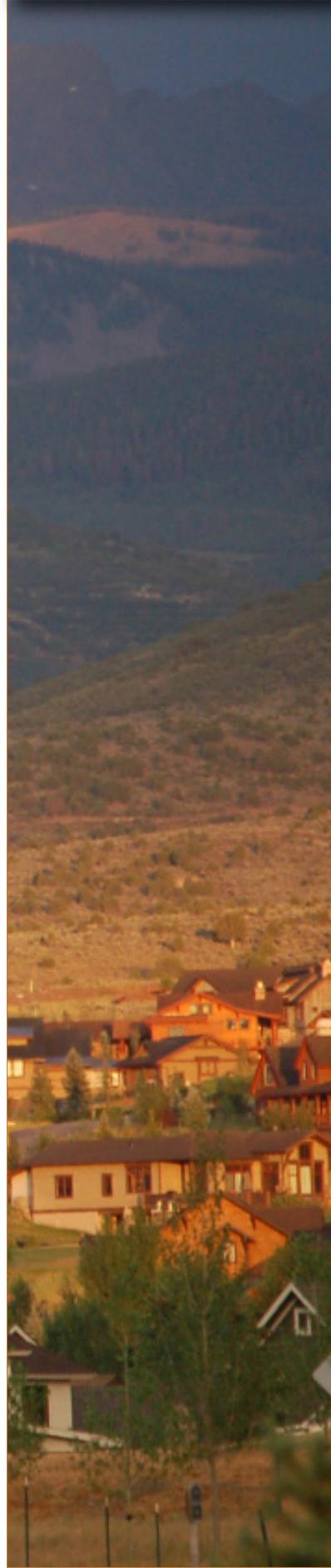


**CHAPTER 11:
Economic Development
and Sustainability**



Economic Development and Sustainability

The overall economy of the Town and the Town government's finances are inextricably tied together. State statutes require the Town government to balance the demands for services placed on government with its income. The purpose of this chapter is to define the issues and develop guiding principles for decisions related to the economy and Town finances.

Demand for additional services, amenities, and infrastructure comes from growth and increased community expectations. In the past, Town government was responsible for water, sewer, minimal street maintenance, and police protection. Now, residents expect their Town to provide and maintain parks and open space, affordable housing, trails, recreational amenities, and other services. To the degree that they are determined to be necessary and appropriate, the Town Board must meet the budgetary challenges of paying for these services, amenities and infrastructure.

Funds can be raised through sales and property taxes, increases in the amount of goods and services purchased locally, or construction-related fees (for example, impact and use fees). Across the State, revenues come largely from sales tax because State laws limit municipal authority to increase property tax rates (voters

must approve any increase in property taxes).

To achieve a sustainable economy and balanced budgets, the community faces a variety of choices and options:

- generate new sales tax dollars,
- capture a greater amount of the dollars spent on goods and services,
- raise funds through exactions and impact fees from new development,
- increase the property tax rate, and/or
- reduce government services,

This Plan encourages both infill and re-development of existing commercial areas, the development of new regional oriented commercial development and additional residential growth within the Town's Urban Growth Boundary.

To assure a sustainable balance between the services provided by the Town and the cost of those services to the taxpayer, the Town should strive for an economy that is:

1) Predictable:

The Town should plan for fluctuations in the economy. These plans could include building reserves during strong economic periods and educating Town residents about the budget demands for providing services and amenities.

2) Diverse:

The Town should build a diverse economic base. Investment in business sectors beyond resort, real estate, and construction will provide some resiliency to market downturns.

3) Data-driven:

The Town should strive to make demographic and economic information available for current and prospective business owners.

4) Budget conscious:

The Town government is required by state statute to have a balanced budget, but the community must be aware of the trade-offs at play with their requests. Additional services, amenities, and infrastructure require additional funding sources.

5) Supported by good-paying local jobs:

Policies should promote a community in which people can live, work and play. By encouraging development of businesses with higher paying jobs, residents can

work locally and avoid long and expensive commutes up-valley for employment.

