado. General observations about the Town's financial structure and the effects of community growth and development are also provided at the end of this letter report.

Background and Process

The Town of Eagle (Town) is located in Eagle County, Colorado, approximately 32 miles west of Vail and 30 miles east of Glenwood Springs along I-70. The Town is the county seat of Eagle County and supports approximately 2,180 resident households and about 1.27 million square feet of commercial and industrial development.

This analysis quantifies how the development of the proposed 86-acre ERS project will affect Town revenues and service delivery costs. This study documents the net fiscal impact of project development at build out and for each year during the project's 5-year development period.¹

This analysis is based on an Eagle-specific fiscal impact model, which translates expectations regarding project development into effects on Town revenues and service delivery costs. In essence, the BBC impact model defines the ERS project in terms of annual new multifamily residential units and commercial space, and then applies Town revenue and cost multipliers to these development projections to forecast annual new costs and project-related revenues.

In order to document the Town's expenditure trends, quantify Town service delivery and revenue systems and calibrate the model, BBC collected municipal budget information from the Town and tax rate information from the Eagle County Assessor's Office and the State of Colorado, Department of Revenue. RED Development LLC, the project developer, provided project detail.

¹ Per the project developer, RED Development LLC, construction activity is expected to start in 2013 and end in 2016—a 3-year period. The fiscal analysis extends the development period to 5 years to show project fiscal performance once Town revenues and expenditures have stabilized post-construction.

Project Development

The proposed project covers about 86 acres of land and is located entirely within the Town boundaries, the Western Eagle County Metropolitan Recreation District, and the Greater Eagle Fire Protection District.

The developer has formed a Metropolitan District that would provide other essential public services to all residents and commercial development within Eagle River Station. The Eagle River Station Metropolitan District (District) will provide street improvements and services; safety protection facilities and services; transportation facilities and services; and park and recreation facilities and services.²

Exhibit 1 presents the number of commercial square feet and residential units developed per year during the development period, along with the resulting market values. The estimated average market value for commercial development is \$102 per square foot, which includes proposed restaurant, large format retail and smaller retail shops. Residential land uses are proposed to be entirely for rent, with market value of \$180,000 per unit.

**Exhibit 1.
ERS—Land Development and Sales Schedule**

	2013	2014	2015	2016	2017	Total
Commercial (Sq. Ft.)	560,967	-	153,787	-	-	714,754
Market Value	\$ 57,218,634	\$ -	\$ 15,686,274	\$ -	\$ -	\$ 72,904,908
Rental Multifamily Residential (Units)	250	-	300	-	-	550
Market Value	\$ 45,000,000	\$ -	\$ 54,000,000	\$ -	\$ -	\$ 99,000,000
Total Market Value	\$ 102,218,634	\$ -	\$ 69,686,274	\$ -	\$ -	\$ 171,904,908

Source: RED Development LLC.

According to the project developer, commercial and residential development will begin in 2013 and is completed in early 2016. For modeling purposes, BBC assumes that commercial space and residential units constructed in 2013 will be occupied and producing Town revenue and expenditure in 2014, and so on for the rest of the development period. The Town will realize the net fiscal effects of the completed project in 2017.

At build out, the project will add about 715,000 square feet of commercial space³ and 550 rental multifamily units. Total project market value is expected to be about \$172 million.

² Service Plan for Eagle River Station Metropolitan District, Approved September 16, 2006, prepared by McGeedy Sisneros P.C.

³ This fiscal analysis is based on the ERS site plan supplied to BBC in December 2011. The developer is seeking approval for a slightly larger development, by approximately 15,000 commercial square feet.



Town Financial Data

Exhibit 2 on the following page shows the Town of Eagle's municipal revenue sources for the years 2007 to 2009. As would be expected, these data reflect the Town's strong reliance on sales tax and the service delivery challenges presented by a struggling local economy. Critical Town revenues, such as sales tax and building permit revenue, have decreased markedly in recent years due to the prevailing economic conditions and resultant slowed residential and commercial development.

