

Economic / Policy Research

**The Fiscal Impact of
Suburban El Paso County Residents
on the
City of Colorado Springs General Fund**

Growth - Interdependence - Cooperation

**The City of Colorado Springs
and its
Surrounding Communities**

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Prepared for
The Palmer Divide Water Group

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Final Report

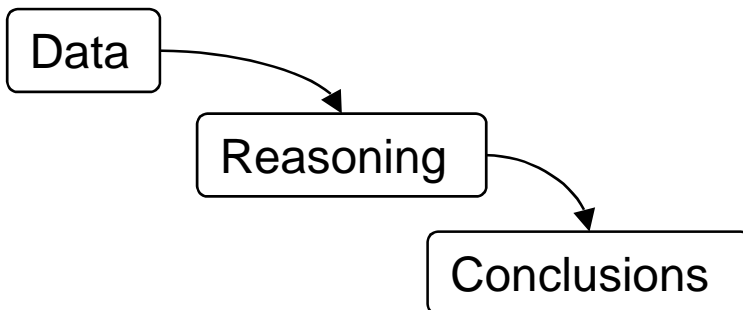
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PART 1

PURPOSE

This report presents the findings of a study designed to measure the fiscal impact of El Paso County residents who commute into the City of Colorado Springs for work, recreation, or shopping. The study assesses whether the net effects are positive or negative, in terms of expenditures and revenues for the City of Colorado Springs General Fund.

ORGANIZATION OF REPORT

This report is divided into two sections. A summary of the study's findings is presented in the main body of the report. A detailed description of the methodology, assumptions and calculations are documented in Part 2.

INTRODUCTION

The 2006 population in the City of Colorado Springs Budget is estimated to be 392,200. The total population in El Paso County is about 575,000. Many of the 182,800 people who live in El Paso County outside of Colorado Springs drive into the City for a variety of reasons. The reasons are many, but consist primarily of working, shopping, and recreating in the City. These activities have both a fiscal cost and benefit to the City, and by extension, to the city taxpayers.

The question addressed by this study is whether those fiscal costs exceed or fall short of the fiscal benefits. This question is important when considering how growth outside the city impacts the fiscal condition of the City of Colorado Springs General Fund.

While the answer to this question is complex, the authors of this study look at the issue from a straightforward fiscal cost and benefit approach - that is, the estimated flow of funds to and from

the city's General Fund in response to the net flow of people into the City from the rest of the County.

We began by looking at services offered by the City and determined which services are most frequently used by non-residents, especially those who commute into Colorado Springs from the suburbs.

We then examined retail shopping patterns and estimated the retail sales tax collections to the City that come from purchases made by suburban residents of El Paso County. The assumptions underlying our measurement techniques are detailed in Part 2.

By comparing the marginal costs of suburban residents to the sales tax revenues they generate, we were able to determine whether the fiscal impact on the City from the suburban County residents was positive or negative.

Lastly, we researched retail trade data for the past six years to determine whether the volume of retail sales in the City is expanding, and to analyze the trend in per capita State sales tax collections. We also addressed the question of whether the City's share of total County-wide retail sales is growing or diminishing in terms of proportional share.

SUMMARY OF FINDINGS

Our analysis of the fiscal impacts shows that the estimated cost to serve non-city residents has been less than the estimated additional Colorado Springs sales tax revenue they generate. County residents who work, shop, and spend leisure time in Colorado Springs prove to be a net fiscal gain to the City. While suburban residents do result in additional City expenditures, primarily for Police, Fire/EMS, and Public Works, they simultaneously provide substantial fiscal benefits to Colorado Springs through the payment of City sales tax, as well as other fines and fees. It is reasonable to assume that future growth will not change the dynamic our research has uncovered.

- Growth in the non-City areas of the County has had and will continue to have a net positive fiscal impact upon the City. As new residents move to other areas in El Paso County, more of those residents will visit Colorado Springs, adding to existing flows within the region.
- Starting with estimated 2000 and forecasted 2010 commuting patterns prepared by the Pikes Peak Area Council of Governments, we estimated that in 2006 there are 49,780 daily trips into the City by El Paso County residents for the purpose of work. At the same time, there are an estimated 32,600 trips by City residents to other areas of the County for work. In total, there are about 270,000 daily commuting trips in all of the 13 sub-areas analyzed.
- Recreation outings account for 15,360 trips from the County into the City, and 7,000 trips from the City to the County. In total, there are about 118,000 daily recreation trips made in the study area.
- There are about 221,850 daily retail trips made in the study area. Of that total, 39,280 are made by non-City residents coming into the City. In contrast, there are only about 1,570 City residents who travel to the other sub-areas to shop.
- Using the methodologies documented in the Part 2, the net inflow of workers, shoppers and recreation visitors makes up around 1.7% of the total annual costs of providing Police, Fire/EMS, and Public Works. This costs the City approximately \$4.4 million per year to provide those services.
- Since there is a net outflow of commuters to Fort Carson and the Air Force Academy, excluding these two areas results in an annual fiscal cost to the City of \$6.2 million.