6) Supported by businesses that compete well in the regional economy:

The Town can improve economic health by capturing sales tax dollars from outside the community and minimizing economic leakage to other communities. Providing opportunities for Eagle residents to spend more of their disposable income within Town for goods and services is healthy for the economy. “Basic dollars” spent within town impact the economy through the “multiplier effect”: money turns over resulting in more dollars spent and additional people employed.

Town Finances: Revenues

The Town obtains revenues from a variety of sources. Property taxes and sales taxes have provided the most reliable and predictable income streams. The State does not provide much funding to towns. The various revenue sources available to the Town are discussed as follows:

Sales Tax

Sales tax revenue accounts for a large portion of the Town’s revenues. The table below shows that sales tax accounted for about 55 percent of the general revenue fund in 2008. In Eagle, sales tax is the highest rate allowed under Colorado

law, 8.4 percent. Of that, the Town receives 4%, the State of Colorado receives 2.9%, and Eagle County receives 1.5%. Merchandise is taxed at point of sale, so only those goods and services purchased in Eagle provide sales tax revenue to the Town.

Although the sales tax rate cannot be raised, the Town can work to increase the purchase of goods and services within Town. Increasing the number of jobs available locally would likely result in greater patronage of local businesses. There is also great potential of drawing additional business from travelers on Interstate 70. Since there is a direct relationship between square footage of commercial space, gross sales, and sales tax revenues, the Town should evaluate opportunities for maximizing the use of currently zoned commercial properties. Within the dynamic environment of the local economy, the Town should strive to determine which commercial uses are the most likely to produce sales taxes and focus business development efforts on those uses.

Property Tax

An increase in property tax revenues requires that a community vote to tax itself at a higher rate. This comes with challenges, as long-time locals may feel that new development is creating the demand for more services, amenities, and infrastructure. The Town has a low mill levy assessment and receives approxi-

mately \$425,000 per year in property tax revenue. This amount constitutes approximately 9% of annual general fund revenues. While property tax is an important revenue source for the Town, the revenue base is difficult to grow because of constitutional and statutory limitations. Voter approval for a property tax increase is required, and voters are more likely to approve increases for specific projects than for ongoing governmental operations.

Impact Fees and Use Taxes

Impact fees and use taxes are revenue sources linked to construction. The purpose of impact fees is to pay for a portion of the additional costs of public services that new development may cause and to ensure that the Town's level of service standards are maintained. Use taxes raise revenue for the Capital Fund, which provides funds for projects such as building and park development, street construction and equipment purchases. The use tax is imposed for using or consuming construction or building materials in the Town of Eagle, regardless of point of sale. The rate is 4% of the retail cost. The Town needs to be sensitive to the overall impact of building related fees and taxes as they relate to the cost of construction.

Enterprise Funds

Enterprise funds pay for the non-general fund services of water, wastewater (sewer), and refuse utilities. These serv-

ices are not paid for with tax money (other than a small mill levy on wastewater services). Instead, users of these services – all residents and businesses – receive bills for the services they use. These utilities are run just like private businesses; the Town provides the services and customers pay for them directly. The costs of the services are determined by the amount of services consumed. There are a variety of other small funding sources for the town such as licenses and permits, fines, fees and

rental income. Increases in these funding sources would have minimal impact on the town’s finances.