On the expense side, Exhibit 3 on page 5 shows general fund Town expenditures and net revenue for the years 2007 to 2009. Community expenditures have declined markedly over the past two years with virtually all service categories sharing in the decrease. Eagle has traditionally made a major annual financial commitment to capital improvements but this expenditure was removed in 2009 in order to replenish operating reserves that had been depleted in recent years. Street repair and improvement spending, along with public safety expenditures, have continued to grow over the past two years.

In making impact projections for the ERS project, BBC relied primarily on 2009 financial data, which offers a current profile of Town service delivery and revenue generation characteristics.⁴

⁴ BBC recently submitted a fiscal analysis to the Town of Eagle for the Haymeadow project (Spring 2011). That fiscal analysis was based on actual 2009 financial data. BBC is using the same financial baseline data for this analysis to provide the Town consistency in analysis between projects.

Exhibit 2.
Town of Eagle, General Fund Revenue, 2007-2009

	2007 Actual	2008	2009 Revised Budget
Taxes			
Property Tax	\$ 322,550	\$ 380,895	\$ 420,007
Specific Ownership	20,319	18,699	23,500
General Sales	3,184,288	3,124,351	2,926,000
Tax Revenue Sharing	167,040	177,487	200,000
Franchise Taxes	174,535	202,600	190,000
Subtotal	\$ 3,868,732	\$ 3,904,032	\$ 3,759,507
Intergovernmental			
Motor Vehicle License Fee	\$ 22,001	\$ 22,801	\$ 22,000
Highway Users Tax	144,050	152,665	188,461
Cigarette Tax	18,610	17,270	16,500
County Road & Bridge	85,103	118,322	123,457
County Sales Tax	130,876	137,194	110,000
Subtotal	\$ 400,640	\$ 448,252	\$ 460,418
Licenses & Permits			
Business Licenses	\$ 34,383	\$ 38,028	\$ 37,300
Building Permits	564,245	375,414	96,000
Road Cut Permits	1,100	850	300
Subtotal	\$ 599,728	\$ 414,292	\$ 133,600
Charges for Services			
Planning & Zoning Fees	\$ 661	\$ 672	\$ 2,000
Planning & Zoning Reimbursible	89,442	181,125	230,000
Facility Usage Fees & Deposits	43,332	30,273	39,000
Inspections Reimbursible	54,368	11,400	5,000
Subtotal	\$ 187,803	\$ 223,470	\$ 276,000
Fines & Forfeitures			
Fines & Forfeits	23,592	30,728	43,500
Subtotal	\$ 23,592	\$ 30,728	\$ 43,500
Misc. Revenue			
Interest	\$ 202,577	\$ 68,299	\$ 20,000
Reimbursable Revenue-Other	186,845	143,262	70,000
Rental Income	13,940	14,630	8,675
Cellular One	4,580	382	-
Impact fee admin	3,004	490	200
Other Misc. Revenue	11,469	34,055	25,000
Subtotal	\$ 422,415	\$ 261,118	\$ 123,875
Transfers From Other Funds			
Water - Admin	\$ 50,000	\$ 50,000	\$ 50,000
Wastewater - Admin	40,000	40,000	40,000
Refuse - Admin	20,000	20,000	20,000
Subtotal	\$ 110,000	\$ 110,000	\$ 110,000
Total Revenue	\$ 5,612,910	\$ 5,391,892	\$ 4,906,900

Source: Town of Eagle and BBC Research & Consulting.