- On the benefits side, estimates were made of how much retail shopping takes place in Colorado Springs by non-city residents of El Paso County. Again, the detailed methodology is given in Part 2. Our procedure was to compare total retail sales per capita between City and suburban residents, and then to estimate a revenue leakage for the City. After factoring out leakage to other counties, it is estimated that the 182,800 non-City residents spend approximately \$850 million per year on taxable retail items in Colorado Springs, which generates approximately \$21.2 million per year in sales tax revenues for the City.
- Since there is a net outflow of commuters to Fort Carson and the Air Force Academy, excluding these two results in an annual fiscal benefit to the City of \$19.9 million.
- The total 2006 budgeted amount of sales and use tax revenue for the City of Colorado Springs is \$125.3 million. The \$21.2 million in sales tax revenue generated by sales to suburban residents of El Paso County represents about 16.9% of that total.
- Even accounting for other less quantifiable impacts to the City arising from non-residents, it appears that the existence of residential development outside the City limits creates a fiscal benefit to the City.
- Of interest to the City is the effect upon sales tax revenue from new commercial development outside City limits. While Table 4 shows that the City's share of countywide net sales tax fell by several percentage points from 2000 to 2003, it has remained stable since and per capita sales tax revenues have grown significantly. In spite of increasing amounts of on-line purchases, per capita sales have grown by 9.3% nominally and 3.9% in real dollars over the past two years, partly due to a recovering economy, and partly to increased purchases from non-resident customers. Table 6 shows that while the City's share of total population in the county was about 50%, it's share of the total increase in countywide State sales tax revenue was 67%.

- The share of State sales tax revenues generated within the City (88.56%) is far above its share of the County population (68.2%). This suggests that a significant amount of the retail sales of non-City residents are being made in the City.
- It is important to note that over the past five years, while the region has experienced a recession and a partial recovery, the City's absolute amount of retail sales has risen. In other words, while Colorado Springs' share of the pie has not grown, the total pie has, resulting in increased sales for the City of Colorado Springs.

Beyond the scope of this portion of the study is the question of whether growth outside a core city has other financial or non-financial impacts. Examples of impacts that might be examined include the ability of an area to attract new firms as part of an economic development plan, the ability to support large regional enterprises such as performing arts centers and sports teams, and the value of expanding housing options available to residents.

SUMMARY OF METHODOLOGY

After reading the summaries for each service provided in the 2006 Budget, we found that three City services emerged as likely candidates for more detailed examination. They were Police, Fire/EMS, and Public Works.

COST ESTIMATION METHODOLOGY

- The first step in determining the impact of non-City residents upon the City's budget was to determine the 2006 budget costs for the three Departments. They are:
 - Police - \$85.2 million
 - Fire/EMS - \$52.3 million
 - Public Works - \$61.5 million
 - Total Services - \$199.1 million.

- The second step was to consider how much of each budget could be significantly impacted by the marginal use of suburban El Paso County residents. Because some of the services provided by the City are based on place of residence, an estimate was made that excluded a portion of the annual cost from allocation. The sum of the portion of three services that may be impacted by suburban commuters was estimated at \$170.5 million, or 85.6% of the total budget for these three services.
- The third step was to allocate the amounts of the above expenditures that could be attributable to suburban El Paso County residents. Two methods were used. The first was the “time in the city” allocation basis and the second was a “share of assessed value” allocation basis. For Public Works, the time in city approach was replaced by “share of total trips” approach. This approach used the PPACG estimates of the number of trips per day within Colorado Springs made by City residents and non-City residents.
- Using “time in the city” approach showed that of the entire daytime and nighttime City population including tourists, only about 1.7% of people in Colorado Springs at a given time are non-City residents of El Paso County here for work, shopping or recreation. The “share of total trips” approach resulted in an estimated 6.27% share of Public Works costs for non-City workers.
- The second approach used was an assessed valuation approach, where fiscal costs were allocated between residents and workers based on the ratio of assessed valuation of residential property to commercial, office and industrial property (C.O.I.), and then the C.O.I. was allocated between resident and non-resident workers.
- Using the average of the two methods, the total 2006 fiscal cost to the City from workers, shoppers and those coming to recreate in Colorado Springs is about \$4.4 million. Excluding the Air Force Academy and Fort

Carson, the cost to the City is about \$6.2 million due to the daytime commuting out of the City to those two areas.

BENEFIT ESTIMATION METHODOLOGY

- The benefits from suburban residents are based on an analysis of per capita sales of all residents in the county. The model calculates the difference between in-city and outside-the-city per capita sales, and estimates non-City resident purchases in Colorado Springs (leakage). The leakages are then translated to sales gains to the City. The resulting sales are then multiplied by the city sales tax rate to determine the gain to the City. The total retail sales tax collection per suburban worker is about \$621 per year.
- Multiplying the total retail sales tax collections by the number of commuters coming from the County yields an estimated benefit to the City of \$21.2 million per year. Excluding the Air Force Academy and Fort Carson, the total benefit is \$19.5 million.