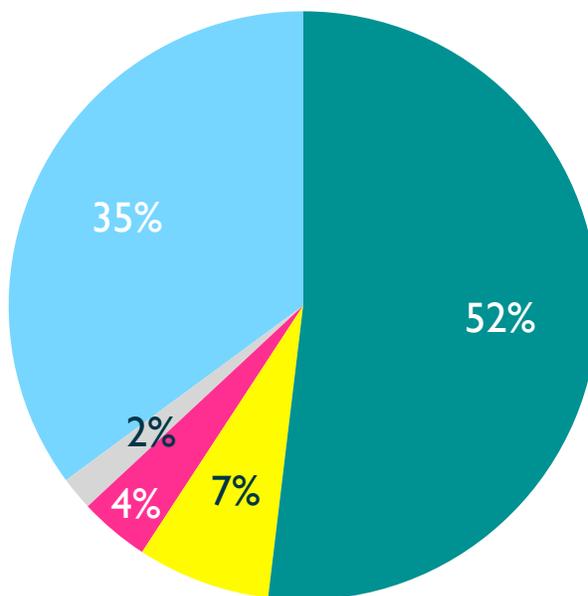
Other funding

The Town should continue to work with the County and other jurisdictions to capture funds from projects that have a regional benefit. In the past, the town has received funding assistance from the Colorado Department of Transportation, Western Eagle County Metropolitan Recreation District (WECMRD), the Colorado Division of Wildlife, Great Outdoors Colorado (GOCO) and Eagle County. All funding from outside agencies is for project specific expenses, not ongoing operations.

General Fund Revenues



2010 General Fund Revenues (Projected)



The graphs above and to the right show the makeup of General Fund revenues for the Town of Eagle. Sales tax accounts for over one-half of the revenues projected for 2010. Revenues from construction-related permits and fees have fallen since 2008.

- Sales Tax
- Property Tax
- Permits, Impact Fees, Use Taxes
- Enterprise Funds
- Other Revenues

Town Finances: Expenditures

The Town has three major types of expenses: operations/services, community requests, and capital costs, as further detailed below.

Operations/Services

Operations expenses include the cost of salaries and benefits, supplies, contracted professional services, energy costs, and insurance. Services include the maintenance of streets, police protection, maintenance of public buildings and grounds, and debt service. The cost of these services has steadily risen over time somewhat proportional to the population and the cost of doing business (i.e. rising energy costs). Like any local government, personnel costs are a large part of conducting the Town business.

Community Requests

Community requests include funds spent on the support of local organizations providing value to the community such as the Chamber of Commerce, Bravo, and the Eagle Valley Seniors. In addition, they include events such as Flight Days, Fourth of July Fireworks, and parades. The requests have steadily risen to reflect the community's expectations that government be as actively engaged as its citizens.

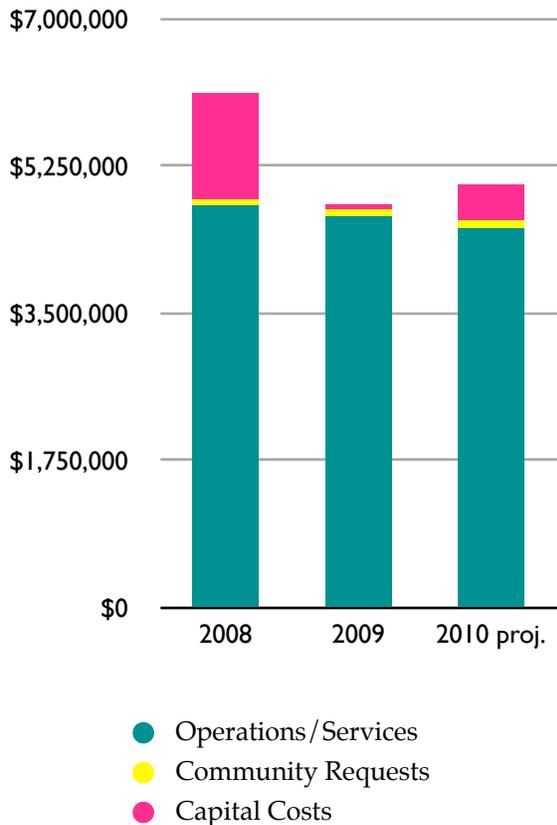
Capital Costs

Non-utility capital expenses include expenses and debt service for construction

projects. The capital expenses are in three categories: 1) buildings, parks and open space; 2) streets and rights of way; and 3) equipment. Projects and expenses tend to fluctuate from year to year depending on the needs and desires of the community coupled with available revenue sources. One year a significant outlay of cash will go towards purchasing and constructing a park, the next year something else. Some years see a smaller capital projects budget with the expectation of saving for projects in a future year. As construction costs increase and the community demands more amenities, expenditures for capital improvements rise over time.