Exhibit 3.
Town of Eagle, General Fund Expenditure, 2007-2009

	2007 Actual	2008 Actual	2009 Revised Budget
General Administration			
Personnel	\$ 917,237	\$ 934,299	\$ 827,150
Office Supplies & Services	39,782	34,507	34,300
Utilities	9,246	13,733	14,500
Professional Services	469,053	506,926	481,501
Other fees & expenses	77,155	68,126	56,111
Insurance	58,969	43,895	47,342
Capital Outlay	27,044	31,338	9,000
Community Requests	91,568	76,163	75,000
Contingency	2,345	3,994	20,000
Transfer to Capital Improvements	1,900,000	1,200,000	-
Transfer to Debt Service	125,000	125,000	125,000
Subtotal	\$ 3,717,399	\$ 3,037,981	\$ 1,689,904
Streets			
Personnel	\$ 693,138	\$ 761,844	\$ 806,749
Supplies & Services	144,787	179,814	170,500
Utilities	32,577	43,635	43,000
Professional Services	9,739	19,516	15,500
Street Repair & Maintenance	272,955	306,222	220,000
Other fees & expenses	13,483	8,842	13,050
Insurance	17,302	15,500	15,000
Capital Outlay	16,669	14,079	40,000
Contingency	500	-	30,000
Subtotal	\$ 1,201,150	\$ 1,349,452	\$ 1,353,799
Public Safety			
Personnel	\$ 800,588	\$ 850,523	\$ 963,846
Supplies & Services	37,046	54,575	51,780
Utilities	11,359	9,995	11,500
Professional Services	7,677	9,310	15,600
Repair & Maintenance	4,552	6,675	4,000
Dispatch Services	81,190	89,926	100,036
Other public safety	33,784	51,482	61,032
Insurance	15,650	15,500	12,000
Capital Outlay	11,394	44,807	39,762
Contingency	-	-	28,428
Subtotal	\$ 1,003,240	\$ 1,132,793	\$ 1,287,984
Building & Grounds			
Personnel	\$ 232,694	\$ 235,843	\$ 276,915
Supplies & Services	69,478	76,196	71,550
Utilities	41,432	49,223	50,000
Professional Services	29,591	30,075	30,000
Repair & Maintenance	36,140	47,441	58,000
Insurance	13,050	9,000	8,000
Capital Outlay	20,538	-	-
Contingency	709	-	2,500
Subtotal	\$ 443,632	\$ 447,778	\$ 496,965
Grand Total	\$ 6,365,421	\$ 5,968,004	\$ 4,828,652
Net Revenue	\$ (752,511)	\$ (576,112)	\$ 78,248

Source: Town of Eagle and BBC Research & Consulting.



IMPACT PROJECTIONS: Revenues

Property Tax Revenue

The ERS project is located within an Urban Renewal Area (URA) and thus is subject to a tax increment financing (TIF) program where future incremental property tax revenue due to the Town will accrue to the URA, which will in turn pledge it to the District under a reimbursement agreement until 2033.⁵ This fiscal analysis does not project any property tax revenue accruing to the Town when calculating net fiscal impact.

According to current assessment procedures, the Town of Eagle would forgo about \$106,200 per year in property tax revenue annually at build out. The property tax revenue would accrue to the District under terms of the urban renewal plan. This calculation assumes the Town's current mill levy of 3.659 mills at residential/commercial market value presented in Exhibit 1, residential assessment ratio of 7.96 and commercial assessment ratio of 29.00.

Sales Tax Revenue

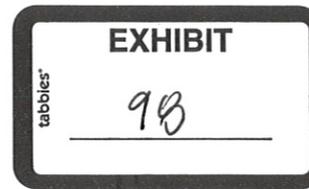
The project developer provided general information about the type of commercial development planned at Eagle River Station. Planned retail uses were described to BBC in general retail categories including department store, specialty grocer, discount retail, home improvement, restaurant, junior anchor retail, electronics and retail shops. Expected annual sales per square foot projections were supplied by the developer, based on current market conditions. Annual sales per square foot estimates range between \$150 and \$400 per square foot. For modeling purposes, BBC used a weighted average annual sales per square foot figure of \$263, which was calculated from the developer supplied data.

The current Town sales tax rate is 4 percent and Eagle County shares back with the Town 15 percent of its one percent sales tax, thus the Town's current effective sales tax rate is 4.15 percent. The Town and District anticipate⁶ a 25-year sales tax sharing agreement where the Town will agree to credit 2.55 percentage points of its municipal sales tax on taxable transactions at ERS, leaving the Town with a 1.60 percent effective sales tax rate on taxable transactions occurring at ERS (including the county share back of 0.15 percent). Also under the agreement, the District will impose a public improvement fee (PIF) on taxable transactions at ERS of 3.85 percent, which consists of a 2.55 percent "credit PIF" and a 1.45 "add-on PIF".