PART 2

FISCAL IMPACT METHODOLOGY

City Services Costs

The City of Colorado Springs' budget is presented as a number of categories, sorted by funding source. There are two sources: the first is the General Fund, and the second is the Internal Services Fund. The services financed through these two funds are:

General Fund

Appointees

City Attorney, City Auditor, City Clerk, City Council, Municipal Court

Public Safety

Fire, Police

City Management

Budget, City Manager, Finance, Human Resources, Safety Services, Public Communications

Parks, Recreation and Cultural Services

Cultural Services, Design and Development, Forestry, Park Maintenance, Trails and Open Space, Parks, Recreation and Cultural Services Administration, Recreation Services

Neighborhood Services

City Planning and Community Development

Comprehensive Planning, Data Systems/GIS, Housing & Community Development and Urban Redevelopment, Land Use Review, Office of the Planning Director, Transportation Planning

Public Works

City Engineering, Streets, Transit System, Traffic Engineering
General Costs

Internal Services Fund

Facilities Management, Fleet Management, Information technology, Office Services, Radio Communications, Real Estate Services, Risk Management

While many services provided by the City of Colorado Springs provide benefits for both residents and non-residents, we considered and addressed those services that would most likely be affected by the presence of non-city residents visiting the City either for work, leisure activities, or shopping.

After reading the summaries for each service provided in the 2006 Budget, we found that three City services emerged as likely candidates for detailed examination. They were Police, Fire and EMS, and Public Works. The cost of providing Parks and Recreation services was also considered. Ultimately, however, it was excluded from the examination due to a combination of factors. These factors include the inability to separate out use by facility (neighborhood versus city-wide parks), the barriers to measuring the proportion of park use paid for by user fees, and the counter-balancing effect of City residents availing themselves of recreational opportunities in County parks. Our final measures however, do include the fiscal effect of park use by non-City residents on City expenditures for Police, Fire, and Public Works.

We chose not to measure the impact on other City services from use by non-City residents of the County because the net effect is judged to be significantly less than that determined for the three target services.

The first step in determining the impact of non-City residents upon the Colorado Springs budget was to determine the 2006 budget costs for the three Departments. They are:

- Police - \$85,233,956;
- Fire/EMS - \$52,300,000;
- Public Works - \$61,500,000

The second step was to consider how much of each budget could be significantly impacted by the marginal use of suburban residents from El Paso County. For Police, the entire budget was assumed to be affected by the marginal impact of non-city residents. Expenditures not only for Patrol, but also for Investigative and Administrative functions, would be associated with the presence of suburban residents.

For Fire/EMS, only \$35,937,557 of the total \$52,300,000 was judged to be potentially affected by suburban residents. This reduction was based on splitting costs between Fire and EMS services, and then determining an approximate percentage of each that is likely to be used by non-residents. The Fire services were assumed to be one third the budget amount, and EMS the remainder.

The Fire services side of the Department was further split between residential fires and commercial/industrial fires. Residential fire suppression was judged not to be affected by suburban residents since they do not have residences in the city. Commercial and industrial use was included since those structures are occupied by both resident and non-resident employees and shoppers. The percentage of fire suppression at commercial and industrial properties was multiplied by the total fire suppression costs.

The EMS services were also allocated between a portion that may include non-city resident commuters and a portion that entails all other city resident services. Call volume by type was examined and split between calls that were medically related and those that were not medically related. The medically related calls could occur at residents' homes or at work places, and therefore could cover non-resident workers. The non-medically related calls were primarily for the types of service that would not involve employment or retail locations. The EMS share of the budget was then reduced by one half the non-medically related share of calls, resulting in a total share of the budget that may be fairly considered "useable by suburban residents".

The total Fire/EMS share of the budget that could be affected by marginal changes due to in-commuting from County residents was determined to be \$35.9 million.

The Public Works budget was further examined by section: City Engineering, Streets, Transit System, and Traffic Engineering. Only the City Engineering, Streets and Traffic Engineering divisions are most likely to be impacted by in-commuting. City

transit services outside the city are funded by non-city sources. Transit services within the city are partially funded by rider fees, and we assumed those to be used primarily by Colorado Springs residents.

Of the City Engineering Department, it was assumed that one half of its \$4.3 million budget is spent on activities that are not affected in any material way by suburban residents. This would include, for example, responsibilities such as the engineering of new subdivisions, which is solely an internal benefit. We did assume, however, that 50% of Traffic Engineering's \$5.3 million budget is affected by suburban residents, due to the arterial road functions. The \$9.9 million Street Division budget was reduced by 75% because residential streets are not significantly impacted by the travel patterns of suburban residents.

Cost Allocation

After determining the budget amounts that may be attributed, in part, to suburban residents, the next step was to allocate costs between City residents and non-residents. Two allocation methods were considered.

The first method attempts to allocate costs by the number of persons in the City times the amount of time spent in the city. We developed a weighted table consisting of the Colorado Springs population, non-resident in-commuters (suburban residents), resident out-commuters, and tourists. Because suburban residents spend significantly less time in the city than do residents, their impact on the provision of city services will also be less on a per person basis. The table assigns hours per week for City and non-City residents, by activity type. Suburban residents are assumed to be in the city for a total of about 66 hours per week (50 hours for work and drive time, 8 hours for shopping and 8 hours for recreation).

