Welcome to the 13\textsuperscript{th} Annual Southern Colorado Economic Forum

University of Colorado at Colorado Springs and the College of Business and Administration

October 30, 2009
Objectives

• Stability and Recovery
• Flight to Suburbia
• Forecast
• Call to Action
Stability and Recovery
Estimated Impact of the Military

- **Direct Jobs**: 42,000
- **Indirect/Induced Jobs**: 54,000
- **Local Taxes**: $65-75 million
- **Share of Local GDP**: 20%
- **Number of Rent Housing**: 12,600
- **Number Who Purchase Housing**: 18,900

Source: Greater Colorado Springs Chamber of Commerce and Southern Colorado Economic Forum

October 30, 2009
El Paso County Employment Trends

Source: Colorado LMI

October 30, 2009
Sales of Single Family Homes in the Pikes Peak Region

Source: Pikes Peak Association of Realtors
Pikes Peak Region Home Prices

Avg Price  Med Price

*: Projection, Source: PPAR

October 30, 2009
Seasonally Adjusted Single Family Building Permits in El Paso County

Monthly Average: 9/05-9/08

Last 13 Months: 9/08-9/09

Source: Pikes Peak Rgl Bldg Dept, and UCCS Southern Colorado Economic Forum

October 30, 2009
Business Conditions Index:
El Paso County

*: Projection

Low  Likely  High

October 30, 2009
Growth in Retail Stores by Zip Code: 1998-2005

Except for Escapes, Colorado Springs is Defined by Bike Border (Census 2000)
Taxable Retail Sales Growth in El Paso County: 2000-2008

Source: Colorado Department of Revenue

October 30, 2009
Taxable Retail Sales Growth in El Paso County: 2000-2008

Source: Colorado Department of Revenue

October 30, 2009
The Flight to Suburbia and Colorado Springs’ Lost Tax Revenue

- Estimated Property Taxes Lost: $3,000,000
- Share of Taxable Retail Sales
  - Q1 2000: 91.7%
  - Q1 2009: 86.7%
- El Paso County Taxable Retail Sales
  - 2000: $5.367 billion
  - 2008: $6.846 billion
- General Sales Tax Revenues to Suburbia
  - \(0.02 \times (6.846 - 5.367) = 29,580,000\) “lost” sales tax revenue
- Estimated Total “Lost” Taxes: $32,580,000
- City Projected Budget Shortfall for 2009: $40,000,000

October 30, 2009
Holiday Spending Plans: 2009 v 2008

Source: Forum Survey

October 30, 2009
Likely Holiday Purchase Items

Clothing: 70%
Gift Cards: 50%
Books, CD, DVD: 40%
Toys: 30%
Electronics: 20%
Sports: 10%
Equip: 0%
Other: 0%
Computers: 10%
Jewelry: 10%
Home Furn: 10%
Pet Items: 0%
Tools: 0%
Appliances: 0%
Great: 0%
Outdoors: 0%

October 30, 2009
Likely Holiday Purchase Locations

- Online Retailer
- Other Location
- Powers Blvd
- Chapel Hills
- Outside Co Spgs
- Downtown Co Spgs
- Promenade Shops
- Citadel Mall
- Colorado City

Source: Forum Survey

October 30, 2009
The Forum’s Forecast

October 30, 2009
## Projections for El Paso County

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population Growth</td>
<td>1.8%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>7.9%</td>
<td>7.0%</td>
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<tr>
<td>Non-Agricultural Employment</td>
<td>-3.6%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Total Wages and Salaries</td>
<td>-1.3%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Average Wages and Salaries</td>
<td>1.0%</td>
<td>2.4%</td>
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October 30, 2009
## Projections for El Paso County