Thus, the District will impose an effective PIF of 4 percent and the Town will receive a 1.60 percent sales tax on ERS taxable sales. Exhibit 4 on the following page presents projected sales tax and PIF revenue from Eagle River Station accruing to the Town and District.

⁵ Under Colorado law, a URA may only receive tax increment for 25 years. Based on the approval of the Eagle River Station URA Plan in 2008, the URA's ability to receive tax increment within the ERS project area will sunset in 2033.

⁶ The final terms of the sales tax sharing agreement between the town and developer are still pending as of the publication of this report.



**Exhibit 4.
ERS—Sales Tax and PIF Revenue**

	2013	2014	2015	2016	2017
Occupied Cumulative Commercial Space (Sq. Ft.)	-	560,967	560,967	714,754	714,754
Annual Sales (\$230 per Sq. Ft.)	\$ -	\$ 147,534,321	\$ 147,534,321	\$ 187,980,302	\$ 187,980,302
Town of Eagle Sales Tax (1.60 percent)	\$ -	\$ 2,360,549	\$ 2,360,549	\$ 3,007,685	\$ 3,007,685
District PIF Revenue (4 percent)	\$ -	\$ 5,901,373	\$ 5,901,373	\$ 7,519,212	\$ 7,519,212
Total Sales Tax and PIF Revenue	\$ -	\$ 8,261,922	\$ 8,261,922	\$ 10,526,897	\$ 10,526,897

Source: RED Development LLC.

At build out, ERS is expected to generate about \$3.0 million in sales tax per year for the Town and about \$7.5 million in PIF revenue per year for the District. In total, the project is expected to generate about \$10.5 million annually in combined sales tax and PIF revenue.

Building Permit and Plan Check Revenue

Estimated building permit and plan check revenues were independently projected and are shown in Exhibit 5 below. Building permit revenues are generally used to recover the cost of building inspections, and offer only modest net revenue to the Town. BBC’s model assumes 20 percent of a unit’s final market value is in land, 40 percent is in labor and 40 percent is in construction materials.

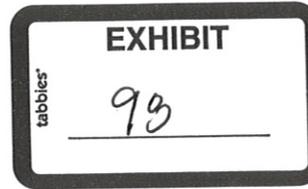
**Exhibit 5.
ERS Building Permit and Plan Check Revenue**

	2013	2014	2015	2016	2017	Cumulative Total
Annual Construction Activity						
Commercial Square Footage	560,967	-	153,787	-	-	714,754
Residential Units	250	-	300	-	-	550
Building Permit Revenue--Commercial						
Construction Value	\$ 34,331,180	\$ -	\$ 9,411,764	\$ -	\$ -	\$ 43,742,945
Building Permit Revenue	141,161	-	40,238	-	-	181,399
Plan Check Revenue	91,755	-	26,154	-	-	117,909
Total Permit and Plan Check Revenue--Commercial	\$ 232,916	\$ -	\$ 66,392	\$ -	\$ -	\$ 299,308
Building Permit Revenue--Residential						
Construction Value	\$ 27,000,000	\$ -	\$ 32,400,000	\$ -	\$ -	\$ 59,400,000
Building Permit Revenue	111,470	-	133,340	-	-	244,810
Plan Check Revenue	72,456	-	86,671	-	-	159,127
Total Permit and Plan Check Revenue--Residential	\$ 183,926	\$ -	\$ 220,011	\$ -	\$ -	\$ 403,937
Total Annual Building Permit Revenue	\$ 416,842	\$ -	\$ 286,403	\$ -	\$ -	\$ 703,245

Note: BBC replicated building permit and plan check fees based on the Town’s building fee schedule, which reflects the value of commercial and residential development.

Source: Town of Eagle Building Department; BBC Research & Consulting.

Under the current development pace and valuation assumptions, cumulative total building permit and plan check fee revenue is roughly \$703,000 over the course of the development period.