Based on the number of residents in the City, the average number of tourists in the City on any given day, and the net number of commuters per day, suburban residents represent 1.7% of the total person-demand. This percentage was applied

to the total cost of Police and Fire/EMS. For Public Works, we used a slightly different approach and allocated out the in-commuter share using a percent of commuter trip basis. There are a total of about 462,000 trips made per day entirely within the City limits. There are another 194,000 trips coming into the City from commuters, and 41,000 leaving the City. In addition, we estimate approximately another 8,000 tourists trips per day. We applied a weight of 2 to the trips entirely within the City, and a weight of 1 for those trips crossing boundaries. The total number of weighted trips equaled about 1,008,000 per day, of which the net commuting represented 6.27%.

Figure 1 - Cost Allocation Methodology 1: Time in City

Weighting Methodology						
	Hrs	Days	Total	Number	Tot Hrs	Share
City Residents	24	7	168	392,000	65,856,000	94.30%
Net Commuters - Working	10	5	50	17,180	859,000	1.20%
Net Commuters - Shopping	4	2	8	37,710	301,680	0.40%
Net Commuters - Recreation	4	2	8	8,360	66,880	0.10%
Tourists	24	7	168	16,438	2,761,584	4.00%
				471,688	69,845,144	
Total Attributable to suburban residents for work, shopping and recreation						1.70%

The second allocation methodology was based on the ratio of residential property to commercial and industrial property in the City. The total 2004 residential, commercial, and industrial property market value was about \$31.3 billion. Commercial and industrial property constitutes 19.1% of the total. The share between residential and commercial/industrial was then applied to the City service department costs in order to determine how much of total budget expenditures may be attributed to commercial and industrial demands.

Figure 2 - Cost Allocation Methodology 2: C.O.I. Market Value

Cost Allocation Methodology 2 - Worker and C.O.I. Market Value	
2004 Residential Market Value in City	\$25,100,621,021
2004 Commercial Market Value in City	\$5,299,416,649
2004 Industrial Market Value in City	\$932,245,204
Total Market Value in City	\$31,332,282,874
Total C.O.I. Market Value in City	\$6,231,661,853
% Attributable to C.O.I.	19.89%

The next step in this methodology was to break down the costs per employee. Statistics for total employment within the City are not available, so total County employment was allocated between Colorado Springs and the remainder of El Paso County based on the market value of commercial and industrial property. This ratio indicates that approximately 88% of total County employment was within the City limits of Colorado Springs. The number of workers in the City was then divided into the departments' reported budgets to determine the per worker costs.

An average of the two methodologies was used to determine the departments' costs attributed to suburban residents. These costs per in-commuting worker are:

Figure 3 - Cost per Commuter

Service	Methodology 1	Methodology 2	Average
Police	\$22.91	\$79.73	\$51.32
Fire/EMS	\$ 9.66	\$33.62	\$21.64
Public Works	\$62.10	\$46.13	\$54.11

Cost Per Commuter

The final step in calculating the costs to the City was to multiply the cost per non-resident commuter times the net number of people who commute into Colorado Springs from areas in El Paso County outside the city limits.

The Pikes Peak Area Council of Governments (PPACG) has produced estimates of the numbers of workers who commute between Traffic Analysis Zones (TAZs) for the years 2000 and 2010. For this study, the TAZs were grouped to represent 13 different areas of the County. The City of Colorado Springs represents one TAZ group. All TAZ groups are given below:

- Palmer Lake
- Monument

- Northern El Paso County Unincorporated
- Air Force Academy
- City of CS
- Manitou/West
- Fort Carson
- Security/Widefield
- Fountain
- Southern El Paso County Unincorporated
- East El Paso County Unincorporated
- Falcon & Northeast El Paso County Unincorporated
- Calhan & Far Northeast El Paso County Unincorporated

PPACG then created a 13 by 13 matrix of average daily commuting patterns amongst all TAZ groups. A separate matrix was developed for employment-related trips, shopping trips, and recreation outings. From that matrix, the net number of workers, shoppers, and recreational travelers was developed to show whether the City received a net inflow or outflow of commuters in each category. We then interpolated to determine the estimate 2006 commuting patterns.

The net commuter flow was then multiplied by the average cost per non-resident commuter to determine the total impact upon the City, based on the costs per commuter given above. The total cost to the City of non-resident work commuters was about \$4.4 million. Two TAZ groups actually had a net negative commuter flow; that is, more people left the City than came to the City. These two areas were Fort Carson and the Air Force Academy. If these two areas are excluded from the analysis, the total cost rises to about \$6.2 million.

City Revenue Impacts of Retail Activities

Offsetting the Police, Fire/EMS and Public Works expenditures for suburban residents are the sales tax revenues generated in the City from retail trade to non-City residents.

Few statistics are publicly available on the residential locations of those who shop in Colorado Springs. Private sources of

statistics provide some help, yet they frequently are based on a limited type of retail good or on the sales volume at a specific retail location. Various studies available indicate that about 14-18% of all retail purchases made in Colorado Springs are made to El Paso County residents who live outside the City limits. The share of all residents of El Paso County that live outside the City is about 32%.

For a generalized estimation, we collected information on retail sales, taxable retail sales, and State sales tax collections by municipality and El Paso County as a whole from the Colorado Department of Revenue.

Because the TAZ groups were developed around approximate municipal boundaries, and the population for each TAZ group was provided by PPACG, it was possible to estimate both taxable retail sales per capita for most TAZ groups, and for the County as a whole.

