

Welcome to the 13th Annual Southern Colorado Economic Forum

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

October 30, 2009



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Objectives

- **Stability and Recovery**
- **Flight to Suburbia**
- **Forecast**
- **Call to Action**

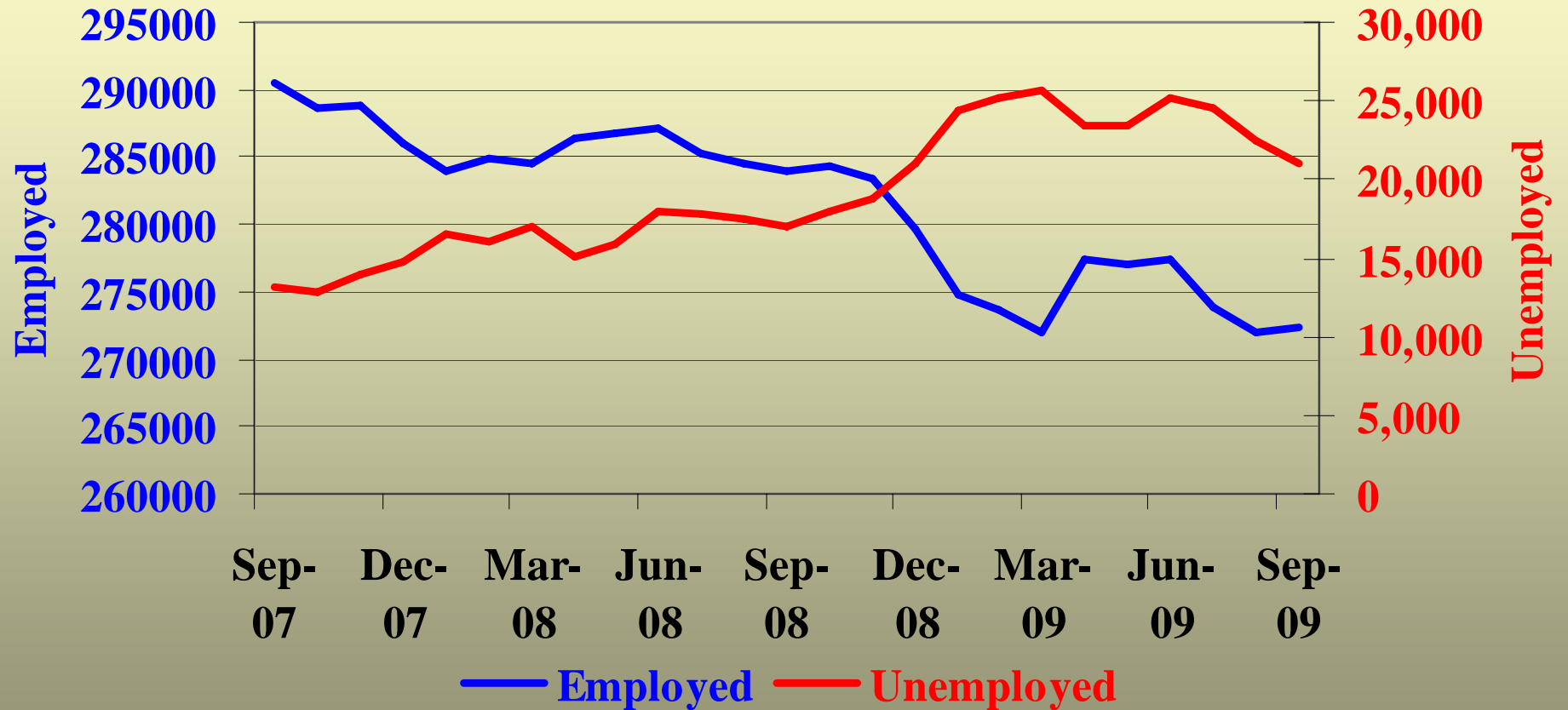
Stability and Recovery

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

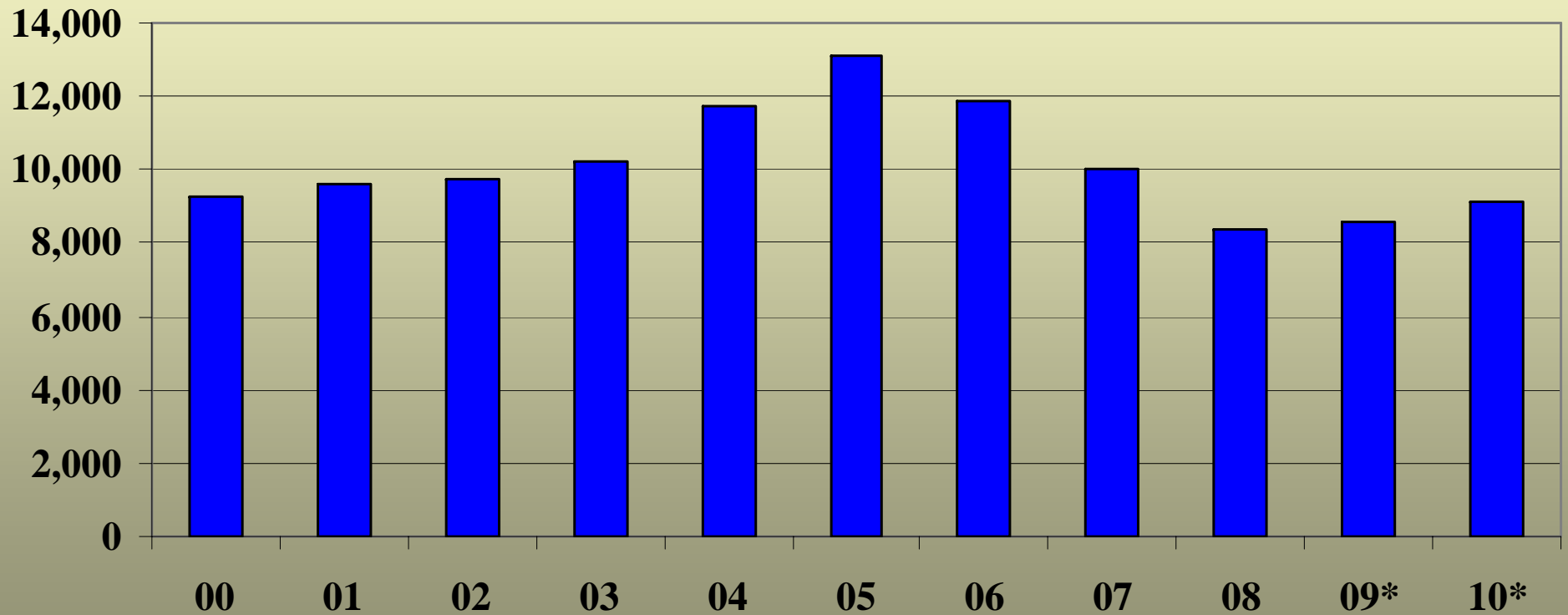
Source: Greater Colorado Springs Chamber of Commerce and Southern Colorado Economic Forum