All of these expenditures continue to rise in part due to population increases and inflation. However, there is another factor at play – rising expectations of the citizens in the community. Citizens demand more services and more recreational opportunities. Community requests are now being received from groups that did not exist a decade ago. Trails and open space maintenance are examples of new expenditures for the town. Investing in streetscapes requires investing in the equipment to maintain them. The desire by the community to redevelop the Town Center also comes at a cost. Capital investments must be made to replace or repair old water and sewer lines, install new storm drainage facilities, and add pedestrian amenities.

General Fund Expenditures



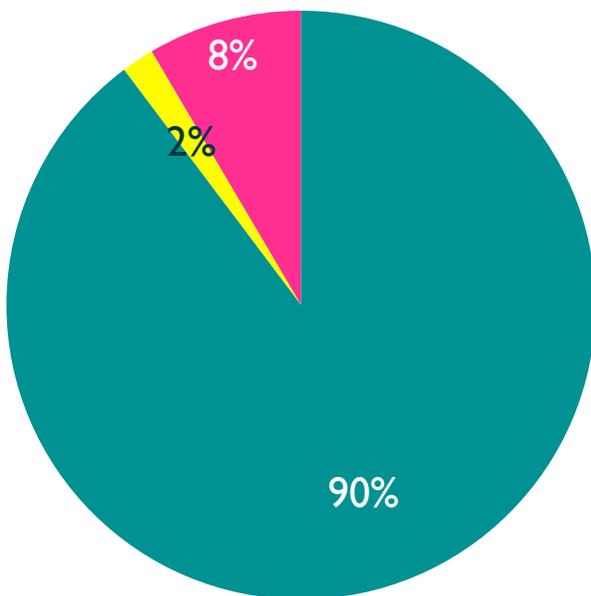
The graphs to the left show the makeup of General Fund expenditures for the Town of Eagle. Operations and services include administration, public works (streets and buildings), and public safety (police).

A Balanced Approach

A number of trends make it challenging to balance the Town’s revenue with expenditures:

- A. The community is getting closer to “build out”. As this happens, it will be harder to pay for additional needs and demands with new construction revenues. Construction fees, sales/use taxes on construction materials, and development fees will fall.
- B. Aging facilities will require increased maintenance and replacement over time.
- C. Energy costs may continue to rise as resources become scarcer.
- D. The community will continue to demand high quality services, amenities, and capital improvements.

2010 General Fund Expenditures (Projected)



In the face of these challenges, it will be important to set good guiding policies for decision-makers to use when faced with Town finance decisions. Those guiding policies include but are not limited to:

- A. Provide a balanced yearly budget.
- B. Maintain a healthy financial reserve.
- C. Focus primarily on revenues from property tax and sales tax.
- D. Maximize available commercial space.
- E. Secure appropriate exactions from new construction projects. Seek a realistic funding and phasing strategy including operations and maintenance costs for all new development.
- F. Recognize that in the long term the revenue generated from residential property tax does not cover expenses associated with the maintenance of residential neighborhoods.

Building a Sustainable Economy

A sustainable economy is defined as a system which maintains and/or enhances economic opportunity without compromising the ability of future generations to meet their economic needs. The number and types of businesses in an area, the number and types of jobs that are supported by those businesses, the impacts of regional economic activities and drivers and forecasts of future economic trends are all important considerations in this regard.