Taxable retail sales for the City and for the remainder of the County were calculated. These figures were then divided by the population in the two areas to determine the taxable retail sales per capita. We compared the per capita income within Colorado Springs to that outside the City. Our finding shows that the median household income for Colorado Springs was within 2% of the weighted average median household income for all other locations in the study area. From this, we conclude that the difference between the per capita taxable retail sales in the City and in other areas is primarily due to leakage from the non-City areas to Colorado Springs.

The difference between the per capita taxable retail sales in Colorado Springs and the non-City per capita taxable retail sales was approximately \$7,300. To estimate the degree of leakage from non-City areas to the City, the average taxable retail sales per capita for the non-City areas was subtracted from the overall average for the entire County. The difference then was the amount of leakage from the non-City areas to Colorado Springs and other areas.

We then made some additional adjustments to the leakage estimate. Some of the difference might be explained by spending from tourists in Colorado Springs, and some may be explained by purchases made in the City by non-County residents (from Woodland Park, Pueblo, etc). To adjust for this, the County average was reduced by 10%. The gap between the non-City areas and the County average therefore was reduced to \$6,200. Multiplying the \$6,200 by the number of non-City residents of the County indicates that about \$1.3 billion leaks out of the non-City areas.

The next adjustment was to make an assumption about the amount of non-City leakage that actually goes to Colorado Springs. To take a very conservative approach, we assumed that 25% of the non-City resident expenditures are made in other counties, primarily Denver, Pueblo, and Teller. Reducing the total estimated leakage (\$6,200 per person times the County population living outside Colorado Springs) by an additional 25% results in an estimated leakage from the non-City areas to Colorado Springs of \$850 million. Applying the total 2.5% City sales tax rate results in an estimated \$21.2 million in additional sales tax revenue accruing to the City from County residents living outside the Colorado Springs City limits. The per capita loss of the non-City residents to the City is therefore about \$116 per year. Excluding Fort Carson and the Air Force Academy, the total sales tax revenue gain to the City drops to \$19.5 million.

The \$21.2 million gain in sales tax revenue is in contrast to the \$4.4 million in costs to the City arising from non-city residents, as described above. The net \$16.8 million annual gain to Colorado Springs shows that the non-resident commuters pay their own way. Even using the most conservative figures and excluding Fort Carson and the Air Force Academy from the cost and benefit activities, and factoring in the reduction in sales tax revenue to the City resulting from increased retail activity in El Paso County, there is still a net benefit to the City from non-City residents of more than \$13 million per year (\$19.5m tax revenue - \$6.2m costs = \$13.3m net gain).

While there are other fiscal costs to the City of non-resident in-commuters not accounted for by our analysis, and the calculations made in the previous pages are based on estimates, our findings point to the conclusion that the revenue and expenditure effects of suburban residents are not approximately equal. In fact, County residents who travel to Colorado Springs for work, shopping, or recreation over-compensate the City for their fiscal effect on City services.

The following figure shows the calculations referenced above.

Figure 4 - Retail Sales Gain/Loss Calculations

Retail Sales Gain/Loss Calculations	
Total Taxable Retail Sales in Colorado Springs - 2005	\$5,843,401,648
Total Taxable Retail Sales in El Paso County - 2005	\$6,598,179,004
Total Taxable Retail Sales in El Paso County, Excl CS - 2005	\$754,777,356
Population In Colorado Springs - 2006	392,200
Population In El Paso County - 2006	575,000
Population In El Paso County, Excl CS - 2006	182,800
Taxable Retail Sales Per Capita - Colorado Springs	\$14,899
Taxable Retail Sales Per Capita - Total El Paso County	\$11,475
Taxable Retail Sales/Cap - Tot El Paso County, reduced by 10% for inflow from other areas	\$10,328
Taxable Retail Sales Per Capita - El Paso County, Excl CS	\$4,129
Potential Per Capita Leakage from Rest of County to CS	\$6,199
Total Leakage from Rest of County to City and Other Localities	\$1,133,105,096
Assume 75% of Leakage is to Colorado Springs and 25% to Denver, Pueblo, and Other Counties	75%
Leakage to Colorado Springs	\$849,828,822
City Sales Tax Rate	2.50%
City Sales Tax Gain/(Loss)	\$21,245,721
City Sales Tax Gain/(Loss) for each non-city El Paso County Resident	\$116
Person/days of shopping per shopper	5.34
City Sales Tax Gain/(Loss) per in-bound shopping commuter	\$621

Retail Sales by Municipality

The second question regarding retail sales is whether growth in the non-City areas of El Paso County is having a negative impact on total retail sales tax collections of the City.

Retail Sales, Taxable Retail Sales, and State Sales Tax collection statistics were gathered from the Colorado Division of Revenue. The following four tables show changes from 2002 through 2005, by municipality.

As can be seen in each table below, the total amount of sales and State sales tax collections have grown each year since 2000. However, the share of sales made in the City of Colorado Springs, as a proportion of all sales made in the County, has dropped marginally from 89.05% of gross sales to 87.56%. Similarly, the retail sales share has fallen to 87.87% from 90.17%, and the City's share of taxable sales and State sales tax collection has fallen from 91.36% to 88.56%.