El Paso County Employment Trends



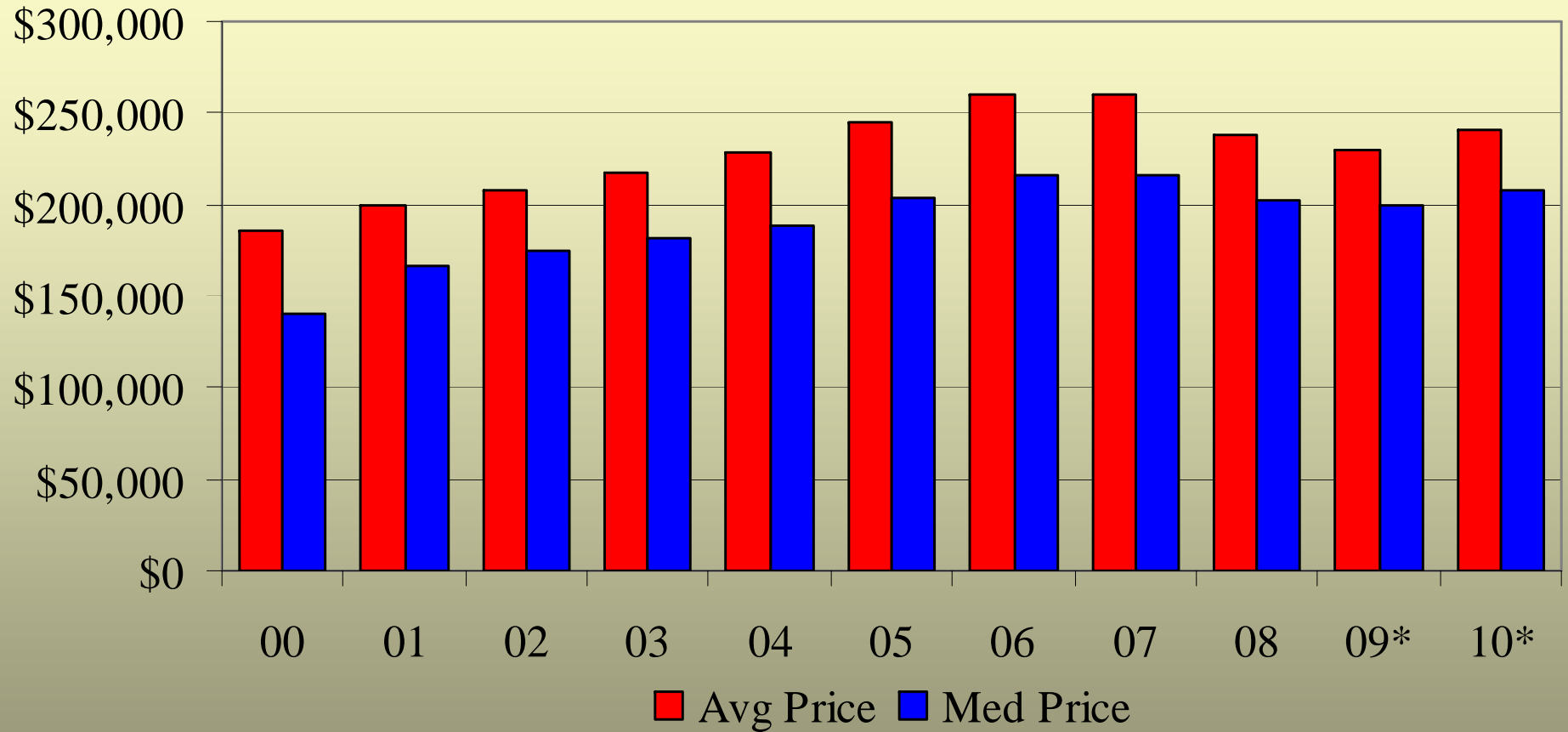
Source: Colorado LMI

Sales of Single Family Homes in the Pikes Peak Region



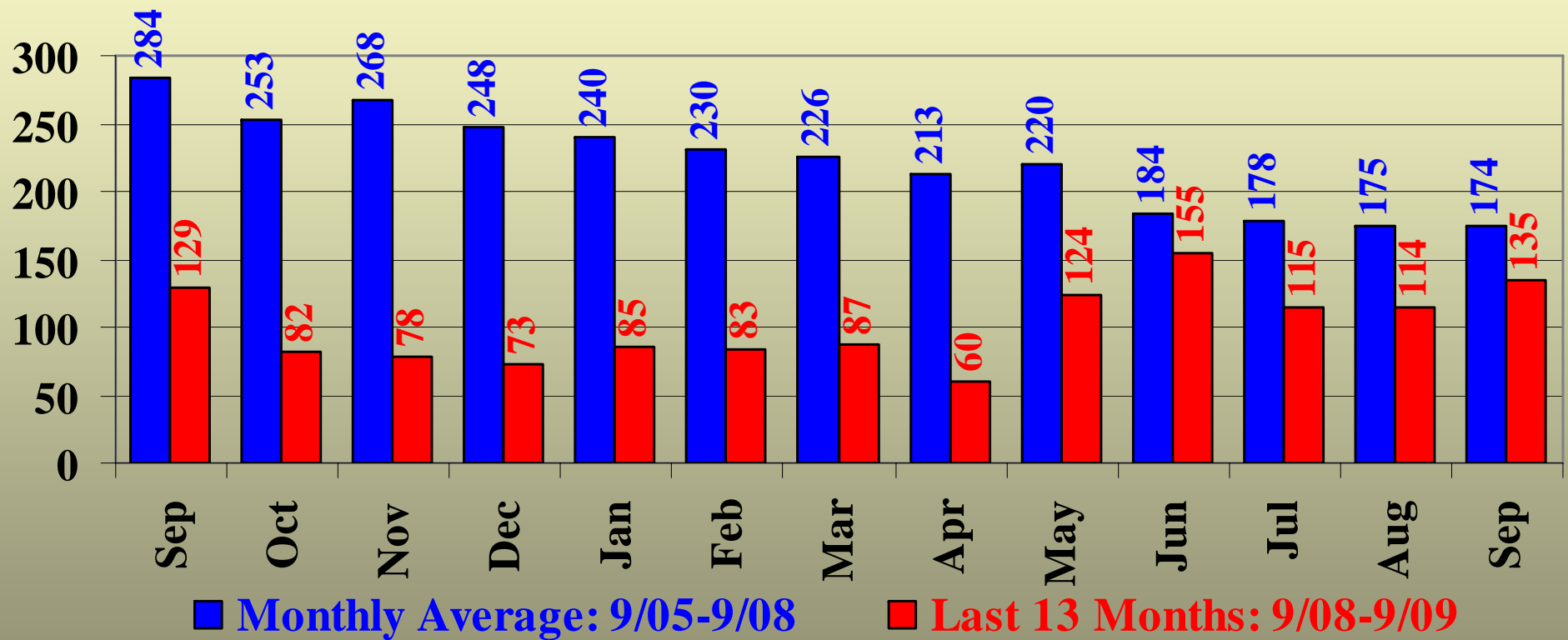
Source: Pikes Peak Association of Realtors