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal Income</strong></td>
<td>-3.8%</td>
<td>1.5%</td>
</tr>
<tr>
<td><strong>Per Capita Personal Income</strong></td>
<td>1.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>Retail Trade</strong></td>
<td>-8.5%</td>
<td>2.0%</td>
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<tr>
<td><strong>Single Family Housing Permits</strong></td>
<td>-18.9%</td>
<td>25.0%</td>
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<tr>
<td><strong>Non-Residential Construction</strong></td>
<td>-26.2%</td>
<td>3.0%</td>
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The Call for Action

• Introspection
• Economic Development
• Economic Base and Diversification
• Rebuild Public Trust of Local Government
• Correct the Tax Structure
Introspection

- Dream City 2020
- Operation 60ThirtyFive
- Quality of Life Report
- Sustainable Funding Committee
- Southern Colorado Economic Forum/Pikes Peak Workforce Center
- Others

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Economic Development

• Integrated
• Comprehensive
• Regional
Primary Job Announcements by the Greater Colorado Springs EDC

Source: EDC
Cluster Industries Annual Wage

October 30, 2009
Comparative Rents per Sq. Ft.

Source: NAI Global
Diversification Should Achieve

- Stable job growth
- Higher incomes
- Reduced unemployment rates
- Tax revenues to support government services
Public Trust

• Survey the public to determine what services are essential vs. those considered non-essential

• Implement the recommendations of the SFC

• Consider other methods to budget
  – Zero Based or Budgeting for Outcomes to demonstrate 100% transparency

• Demonstrate efficiency in use of public funds
  – More than just per capita difference among Front Range communities or other benchmark cities
  – Data Envelopment Analysis (DEA)/Frontier Analysis
Improve the Tax Structure

• Work to eliminate conflicts among Gallagher, TABOR, Amendment 23 and other issues that reduce efficiency
  – Long-Term Fiscal Stability Commission
• Simplify and make the tax system transparent and balanced
• Remember citizens have approved dedicated use taxes with sunset provisions that can be extended by a vote

October 30, 2009
Colorado Springs Nominal and Real Per Capita Sales Tax Revenues

Source: City of Colorado Springs, *=Projection by Forum

October 30, 2009
- Heavy reliance on sales tax
- Little reliance on property tax
- One legged stool
- Problem with sales tax
  - Declining nationally (state and municipalities having difficulties balancing budgets)
  - Consumption based tax
  - Generally not based on services
    - Services expenditures rising faster than goods
  - Population is aging – older adults spend less
  - Retailers are moving outside city limits (leakage)
  - E-commerce

October 30, 2009
<table>
<thead>
<tr>
<th>Service</th>
<th>Boulder</th>
<th>Denver City/County</th>
<th>Colorado Springs</th>
<th>Fort Collins</th>
<th>Pueblo</th>
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<tbody>
<tr>
<td>Mill Levy</td>
<td></td>
<td></td>
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<tr>
<td>County</td>
<td>23.067</td>
<td>27.126</td>
<td>7.748</td>
<td>22.395</td>
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<td>City</td>
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<td>Library</td>
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<td>School Districts</td>
<td>39.113</td>
<td>39.657</td>
<td>(24.301-60.216)</td>
<td>47.989</td>
<td>(37.966-40.804)</td>
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<td>Fire Districts</td>
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<td>(0-12.423)</td>
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<td>Metro Districts</td>
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<td>(0-53)</td>
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<tr>
<td>Sanitation</td>
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<td>(0-4.5)</td>
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<td>Special Improvement</td>
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<td>Water</td>
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<td>Water &amp; Sanitation</td>
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<td>(4.0001-25.517)</td>
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<td>2.167</td>
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<td>Pest Control</td>
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<td>Total</td>
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<td>66.783</td>
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<td>86.49</td>
<td>(84.737 – 88.575)</td>
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<td>Occupational Privilege</td>
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<td>$5.00/$5.75</td>
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<td>Telephone</td>
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<td>$1.12</td>
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What’s Hot? Updates from the Local Aerospace and Renewable Energy Sectors

- Larry Fortner, Major General (Ret) USAF
- Mona Newton, Central Regional Representative, Governor’s Energy Office