Table 1 - Gross Sales, By Place, 2000-2005						
	2005	2004	2003	2002	2001	2000
Calhan	20,890,910	22,233,956	23,242,066	23,169,962	22,131,680	28,880,817
Colorado Springs	12,388,494,570	11,691,758,298	10,985,509,636	10,405,518,021	10,136,963,006	9,912,208,314
Fountain	439,240,790	1,069,097,158	741,413,322	454,189,321	293,318,392	401,964,432
Green Mtn Falls	2,648,402	2,998,579	2,207,530	2,488,320	2,348,330	2,782,670
Manitou	50,527,965	51,605,324	58,790,511	49,070,943	56,118,032	53,902,759
Monument	236,555,504	194,706,795	169,827,079	157,689,366	157,006,696	128,424,493
Palmer Lake	24,310,338	23,442,995	22,370,990	19,597,514	18,155,139	13,473,570
Security	36,705,462	35,406,360	42,713,581	45,520,507	46,963,185	42,994,909
Remainder	948,539,261	943,300,306	842,897,182	802,379,903	710,745,290	545,940,780
Total	14,147,913,202	14,034,549,771	12,888,971,897	11,959,623,857	11,443,749,750	11,130,572,744
Gross Sales % of Total	2005	2004	2003	2002	2001	2000
Calhan	0.15%	0.16%	0.18%	0.19%	0.19%	0.26%
Colorado Springs	87.56%	83.31%	85.23%	87.01%	88.58%	89.05%
Fountain	3.10%	7.62%	5.75%	3.80%	2.56%	3.61%
Green Mtn Falls	0.02%	0.02%	0.02%	0.02%	0.02%	0.03%
Manitou	0.36%	0.37%	0.46%	0.41%	0.49%	0.48%
Monument	1.67%	1.39%	1.32%	1.32%	1.37%	1.15%
Palmer Lake	0.17%	0.17%	0.17%	0.16%	0.16%	0.12%
Security	0.26%	0.25%	0.33%	0.38%	0.41%	0.39%
Remainder	6.70%	6.72%	6.54%	6.71%	6.21%	4.90%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Gross Sales Yr to Yr \$ Change	2005	2004	2003	2002	2001	
Calhan	-1,343,046	-1,008,110	72,104	1,038,282	-6,749,137	
Colorado Springs	696,736,272	706,248,662	579,991,615	268,555,015	224,754,692	
Fountain	-629,856,368	327,683,836	287,224,001	160,870,929	-108,646,040	
Green Mtn Falls	-350,177	791,049	-280,790	139,990	-434,340	
Manitou	-1,077,359	-7,185,187	9,719,568	-7,047,089	2,215,273	
Monument	41,848,709	24,879,716	12,137,713	682,670	28,582,203	
Palmer Lake	867,343	1,072,005	2,773,476	1,442,375	4,681,569	
Security	1,299,102	-7,307,221	-2,806,926	-1,442,678	3,968,276	
Remainder	5,238,955	100,403,124	40,517,279	91,634,613	164,804,510	
Total	113,363,431	1,145,577,874	929,348,040	515,874,107	313,177,006	

Table 2 - Retail Sales, By Place, 2000-2005						
	2005	2004	2003	2002	2001	2000
Calhan	17,760,401	20,170,816	20,573,471	21,184,584	19,294,010	26,226,675
Colorado Springs	10,395,827,285	9,653,119,366	9,129,067,487	8,624,447,996	8,450,553,869	8,281,815,672
Fountain	257,473,014	259,191,647	219,507,930	223,652,137	205,709,661	179,313,104
Green Mtn Falls	2,621,568	2,785,574	2,072,943	2,358,936	2,284,104	2,636,522
Manitou	48,351,813	47,855,125	54,907,948	46,469,576	52,918,739	51,299,313
Monument	215,245,909	184,904,942	161,609,718	151,841,460	145,089,817	118,748,955
Palmer Lake	23,404,275	22,179,122	19,870,802	17,349,008	13,778,160	12,291,598
Security	35,346,376	34,124,019	41,553,993	43,933,271	45,048,264	41,175,477
Remainder	834,841,879	780,500,373	754,004,816	708,330,676	615,167,534	471,659,543
Total	11,830,872,520	11,004,830,984	10,403,169,108	9,839,567,644	9,549,844,158	9,185,166,859
Retail Sales % of Total						
	2005	2004	2003	2002	2001	2000
Calhan	0.15%	0.18%	0.20%	0.22%	0.20%	0.29%
Colorado Springs	87.87%	87.72%	87.75%	87.65%	88.49%	90.17%
Fountain	2.18%	2.36%	2.11%	2.27%	2.15%	1.95%
Green Mtn Falls	0.02%	0.03%	0.02%	0.02%	0.02%	0.03%
Manitou	0.41%	0.43%	0.53%	0.47%	0.55%	0.56%
Monument	1.82%	1.68%	1.55%	1.54%	1.52%	1.29%
Palmer Lake	0.20%	0.20%	0.19%	0.18%	0.14%	0.13%
Security	0.30%	0.31%	0.40%	0.45%	0.47%	0.45%
Remainder	7.06%	7.09%	7.25%	7.20%	6.44%	5.14%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Retail Sales Yr to Yr \$ Change						
	2005	2004	2003	2002	2001	2000
Calhan	-2,410,415	-402,655	-611,113	1,890,574	-6,932,665	
Colorado Springs	742,707,919	524,051,879	504,619,491	173,894,127	168,738,197	
Fountain	-1,718,633	39,683,717	-4,144,207	17,942,476	26,396,557	
Green Mtn Falls	-164,006	712,631	-285,993	74,832	-352,418	
Manitou	496,688	-7,052,823	8,438,372	-6,449,163	1,619,426	
Monument	30,340,967	23,295,224	9,768,258	6,751,643	26,340,862	
Palmer Lake	1,225,153	2,308,320	2,521,794	3,570,848	1,486,562	
Security	1,222,357	-7,429,974	-2,379,278	-1,114,993	3,872,787	
Remainder	54,341,506	26,495,557	45,674,140	93,163,142	143,507,991	
Total	826,041,536	601,661,876	563,601,464	289,723,486	364,677,299	