Pikes Peak Region Home Prices



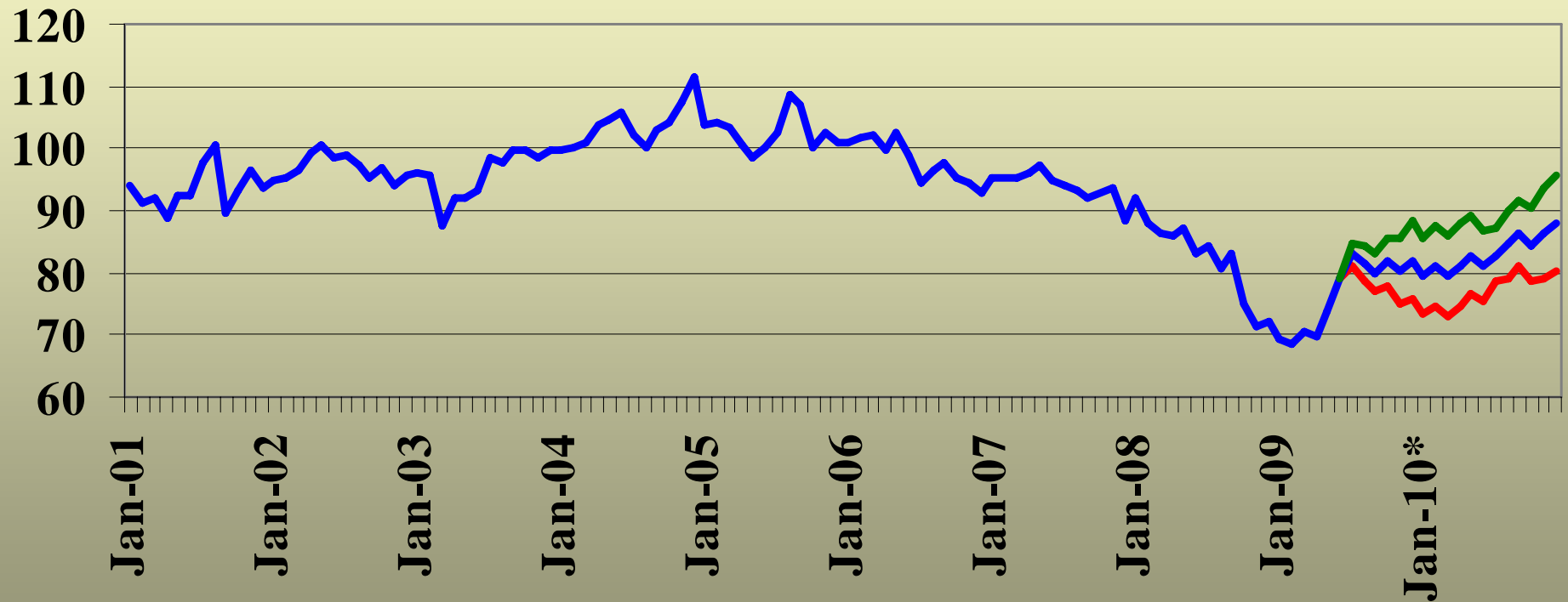
*: Projection, Source: PPAR

Seasonally Adjusted Single Family Building Permits in El Paso County



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

Business Conditions Index: El Paso County

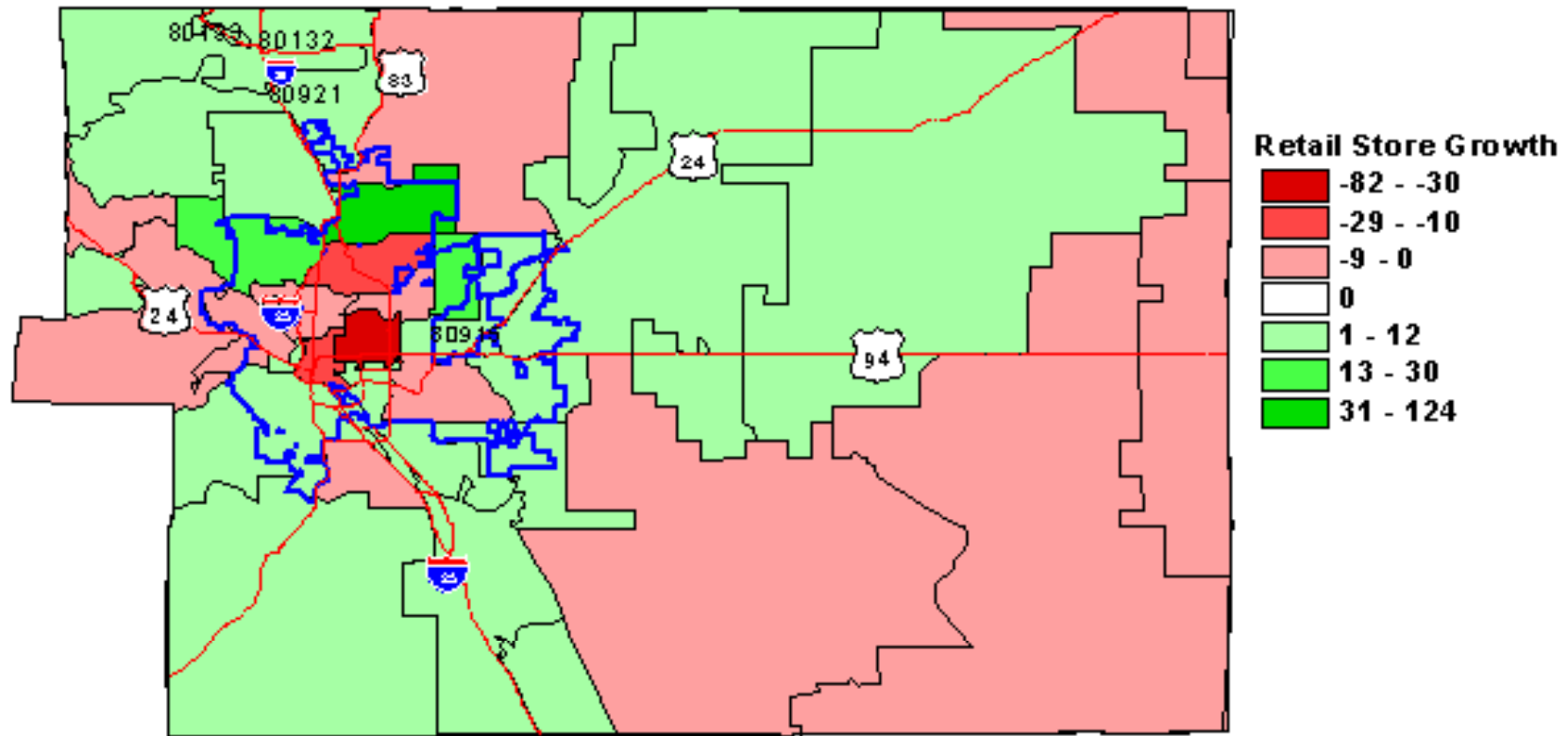


*: Projection

— Low — Likely — High

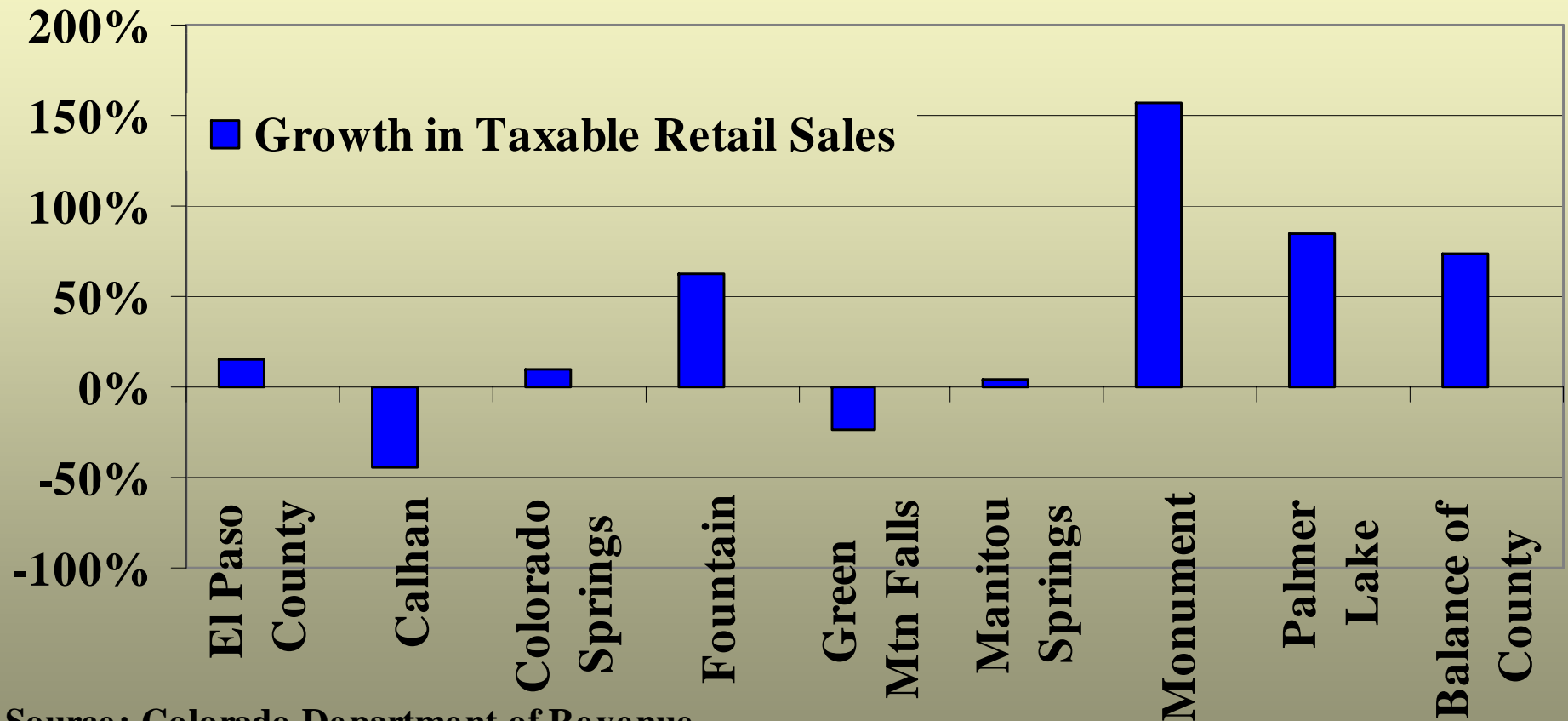
The Flight to Suburbia

Growth in Retail Stores by Zip Code: 1998-2005



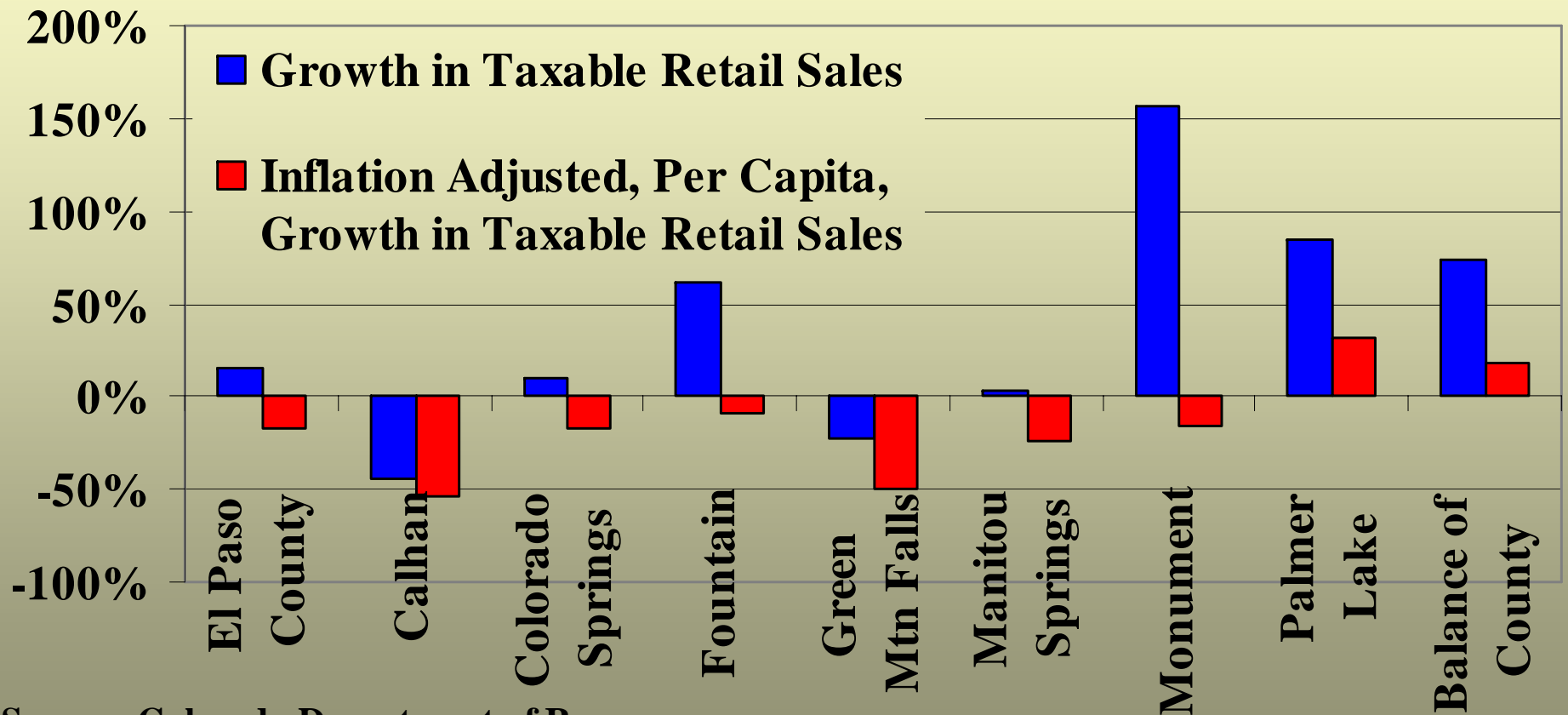
Except for Excludes, Colorado Springs
is Defined by Blue Border (Census 2000)

Taxable Retail Sales Growth in El Paso County: 2000-2008



Source: Colorado Department of Revenue