Jobs and Wages

Employment in Eagle is typical of mountain towns in Colorado. The construction industry represents approximately 24 percent of the jobs in the Town. Education, Health and Social Services provides 15 percent, while Arts, Entertainment, Recreation, Accommodation, and Food Services represent 12 percent of the em-

ployment. Public Administration, because of Eagle's position as the County Seat, is relatively high at 9 percent. Public administration includes the Town, County, School District and other governmental offices (data from Bureau of Labor Statistics, 2008).

Wages are tracked by the Department of Labor (employer reported), but are only reported at the county level. According to the Department of Labor, the average weekly wage in Eagle County is \$837 compared to the state's average of \$932. (Colorado Department of Labor, 4th Quarter 2008) The lower wages are due in part to a larger proportion of workers in service industry jobs, which typically pay a lower hourly rate.

Economic Development

Strong community development is essential to strong economic development. Adherence to the guiding policies provided by this plan is considered integral to maintaining a strong economy in Eagle. Several specific strategies will help bolster the economy:

- 1) *Encourage diversification* of the local economy to reduce leakage of shopping dollars to others areas and to help weather larger economic shifts. New businesses should reflect and build upon the unique character of the community.

- 2) *Provide incentives* to attract the kinds of businesses to the area that offer higher wages.
- 3) *Optimize commercial development* to create more jobs and provide additional outlets for goods and services within the five existing commercial centers that have evolved over time in Eagle. These centers are identified as:
 - a. The Town Center: This area includes the commercial corridors on U.S. Highway 6, Broadway, and Capitol Street.
 - b. The West Eagle Commercial Center: This is part of the Town Center Character Area but is more specifically those commercial uses on U.S. Highway 6 in West Eagle.
 - c. The North Interstate 70 Commercial Center: This area includes the commercial and lodging properties located north of Interstate 70 along Eby Creek Road and Market Street.
 - d. The South Interstate 70 Commercial Center: This area includes the commercial and lodging properties located south of Interstate 70 along Eby Creek Road, Chambers Avenue, Fairgrounds Road and undeveloped areas east of town and within the urban growth boundaries.
 - e. The Eagle Ranch Commercial Center.
- 4) Use environmentally appropriate strategies to *promote organized and dispersed recreational tourism* in the area. Dispersed recreation includes fishing, hunting, hiking, kayaking and biking, and utilizes river access points like those provided at the Fairgrounds. Dispersed recreation also includes destinations like Sylvan Lake State Park, the Tenth Mountain Hut system, back country roads and campgrounds, and trail systems located on public lands. Hunters, fishermen, rafters and other outdoor enthusiasts bring outside money to local shops and businesses. In 2007, 25 percent of hunting and fishing licenses sold in Eagle County were purchased in the Town of Eagle.

The Town should also pursue opportunities provided through the operation of facilities for organized sports and events. The Fairgrounds, Eagle County Event Center, WECMRD recreational fields complex, Eagle Pool and Ice Rink, Eagle Ranch Golf Course and numerous mountain bike trails and loops in close proximity to Town provide high quality venues for both local and regional events. These facilities should continue to be enhanced, utilized and marketed to

draw more people and businesses to the Town.

A primary concern of the 1996 Eagle Area Community Plan was that the local economy should not be too tightly tied to the high-end resort/tourism economy that has become so prevalent in the eastern part of the County. Strengthening non-resort based recreational tourism should continue to be encouraged.

- 5) Use appropriate studies and analysis to *track economic progress* and assure future economic success. Periodic market analyses, economic analyses, jobs inventories and housing needs assessments will help local business owners and officials gain an understanding of town finances, changing market forces and population and employment trends. Information gained can help to define the best development scenarios and land use options for specific areas within the Town. Based on the results of this economic analysis, strategies might include infill, redevelopment, affordable housing incentives, and/or the formation of Business Improvement Districts. Creating a cohesive business community within the Town should be a primary goal. Through an inclusive data collection process, an economic development strategy can

be pursued that would create a vital, sustainable, and diverse economy consistent with the community vision.