Other General Fund Revenue

A number of other revenues were calculated and applied to the development projections on a per residential household and per 1,000 commercial square feet basis. Current per unit revenue multipliers were derived for each line item in the 2009 general fund budget by dividing the total amount of revenue for each revenue source by the total number of existing households or commercial square feet in the Town. Applicable revenues include cigarette tax, specific ownership tax, highway users tax (all rebated by the State of Colorado), franchise fees, and rental revenues. These sources produce about \$500 per household and about \$50 per 1,000 commercial square feet per year within the Town of Eagle.⁷ Exhibit 6 on the following page shows the annual value of these other revenue items.

General Fund Revenue

Exhibit 6 on the following page shows the sum of general fund revenues associated with the ERS project. In order to calculate traditional general fund revenue, sales tax and building permit revenue are added to incremental revenue from other sources that are calculated on a per household basis. In sum, the ERS project will generate approximately \$3.3 million in general fund revenue per year at build out.

It should be noted that property tax revenue was omitted from general fund revenue calculations to account for the presence of the URA. The Town of Eagle currently has a sales tax sharing agreement with the neighboring Town of Gypsum for sales occurring at the Costco store and associated retail. No new sales tax shared from Gypsum is expected as a result of ERS development.

⁷ Household data (2,183 households) provided by the U.S. Census Bureau (2010); commercial square footage data (1.27 million sq. ft.) provided by Eagle Town Planner, email transmission dated February 2012.



IMPACT PROJECTIONS: Expenditures

In 2009, the Town of Eagle provided general fund services to approximately 2,180 households and 1.27 million commercial square feet at a cost of approximately \$5 million. The largest Town service expenses are in general salaries and benefits, public safety and capital outlays. Some of these costs are relatively fixed and are not immediately affected by residential or commercial growth, e.g. Town council expenses, but the majority of Town costs will grow in proportion to population growth. The lower portion of Exhibit 7 on the following pages shows line item estimates of fixed and variable costs. In total, fixed costs are estimated to account for only 37 percent of total Town expenditures, while variable costs are calculated to be 63 percent of total Town expenditures. BBC has fixed a higher portion of costs for this analysis due to the presence of the District, which will provide all street maintenance and snow removal functions at ERS. BBC estimates that Town street costs would be about 80 percent fixed, leaving 20 percent of Town street costs applied to the development to account for higher traffic activity in the Town in general due to the ERS project.

The residential variable portion of municipal service costs, which is calculated at approximately \$1,300 per household, will grow incrementally as the Town of Eagle absorbs new households at ERS. The commercial variable portion of municipal service costs, calculated at about \$180 per 1,000 commercial square feet, will grow as the Town absorbs new ERS commercial space.

For the purpose of this analysis, we have balanced the current municipal budget by assuming a re-institution of the prior practice of general fund transfers to the capital improvements fund. Capital improvements are a necessary Town expense and inclusions of these costs ensure realistic projections. New households and commercial development are assumed to require similar levels of capital expenditures as existing residents and businesses and thus similar cost burdens.

Exhibit 7 (pages 11-13) applies current costs by household to the ERS development schedule to determine annual service delivery expenses associated with this project. At build out, the project will incur Town expenses of about \$850,000 per year, shown on page 13.

Net Revenues

The Town's general fund will experience a net surplus as a result of the ERS project throughout the construction period, and after project completion. At build out, the project is expected to produce a net surplus of approximately \$2.5 million per year at current service levels. Over the 5-year analysis period, the project will produce a net surplus of about \$8.2 million on a net present value basis with a 5 percent discount rate.⁸ Exhibit 7 (pages 11-13) shows net general fund revenue for the Town of Eagle.

It should be noted that once the URA and the sales tax sharing agreement between the Town and District expire, the project will produce greater net revenue for the Town. After the expiration of the URA, the Town's property tax will revert back to the general fund. After repayment of bonds, the 2.55 percent sales tax credit the Town has granted will expire, resulting in the Town receiving the full net effective sales tax rate of 4.15 percent (including the County share back).