Taxable Retail Sales Growth in El Paso County: 2000-2008

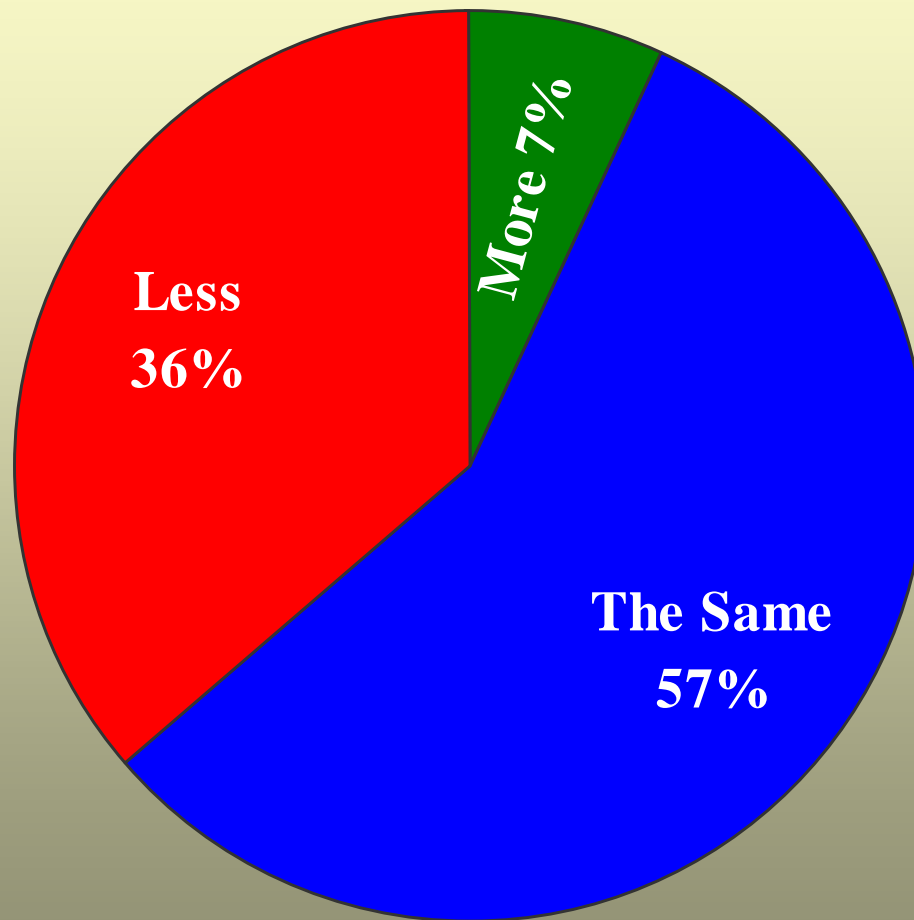


Source: Colorado Department of Revenue

The Flight to Suburbia and Colorado Springs' Lost Tax Revenue

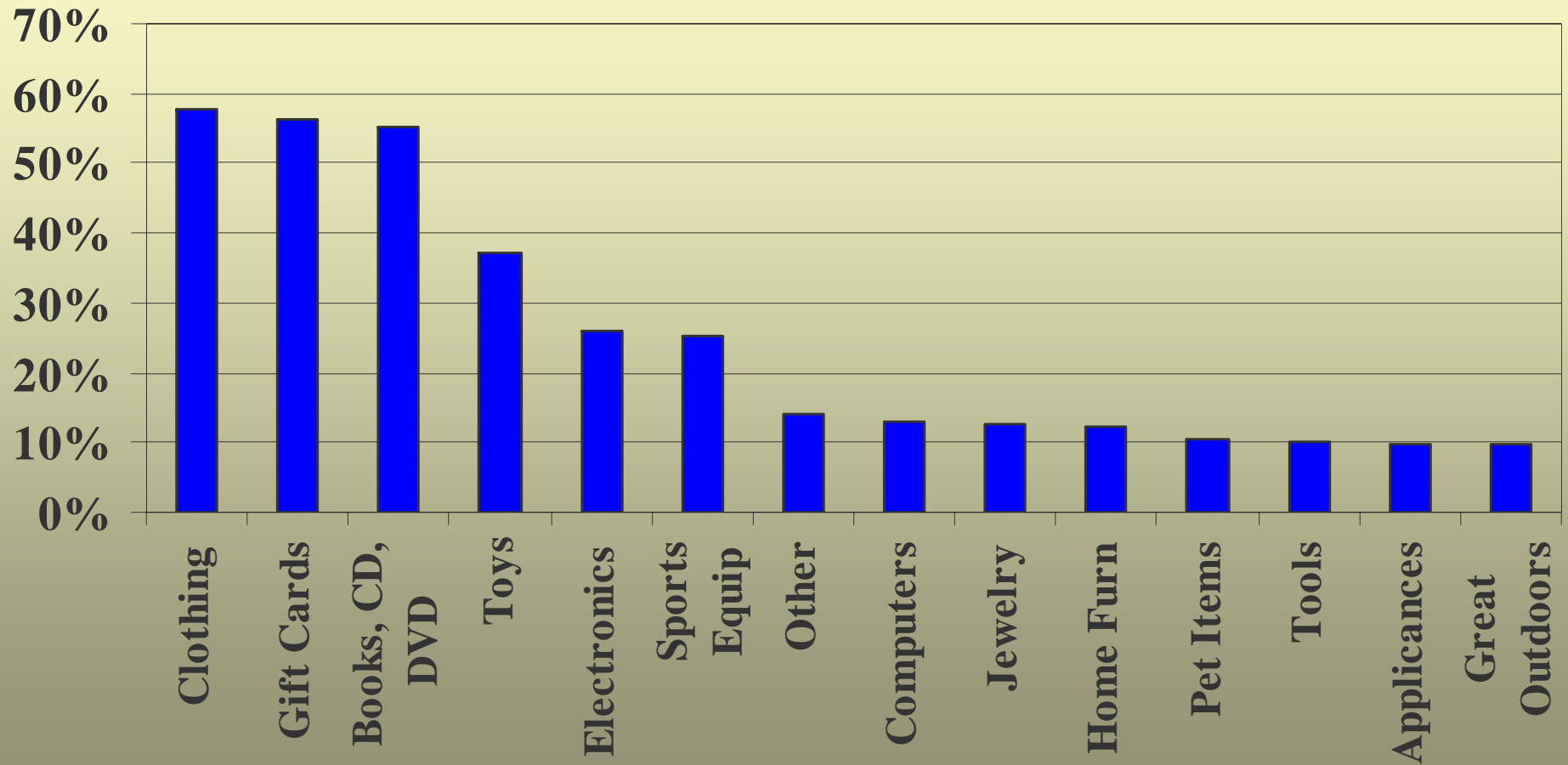
- **Estimated Property Taxes Lost** **\$3,000,000**
- **Share of Taxable Retail Sales**
 - Q1 2000 **91.7%**
 - Q1 2009 **86.7%**
- **El Paso County Taxable Retail Sales**
 - 2000 **\$5.367 billion**
 - 2008 **\$6.846 billion**
- **General Sales Tax Revenues to Suburbia**
 - $.02 * (\$6.846 - 5.367) = \$29,580,000$ “lost” sales tax revenue
- **Estimated Total “Lost” Taxes** **\$32,580,000**
- **City Projected Budget Shortfall for 2009** **\$40,000,000**