Table 3 - Taxable Sales, By Place, 2000-2005						
	2005	2004	2003	2002	2001	2000
Calhan	6,404,647	7,846,566	8,226,745	9,551,286	9,135,714	10,726,793
Colorado Springs	5,843,401,648	5,630,740,560	5,267,591,426	5,245,696,071	5,462,556,500	5,186,997,621
Fountain	130,080,727	119,551,136	119,140,840	131,815,107	130,108,179	104,233,379
Green Mtn Falls	1,765,736	2,215,709	1,543,722	1,702,536	1,769,179	2,010,138
Manitou	38,693,722	38,579,303	43,319,023	37,347,143	44,847,286	40,664,517
Monument	97,627,459	80,616,187	70,866,227	71,795,036	75,541,857	51,996,034
Palmer Lake	10,347,761	10,803,284	9,898,640	8,333,679	6,814,107	5,839,897
Security	10,323,458	10,504,132	16,807,031	19,164,893	18,695,214	16,928,034
Remainder	459,533,846	438,703,691	407,567,983	442,330,107	374,485,357	258,314,034
Total	6,598,179,004	6,339,560,568	5,944,961,637	5,967,735,858	6,123,953,393	5,677,710,447
Taxable Sales % of Total						
	2005	2004	2003	2002	2001	2000
Calhan	0.10%	0.12%	0.14%	0.16%	0.15%	0.19%
Colorado Springs	88.56%	88.82%	88.61%	87.90%	89.20%	91.36%
Fountain	1.97%	1.89%	2.00%	2.21%	2.12%	1.84%
Green Mtn Falls	0.03%	0.03%	0.03%	0.03%	0.03%	0.04%
Manitou	0.59%	0.61%	0.73%	0.63%	0.73%	0.72%
Monument	1.48%	1.27%	1.19%	1.20%	1.23%	0.92%
Palmer Lake	0.16%	0.17%	0.17%	0.14%	0.11%	0.10%
Security	0.16%	0.17%	0.28%	0.32%	0.31%	0.30%
Remainder	6.96%	6.92%	6.86%	7.41%	6.12%	4.55%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Taxable Sales Yr to Yr \$ Change						
	2005	2004	2003	2002	2001	2000
Calhan	-1,441,919	-380,179	-1,324,541	415,572	-1,591,079	
Colorado Springs	212,661,088	363,149,134	21,895,355	-216,860,429	275,558,879	
Fountain	10,529,591	410,296	-12,674,267	1,706,928	25,874,800	
Green Mtn Falls	-449,973	671,987	-158,814	-66,643	-240,959	
Manitou	114,419	-4,739,720	5,971,880	-7,500,143	4,182,769	
Monument	17,011,272	9,749,960	-928,809	-3,746,821	23,545,823	
Palmer Lake	-455,523	904,644	1,564,961	1,519,572	974,210	
Security	-180,674	-6,302,899	-2,357,862	469,679	1,767,180	
Remainder	20,830,155	31,135,708	-34,762,124	67,844,750	116,171,323	
Total	258,618,436	394,598,931	-22,774,221	-156,217,535	446,242,946	