⁸ The net present value indicates of how much value, in terms of net revenue, the ERS development is expected to provide to the Town of Eagle in present dollars.

**Exhibit 7.
General Fund Revenues, Expenditures and Net Revenues**

2009 Revised Budget Amount	Percent Residential	Percent Commercial	Residential Portion	Commercial Portion	New Unit Amount per Household	New Amount per 1,000 Comm. Sq. Ft.	2013	2014	2015	2016	2017
Revenues											
Property Tax							\$ -	\$ -	\$ -	\$ -	\$ -
General Sales							-	2,360,549	2,360,549	3,007,685	3,007,685
County Sales Tax							-	-	-	-	-
Sales Tax Revenue Sharing							-	-	-	-	-
Building Permits							348,534	-	239,835	-	-
Specific Ownership	90%	10%	21,150	2,350	10	2	-	3,460	3,460	6,651	6,651
Franchise Taxes	90%	10%	171,000	19,000	78	15	-	27,976	27,976	53,776	53,776
Motor Vehicle License Fee	95%	5%	20,900	1,100	10	1	-	2,879	2,879	5,885	5,885
Highway Users Tax	100%	0%	188,461	-	86	-	-	21,583	21,583	47,482	47,482
Cigarette Tax	100%	0%	16,500	-	8	-	-	1,890	1,890	4,157	4,157
County Road & Bridge	95%	5%	117,284	6,173	54	5	-	16,158	16,158	33,023	33,023
Licenses & Permits	80%	20%	30,080	7,520	14	6	-	6,766	6,766	11,811	11,811
Charges for Services	95%	5%	262,200	13,800	120	11	-	36,123	36,123	73,827	73,827
Fines & Forfeits	95%	5%	41,325	2,175	19	2	-	5,693	5,693	11,636	11,636
Miscellaneous Income	95%	5%	98,681	5,194	45	4	-	13,595	13,595	27,785	27,785
Interest on Investments	95%	5%	19,000	1,000	9	1	-	2,618	2,618	5,350	5,350
Transfers from other funds			104,500	5,500	48	4	-	14,397	14,397	29,424	29,424
Total General Fund Revenues			\$ 1,091,081	\$ 63,812	\$ 500	\$ 50	\$ 348,534	\$ 2,513,687	\$ 2,753,522	\$ 3,318,492	\$ 3,318,492

Source: Town of Eagle, BBC Research & Consulting.