Holiday Spending Plans: 2009 v 2008

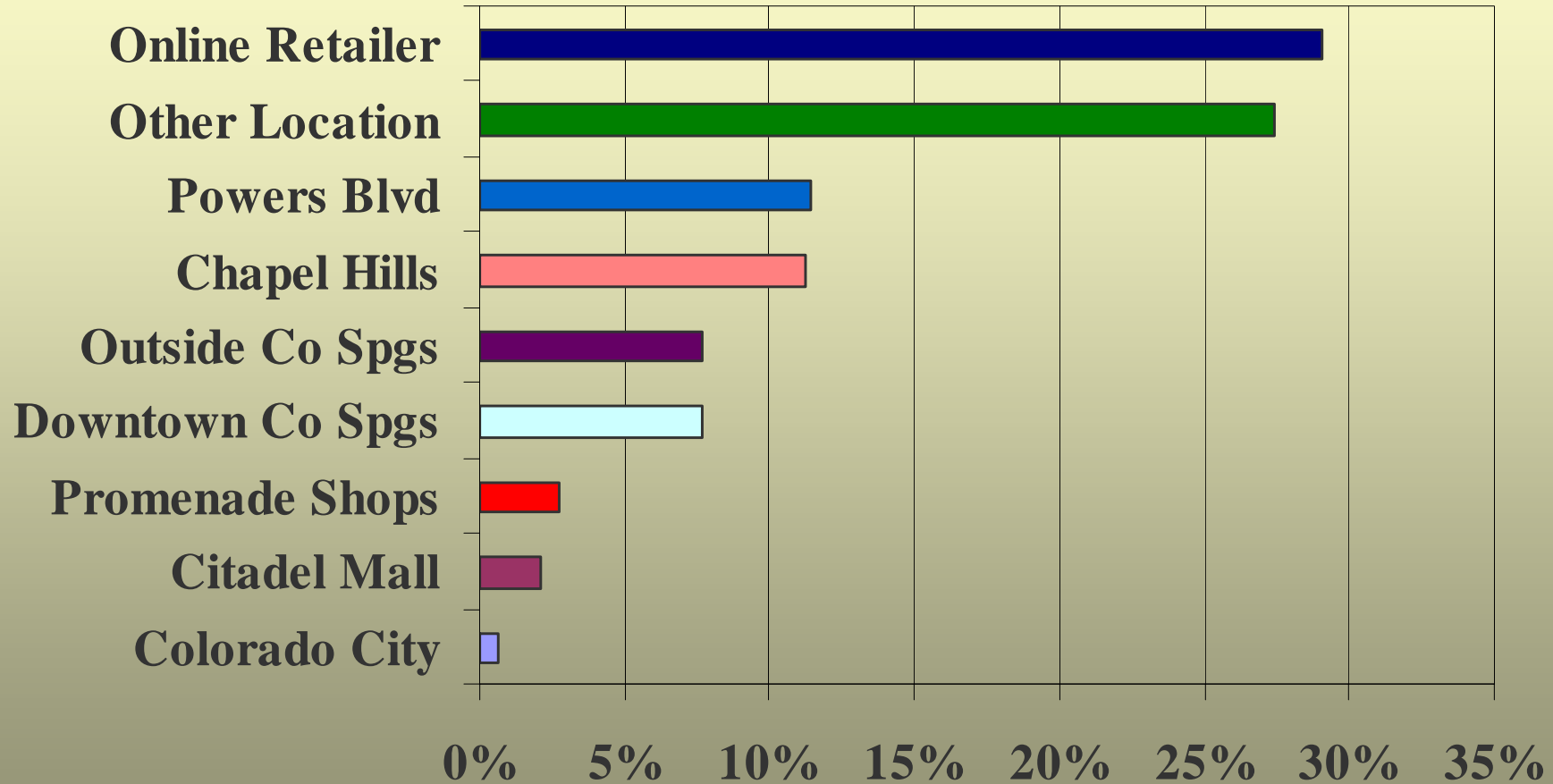


Source: Forum Survey

Likely Holiday Purchase Items



Likely Holiday Purchase Locations



Source: Forum Survey

The Forum's Forecast

Projections for El Paso County

	2009	2010
Population Growth	1.8%	2.9%
Unemployment Rate	7.9%	7.0%
Non-Agricultural Employment	-3.6%	1.2%
Total Wages and Salaries	-1.3%	1.8%
Average Wages and Salaries	1.0%	2.4%

Projections for El Paso County

	2009	2010
Personal Income	-3.8%	1.5%
Per Capita Personal Income	1.0%	1.0%
Retail Trade	-8.5%	2.0%
Single Family Housing Permits	-18.9%	25.0%
Non-Residential Construction	-26.2%	3.0%