The Eagle economy is strong but difficult to sustain on its current course. Economic development efforts should continue to encourage more jobs, better wages, reduced leakage, increased sale of goods and services, and increased sales tax revenues. A focus on community development will help to retain the attractiveness of the community to local employers and employees. Sustainability infers a strong need for monitoring and the ability to adjust to changes. Monitoring the sources of revenue and the needs and desires creating Town expenses will be imperative in continuing efforts to fine tune Town budgets. Market analysis, fiscal impact analysis and community education must be ongoing in order to better understand and strengthen the local economy.

Economic Development Goal #1: *The Eagle Planning Area supports a vibrant, sustainable, and diverse economy.*

POLICIES	RECOMMENDED STRATEGIES
<p>Economic Development Policy 1.1</p> <p>Support an economic development strategy that is consistent with the vision statement.</p>	<ul style="list-style-type: none"> A. Implement regular monitoring of the local economy that includes market analysis, financial analysis and job production. Establish an Economic Development Advisory Committee that would provide recommendations to appointed and elected officials on topics including economic development strategies, marketing strategies, and efforts to help educate and inform the local citizenry on matters of Town finance. The committee would also provide recommendations to appointed and elected officials on economic development opportunities and their effect on Town finances. B. Work with surrounding jurisdictions to facilitate economic development, as determined appropriate. C. Adjust zoning within the Town’s growth boundary to accommodate anticipated commercial uses as shown on the Future Land Use Map. Include the five commercial centers identified in this chapter. D. Utilize current economic analysis data and potential tax revenues and housing needs in the development of land use plans for specific areas. E. Promote businesses and activities that benefit from Eagle’s proximity to the I-70 corridor. F. Work to better capitalize on the Town’s proximity to the Eagle County Regional Airport. G. Work to attract businesses that provide higher wage jobs. H. Promote local, regional, and national retail that fits the desired character of the community and at a pace that is supportable by the community and surrounding region. I. Attract viable businesses and trades specifically for Eagle and/or potential local niche markets.

<i>POLICIES</i>	<i>RECOMMENDED STRATEGIES</i>
<p>Economic Development Policy 1.2</p> <p>Expand retail diversity to reduce sales tax leakage.</p>	<ul style="list-style-type: none"> A. Support opportunities to expand the number and diversity of businesses in Eagle; B. Implement economic development programs including small business incubators, entrepreneurial training, business recruitment, business attraction and marketing incentives; C. Work to create more local jobs and additional outlets for goods and services; D. Optimize commercial development. Determine factors that are preventing build-out of existing commercial centers E. Retain the commercial and warehouse/distribution uses in the Chambers Avenue Area.
<p>Economic Development Policy 1.3</p> <p>Create incentives to retain existing and attract new retail uses to the Town of Eagle.</p>	<ul style="list-style-type: none"> A. Update the 2002 Central Business District study of existing parking demands to address future infill and redevelopment requirements. B. Improve signage to draw visitors from Interstate 70 and US Highway 6 to the Town’s retail centers. C. Implement the following revisions to the Town’s Land Use and Development Code to address potential barriers to commercial and residential infill and redevelopment: <ul style="list-style-type: none"> 1) Encourage a mix of uses, including residential, within the CL District; 2) Increase height allowances within the CBD to more easily accommodate three story buildings; and 3) Create more detailed intent statements for the CBD and CL Districts to focus on the integration of mixed-uses.

<i>POLICIES</i>	<i>RECOMMENDED STRATEGIES</i>
<p>Economic Development Policy 1.4</p> <p>Support and participate in economic partnerships between the public and private sectors.</p>	<p>A. Consider unified Business Improvement Districts in instances where the Town wants to take affirmative steps to encourage development, particularly commercial development that will generate sales tax revenues.</p> <p>B. Consider the formation of a Tax Increment Financing District for funding public improvements.</p> <p>C. Ensure the Town of Eagle Economic Development Advisory Committee includes interested public and private sector leaders in the community.</p>