**Exhibit 7. continued
General Fund Revenues, Expenditures and Net Revenues**

	2009 Revised Budget Amount	Percent Variable	Percent Residential	Percent Commercial	Fixed Portion	Residential Variable Portion	Commercial Variable Portion	New Unit Amount per Household	New Amount Per 1,000 Comm. Sq. Ft.	2013	2014	2015	2016	2017
General Administration														
Personnel	\$ 87,150	80%	95%	5%	\$ 165,430	\$ 628,634	\$ 33,086	\$ 288	\$ 26	\$ -	\$ 86,606	\$ 86,606	\$ 177,003	\$ 177,003
Office Supplies & Services	34,300	80%	95%	5%	6,860	26,068	1,372	12	1	-	3,591	3,591	7,340	7,340
Utilities	14,500	80%	95%	5%	2,900	11,020	580	5	0	-	1,518	1,518	3,103	3,103
Professional Services	481,501	80%	95%	5%	96,300	365,941	19,260	168	15	-	50,415	50,415	103,037	103,037
Other fees & expenses	56,111	80%	95%	5%	11,222	42,644	2,244	20	2	-	5,875	5,875	12,007	12,007
Insurance	47,342	80%	95%	5%	9,468	35,980	1,894	16	1	-	4,957	4,957	10,131	10,131
Capital Outlay	9,000	80%	95%	5%	1,800	6,840	360	3	0	-	942	942	1,926	1,926
Community Requests	75,000	80%	95%	5%	15,000	57,000	3,000	26	2	-	7,853	7,853	16,049	16,049
Contingency	20,000	80%	95%	5%	4,000	15,200	800	7	1	-	2,094	2,094	4,280	4,280
Transfer to Capital Improvement	78,248	80%	95%	5%	15,650	59,468	3,130	27	2	-	8,193	8,193	16,744	16,744
Transfer to Debt Service	125,000	80%	95%	5%	25,000	95,000	5,000	44	4	-	13,088	13,088	26,749	26,749
Streets														
Personnel	\$ 806,749	20%	90%	10%	\$ 645,399	\$ 145,215	\$ 16,135	\$ 67	\$ 13	\$ -	\$ 23,757	\$ 23,757	\$ 45,667	\$ 45,667
Supplies & Services	170,500	20%	90%	10%	136,400	30,690	3,410	14	3	-	5,021	5,021	9,651	9,651
Utilities	43,000	20%	90%	10%	34,400	7,740	860	4	1	-	1,266	1,266	2,434	2,434
Professional Services	15,500	20%	90%	10%	12,400	2,790	310	1	0	-	456	456	877	877
Street Repair & Maintenance	220,000	20%	90%	10%	176,000	39,600	4,400	18	3	-	6,479	6,479	12,453	12,453
Other fees & expenses	13,050	20%	90%	10%	10,440	2,349	261	1	0	-	384	384	739	739
Insurance	15,000	20%	90%	10%	12,000	2,700	300	1	0	-	442	442	849	849
Capital Outlay	40,000	20%	90%	10%	32,000	7,200	800	3	1	-	1,178	1,178	2,264	2,264
Contingency	30,000	20%	90%	10%	24,000	5,400	600	2	0	-	883	883	1,698	1,698
Public Safety														
Personnel	\$ 963,846	90%	90%	10%	\$ 96,385	\$ 780,715	\$ 86,746	\$ 358	\$ 68	\$ -	\$ 127,725	\$ 127,725	\$ 245,519	\$ 245,519
Supplies & Services	51,780	90%	90%	10%	5,178	41,942	4,660	19	4	-	6,862	6,862	13,190	13,190
Utilities	11,500	90%	90%	10%	1,150	9,315	1,035	4	1	-	1,524	1,524	2,929	2,929
Professional Services	15,600	90%	90%	10%	1,560	12,636	1,404	6	1	-	2,067	2,067	3,974	3,974
Repair & Maintenance	4,000	90%	90%	10%	400	3,240	360	1	0	-	530	530	1,019	1,019
Dispatch Services	100,036	90%	90%	10%	10,004	81,029	9,003	37	7	-	13,256	13,256	25,482	25,482
Other public safety	61,032	90%	90%	10%	6,103	49,436	5,493	23	4	-	8,088	8,088	15,547	15,547
Insurance	12,000	90%	90%	10%	1,200	9,720	1,080	4	1	-	1,590	1,590	3,057	3,057
Capital Outlay	39,762	90%	90%	10%	3,976	32,207	3,579	15	3	-	5,269	5,269	10,129	10,129
Contingency	28,428	90%	90%	10%	2,843	23,027	2,559	11	2	-	3,767	3,767	7,241	7,241

Source: Town of Eagle, BBC Research & Consulting.