The Call for Action

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

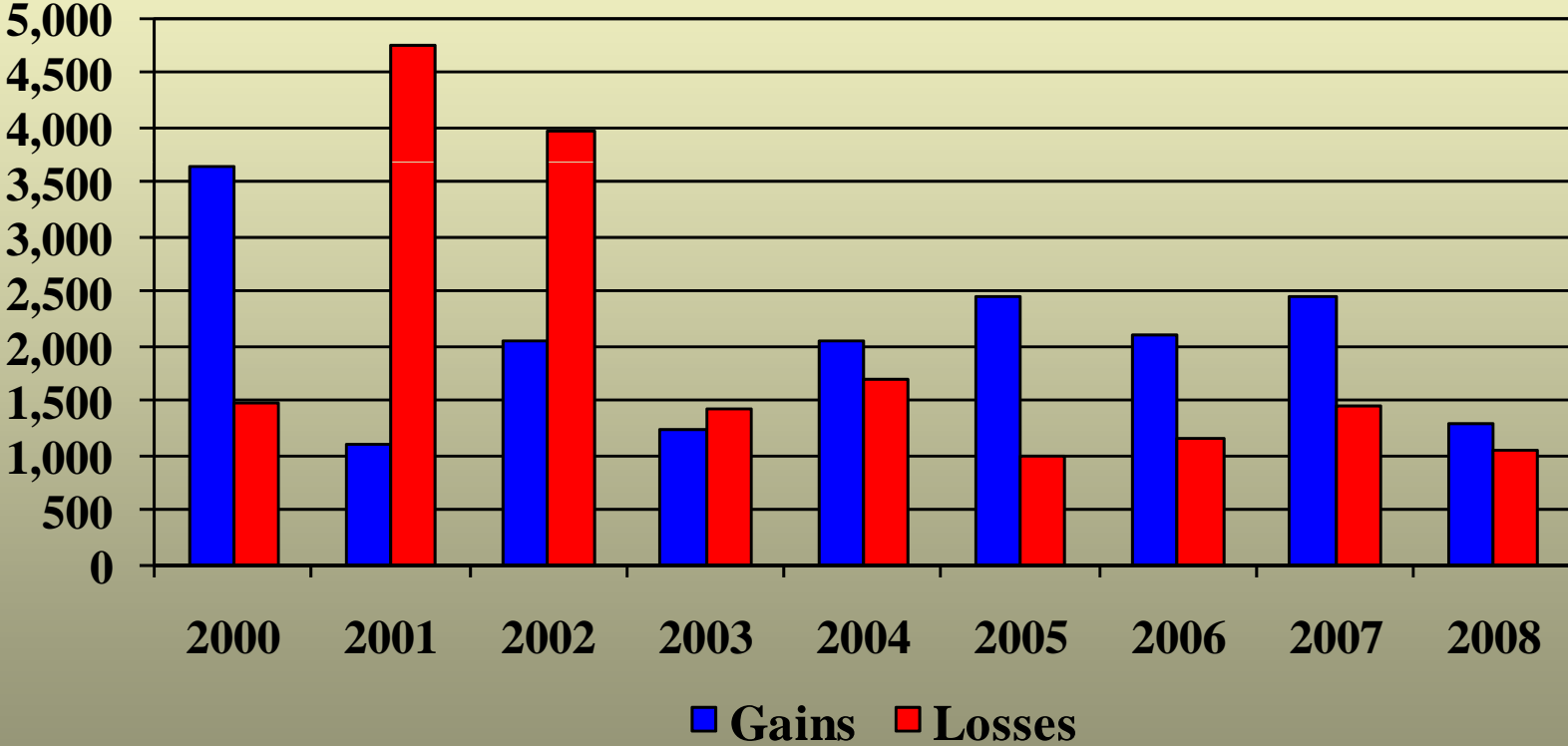
Introspection

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

Economic Development

- **Integrated**
- **Comprehensive**
- **Regional**

Primary Job Announcements by the Greater Colorado Springs EDC



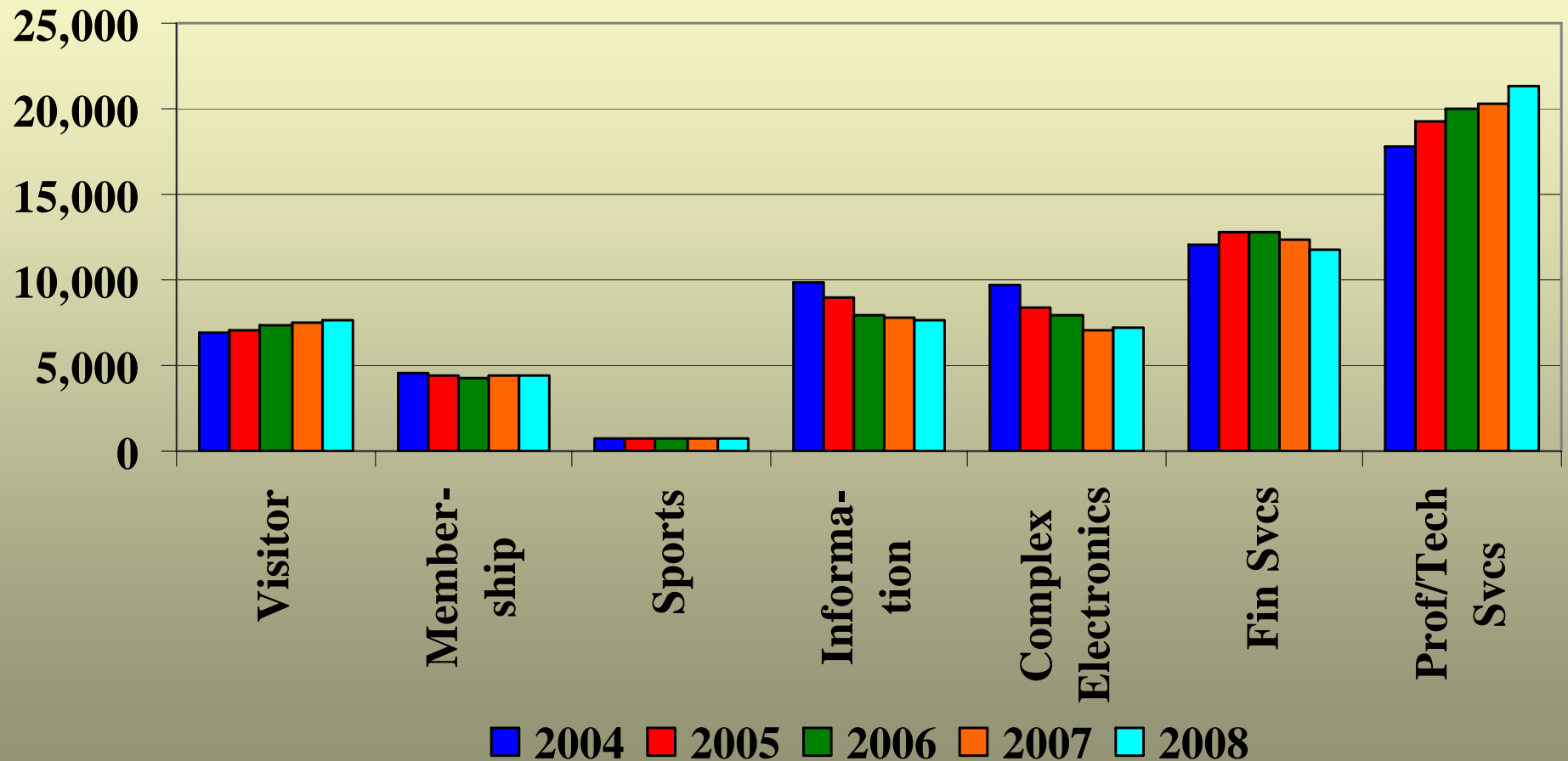
Source: EDC



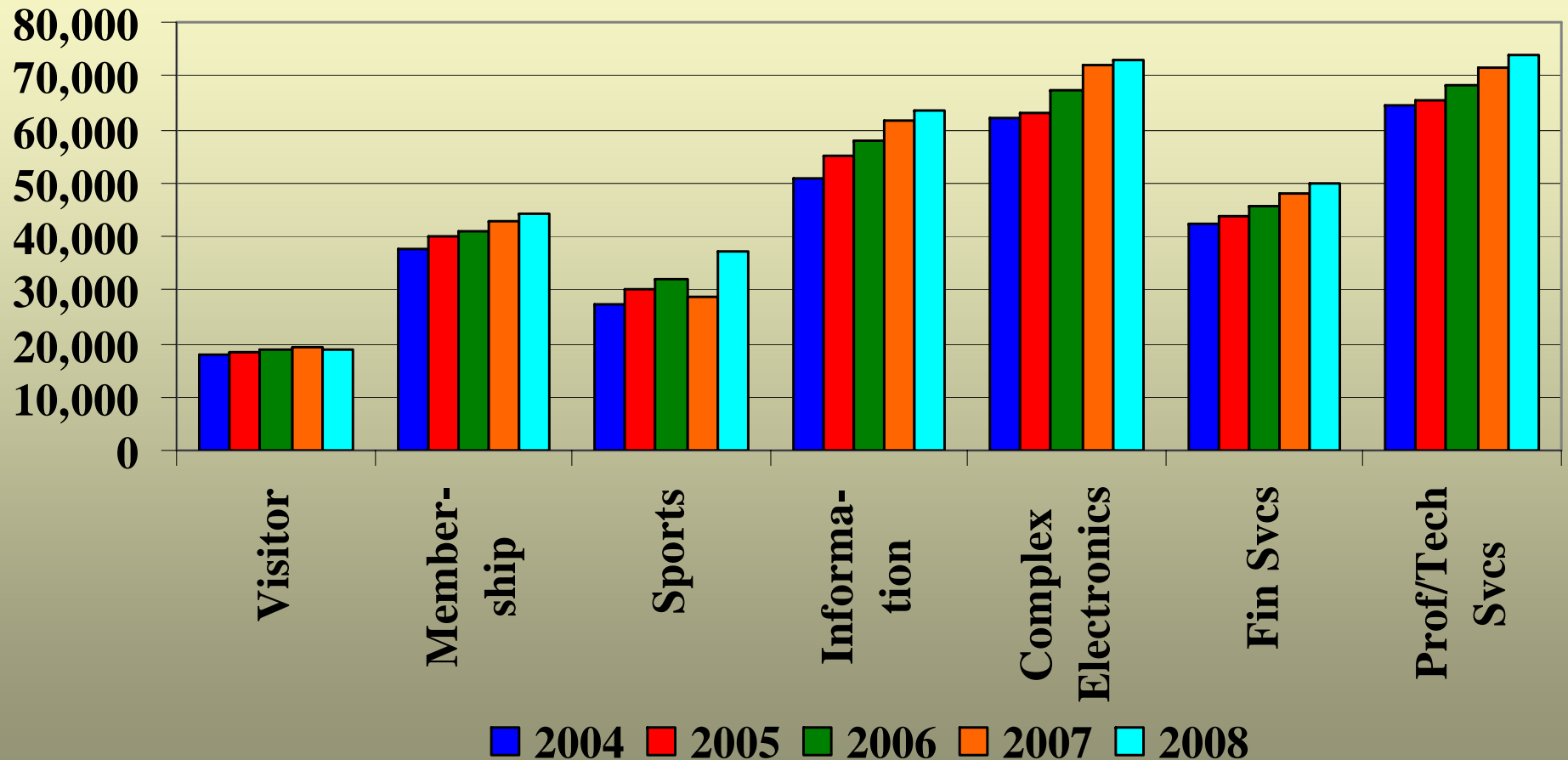
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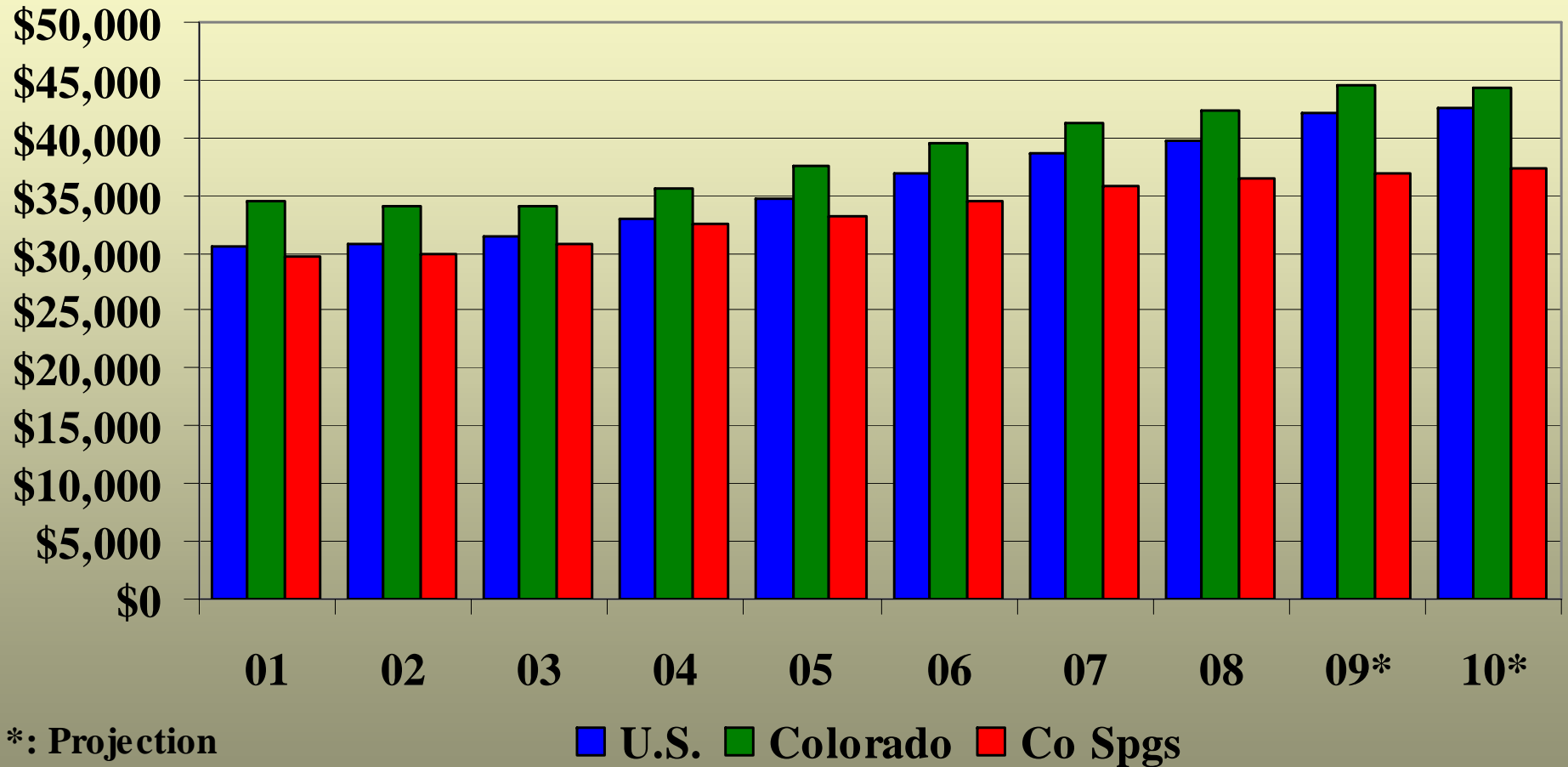
Cluster Industries Employment