Table 4 - Net Sales Tax, By Place, 2000-2005						
	2005	2004	2003	2002	2001	2000
Calhan	180,400	222,197	231,829	267,436	255,800	311,077
Colorado Springs	164,595,505	159,450,449	148,452,941	146,879,490	152,951,582	150,422,931
Fountain	3,663,985	3,385,430	3,357,775	3,690,823	3,643,029	3,022,768
Green Mtn Falls	49,753	62,744	43,490	47,671	49,537	58,294
Manitou	1,089,037	1,092,501	1,221,176	1,045,720	1,255,724	1,179,271
Monument	2,749,939	2,282,891	1,997,380	2,010,261	2,115,172	1,507,885
Palmer Lake	291,481	305,928	278,986	233,343	190,795	169,357
Security	290,814	297,447	473,359	536,617	523,466	490,913
Remainder	12,945,311	12,423,007	11,485,767	12,385,243	10,485,590	7,491,107
Total	185,856,225	179,522,594	167,542,703	167,096,604	171,470,695	164,653,603
Net Sales Tax % of Total	2005	2004	2003	2002	2001	2000
Calhan	0.10%	0.12%	0.14%	0.16%	0.15%	0.19%
Colorado Springs	88.56%	88.82%	88.61%	87.90%	89.20%	91.36%
Fountain	1.97%	1.89%	2.00%	2.21%	2.12%	1.84%
Green Mtn Falls	0.03%	0.03%	0.03%	0.03%	0.03%	0.04%
Manitou	0.59%	0.61%	0.73%	0.63%	0.73%	0.72%
Monument	1.48%	1.27%	1.19%	1.20%	1.23%	0.92%
Palmer Lake	0.16%	0.17%	0.17%	0.14%	0.11%	0.10%
Security	0.16%	0.17%	0.28%	0.32%	0.31%	0.30%
Remainder	6.97%	6.92%	6.86%	7.41%	6.12%	4.55%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Net Sales Tax Yr to Yr \$ Change	2005	2004	2003	2002	2001	
Calhan	-41,797	-9,632	-35,607	11,636	-55,277	
Colorado Springs	5,145,056	10,997,508	1,573,451	-6,072,092	2,528,651	
Fountain	278,555	27,655	-333,048	47,794	620,261	
Green Mtn Falls	-12,991	19,254	-4,181	-1,866	-8,757	
Manitou	-3,464	-128,675	175,456	-210,004	76,453	
Monument	467,048	285,511	-12,881	-104,911	607,287	
Palmer Lake	-14,447	26,942	45,643	42,548	21,438	
Security	-6,633	-175,912	-63,258	13,151	32,553	
Remainder	522,304	937,240	-899,476	1,899,653	2,994,483	
Total	6,333,631	11,979,891	446,099	-4,374,091	6,817,092	

Per Capita Retail Sales

An examination of per capita sales data over the past five years reveals a similar picture. Table 5 below shows such measures on an inflation-adjusted basis. Colorado Springs did in fact experience a small decline in taxable retail sales and State sales tax collections per capita. However, macroeconomic considerations would suggest it is very likely that the changes are attributable to the national and local recession starting in 2000. The greatest declines occurred in 2002 and 2003, while in 2004 and 2005 the sales figures show signs of recovery.

Table 5 may also reflect several other factors. The first factor to consider is that post-census population estimates may not be entirely accurate. Should the actual population be less than our estimate, the per capita figures would be higher. Secondly, an inflation rate of 2.5% was assumed for the constant dollar series. An argument could be made that the local inflation rate was

lower. The current dollar series indicates that without inflation, the per capita share of retail sales collections actually rose.

	2005	2004	2003	2002	2001	2000
Colorado Springs Population	387,666	386,027	381,925	374,300	366,000	360,890
Current \$ - Not Adjusted for Inflation						
Gross Sales Per Capita	\$31,957	\$30,287	\$28,764	\$27,800	\$27,697	\$27,466
Retail Sales Per Capita	\$26,816	\$25,006	\$23,903	\$23,042	\$23,089	\$22,948
Taxable Retail Sales Per Capita	\$15,073	\$14,586	\$13,792	\$14,015	\$14,925	\$14,373
Sales Tax Collections Per Capita	\$425	\$413	\$389	\$392	\$418	\$417
Constant \$ - Adjusted for Inflation						
Gross Sales Per Capita	\$28,245	\$27,439	\$26,710	\$26,460	\$27,021	\$27,466
Retail Sales Per Capita	\$23,702	\$22,655	\$22,196	\$21,931	\$22,526	\$22,948
Taxable Retail Sales Per Capita	\$13,323	\$13,215	\$12,807	\$13,339	\$14,561	\$14,373
Sales Tax Collections Per Capita	\$375	\$374	\$361	\$374	\$408	\$417

Finally, the total change in total State sales tax collections has been a concern to the City. The concern is that commercial development outside the City limits will result in a decline in City sales tax receipts. Table 4 illustrates that while the City's share of total State sales tax collections has marginally declined from 2000 through 2005, Table 6 shows that its total annual collections grew by over \$14 million. This is double the increase that occurred in the balance of El Paso County. At the same time, while the City's share of the total countywide population change between 2000 and 2005 was approximately 50%, its share of the State sales tax revenue increase was about 67%.

Assuming that the City's sales tax revenues will grow similarly to the State's sales tax revenues, this fact illustrates that population growth in outlying communities still contributes to the City's sales tax coffers and that residents of the County still continue to do a large amount of their shopping in Colorado Springs.

	2000	2005	2000-2005
Calhan	\$311,077	\$180,400	-\$130,677
Colorado Springs	\$150,422,931	\$164,595,505	\$14,172,574
Fountain	\$3,022,768	\$3,663,985	\$641,217
Green Mtn Falls	\$58,294	\$49,753	-\$8,541
Manitou	\$1,179,271	\$1,089,037	-\$90,234
Monument	\$1,507,885	\$2,749,939	\$1,242,054
Palmer Lake	\$169,357	\$291,481	\$122,124
Security	\$490,913	\$290,814	-\$200,099
Remainder	\$7,491,107	\$12,945,311	\$5,454,204
Total	\$164,653,603	\$185,856,225	\$21,202,622
Total, excluding Colorado Springs	\$14,230,672	\$21,260,720	\$7,030,048