**Exhibit 7. continued
General Fund Revenues, Expenditures and Net Revenues**

	2009 Revised Budget Amount	Percent Variable	Percent Residential	Percent Commercial	Fixed Portion	Residential Variable Portion	Commercial Variable Portion	New Unit Amount per Household	New Amount per 1,000 Comm. Sq. Ft.	2013	2014	2015	2016	2017
Building & Grounds														
Personnel	\$ 276,915	50%	95%	5%	\$ 138,458	\$ 131,535	\$ 6,923	\$ 60	\$ 5	\$ -	\$ 18,121	\$ 18,121	\$ 37,036	\$ 37,036
Supplies & Services	71,550	50%	95%	5%	35,775	33,986	1,789	16	1	-	4,682	4,682	9,569	9,569
Utilities	50,000	50%	95%	5%	25,000	23,750	1,250	11	1	-	3,272	3,272	6,687	6,687
Professional Services	30,000	50%	95%	5%	15,000	14,250	750	7	1	-	1,963	1,963	4,012	4,012
Repair & Maintenance	58,000	50%	95%	5%	29,000	27,550	1,450	13	1	-	3,796	3,796	7,757	7,757
Insurance	8,000	50%	95%	5%	4,000	3,800	200	2	0	-	524	524	1,070	1,070
Capital Outlay	-	50%	95%	5%	-	-	-	-	-	-	-	-	-	-
Contingency	2,500	50%	95%	5%	1,250	1,188	63	1	0	-	164	164	334	334
Total Expenditures	\$ 4,906,900				\$ 1,813,951	\$ 2,866,805	\$ 226,145	\$ 1,313	\$ 178	\$ -	\$ 428,200	\$ 428,200	\$ 849,556	\$ 849,556
										Annual Revenues Minus Expenditures	\$ 348,534	\$ 2,085,487	\$ 2,325,323	\$ 2,468,936
										Cumulative New Residential Units	250	550	550	550
										Cumulative New Commercial Sq. Ft.	560,967	714,754	714,754	714,754
										Current Eagle Households	2,183			
										Current Commercial Square Footage	1,270,000			

Cumulative PV \$8,197,913
Discount Rate 5%

Average Surplus/Deficit
\$ 1,939,443

Source: Town of Eagle, BBC Research & Consulting.





Capital Improvement Fund Revenue

The Town of Eagle imposes a 4 percent construction materials use tax. Revenues stemming from use tax are dedicated to the Town’s capital improvement fund. Use taxes are a form of sales tax charged on building materials use in Eagle. BBC’s model assumes 50 percent of a unit’s final market value is in construction materials per town practices. If the materials are purchased in Eagle, the cost of materials will be subject to sales tax. If materials are purchased elsewhere, and used in Eagle, the value of these materials will be subject to Eagle use tax.

Exhibit 8 below documents the incremental capital improvement fund revenue from the Town’s construction use tax. Please note that these revenues occur only one time during the construction period.

**Exhibit 8.
Capital Improvement Fund Revenue**

	2013	2014	2015	2016	2017	Cumulative Total
Total Improvements Market Value	\$ 51,109,317	\$ -	\$ 34,843,137	\$ -	\$ -	\$ 85,952,454
Eagle Use Tax Revenue (4%)	\$ 2,044,373	\$ -	\$ 1,393,725	\$ -	\$ -	\$ 3,438,098
Total Capital Improvement Fund Revenue	\$ 2,044,373	\$ -	\$ 1,393,725	\$ -	\$ -	\$ 3,438,098

Source: BBC Research & Consulting.

Cumulative revenue derived from ERS construction use tax totals approximately \$3.4 million.



Conclusions

In sum, the ERS project produces the following fiscal impacts on the Town of Eagle:

- During the development period, the ERS project will produce an average annual net general fund surplus of \$1.9 million per year. This represents about \$9.7 million in net revenues to the Town over a 5-year period, or about \$8.2 million on a net present value basis at a 5 percent discount rate.
- In addition to general fund receipts, use tax revenues will provide an additional \$3.4 million to the Town's capital improvement fund during the development period.
- When completed, revenue from the ERS project under current agreements with the District will exceed the costs of providing Town services to ERS by approximately \$2.4 million per year at current service levels.

In short, the revenues from the development of the ERS project will benefit the broader Eagle community over the 5-year development period presented in this fiscal analysis and beyond. The Town's financial windfall will be substantial, with total net revenues in excess of \$9.7 million over five years and a present value of \$8.2 million.

It should be noted that Eagle's current public finance challenges are primarily associated with its small retail base, and thus ongoing sales leakage out of the community. The ERS project represents a significant opportunity for the community to grow and diversify its retail offerings and increase capture of resident and visitor sales. An expansion of Eagle retail offerings would have a major impact on the Town's fiscal position, because retail diversification would increase retail capture rates from all current and future Eagle residents without significantly affecting service costs.

We appreciate the opportunity to prepare this analysis. We look forward to discussing this study at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam D. Orens".

Adam D. Orens
Director