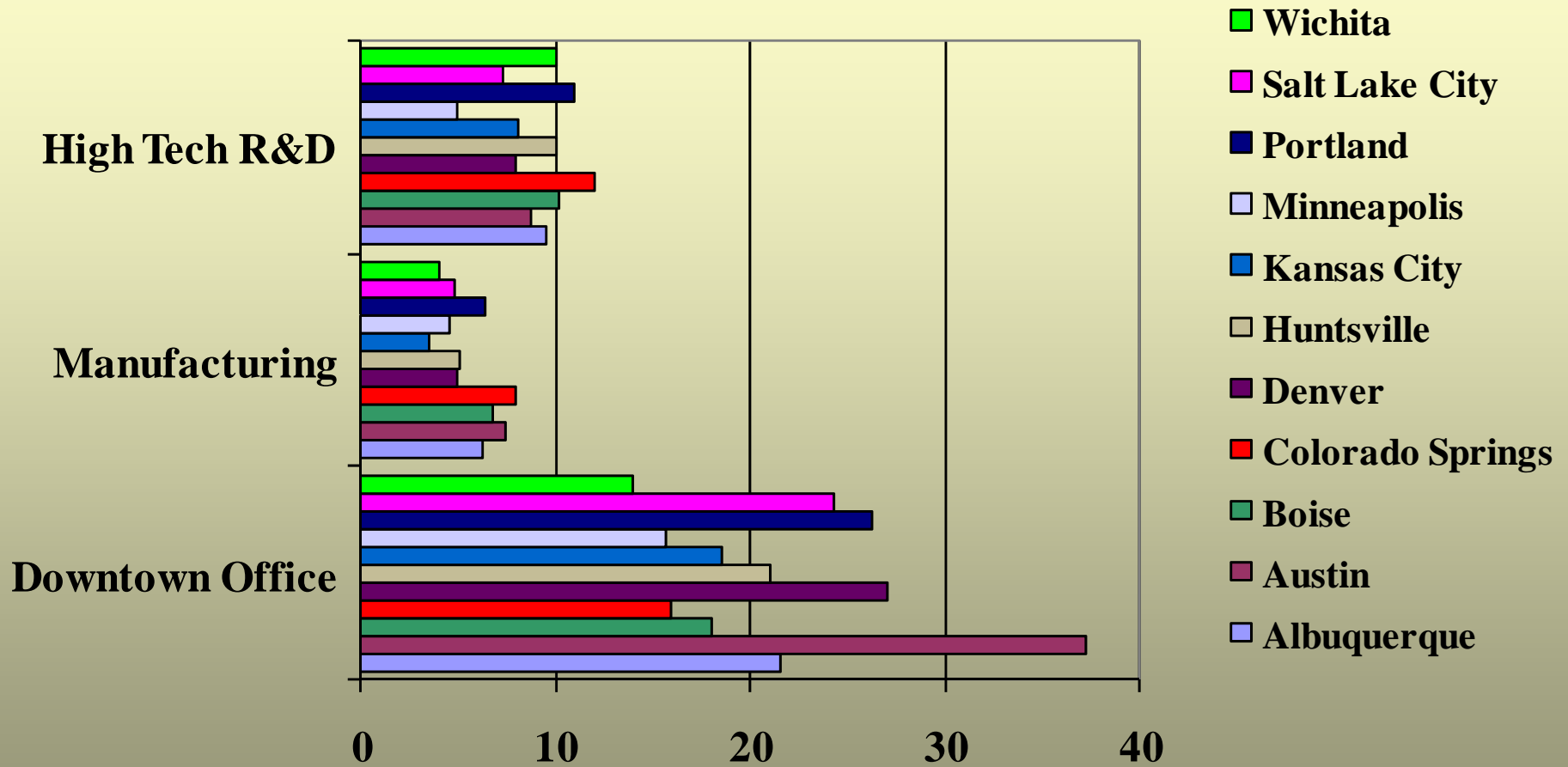
Cluster Industries Annual Wage



Per Capita Income



Comparative Rents per Sq. Ft.

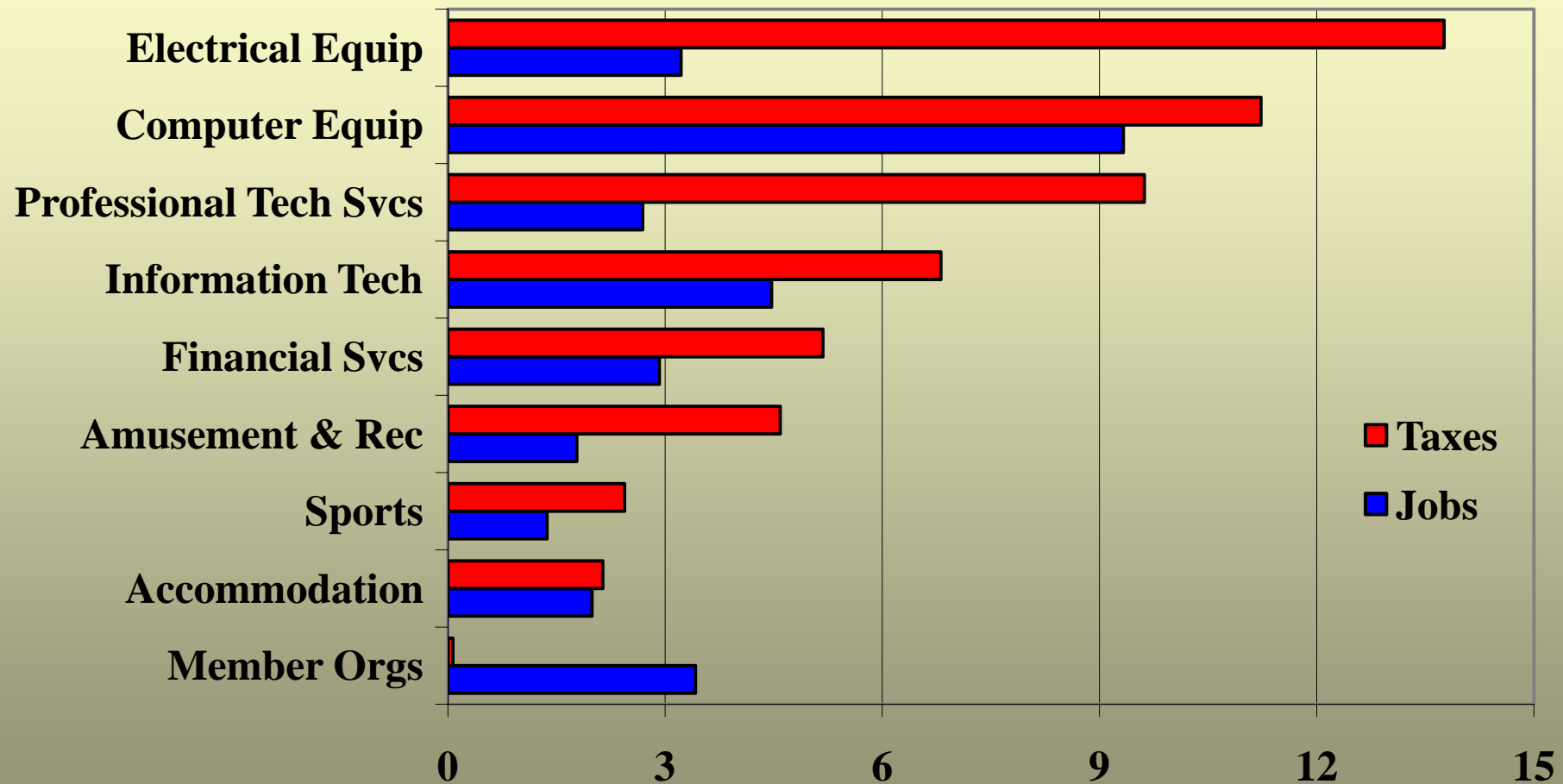


Source: NAI Global

Diversification Should Achieve

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

Sector Multipliers in El Paso County



Source: Implan

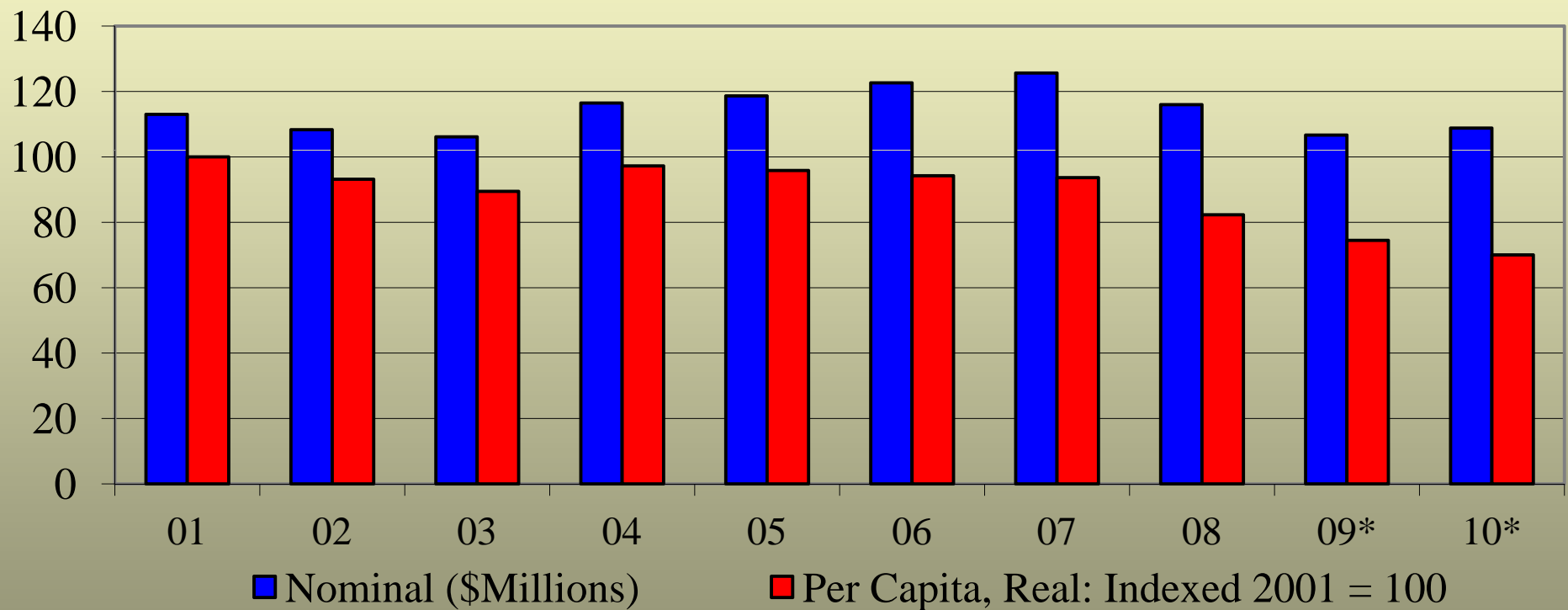
Public Trust

- **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**

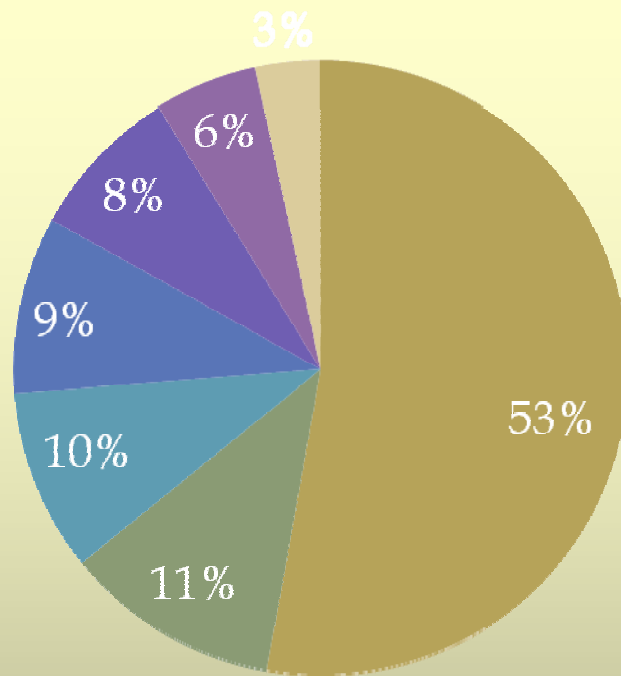
Improve the Tax Structure

- **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**

Colorado Springs Nominal and Real Per Capita Sales Tax Revenues



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



- Sales & Use
- PILT
- Charge for Services
- Property Tax
- Intergovernmental
- Other
- Fines, Forfeit, Penalties

- **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**

	Boulder	Denver City/County	Colorado Springs	Fort Collins	Pueblo
Mill Levy					
County	23.067	27.126	7.748	22.395	31.195
City	9.841		4.944	9.797	15.633
Library			3.54	3	
Water Conservancy	1		.943	1	.943
School Districts	39.113	39.657	(24.301-60.216)	47.989	(37.966-40.804)
Fire Districts			(0-12.423)		
Metro Districts			(0-53)		
Sanitation			(0-4.5)		
Special Improvement			(1-51)		
Water			(.532-14.437)		
Water & Sanitation			(4.0001-25.517)		
Health District				2.167	
Pest Control				.142	
Total	73.021	66.783	?	86.49	(84.737 – 88.575)
Occupational Privilege		\$5.00/\$5.75			
Telephone		\$1.12			

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**