

# **Welcome to the 13<sup>th</sup> Annual Southern Colorado Economic Forum**

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

**October 30, 2009**



October 30, 2009



# Objectives

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

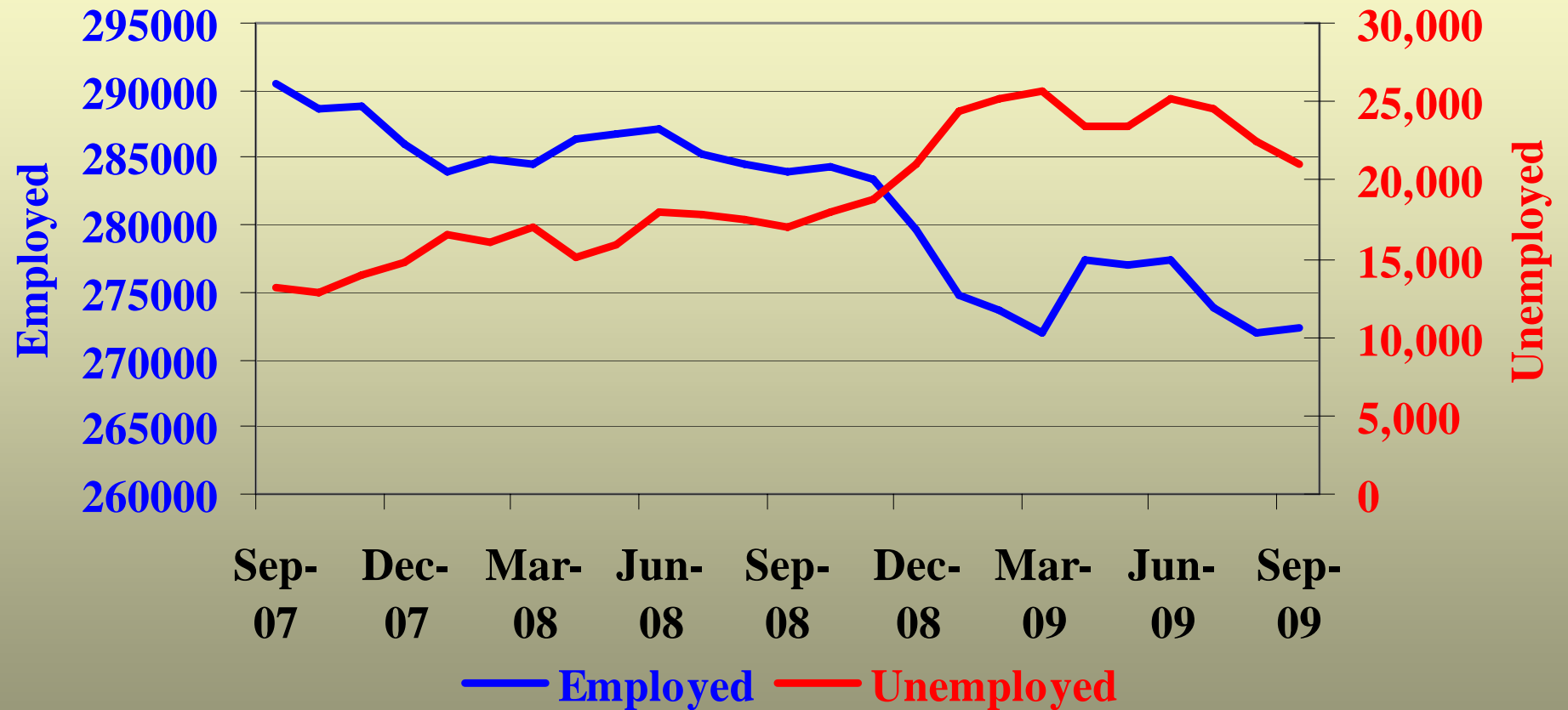
# Stability and Recovery

# 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

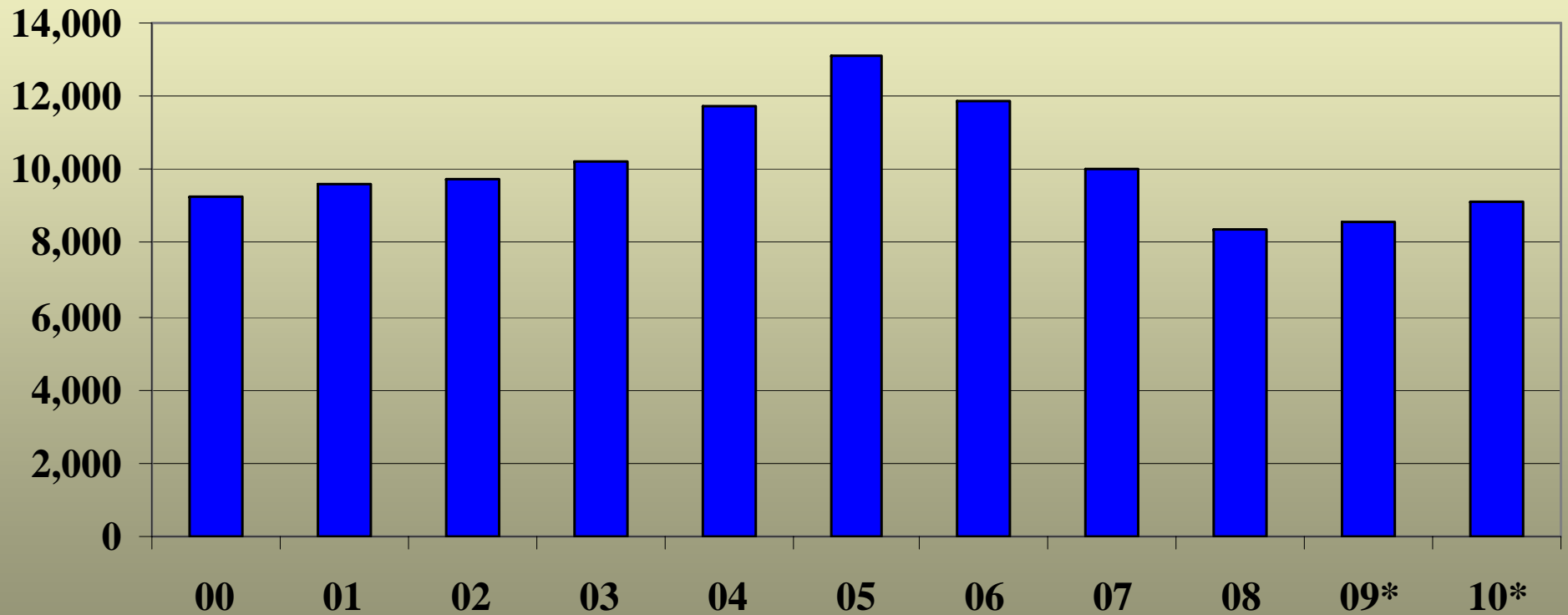
Source: Greater Colorado Springs Chamber of Commerce and Southern Colorado Economic Forum

# El Paso County Employment Trends



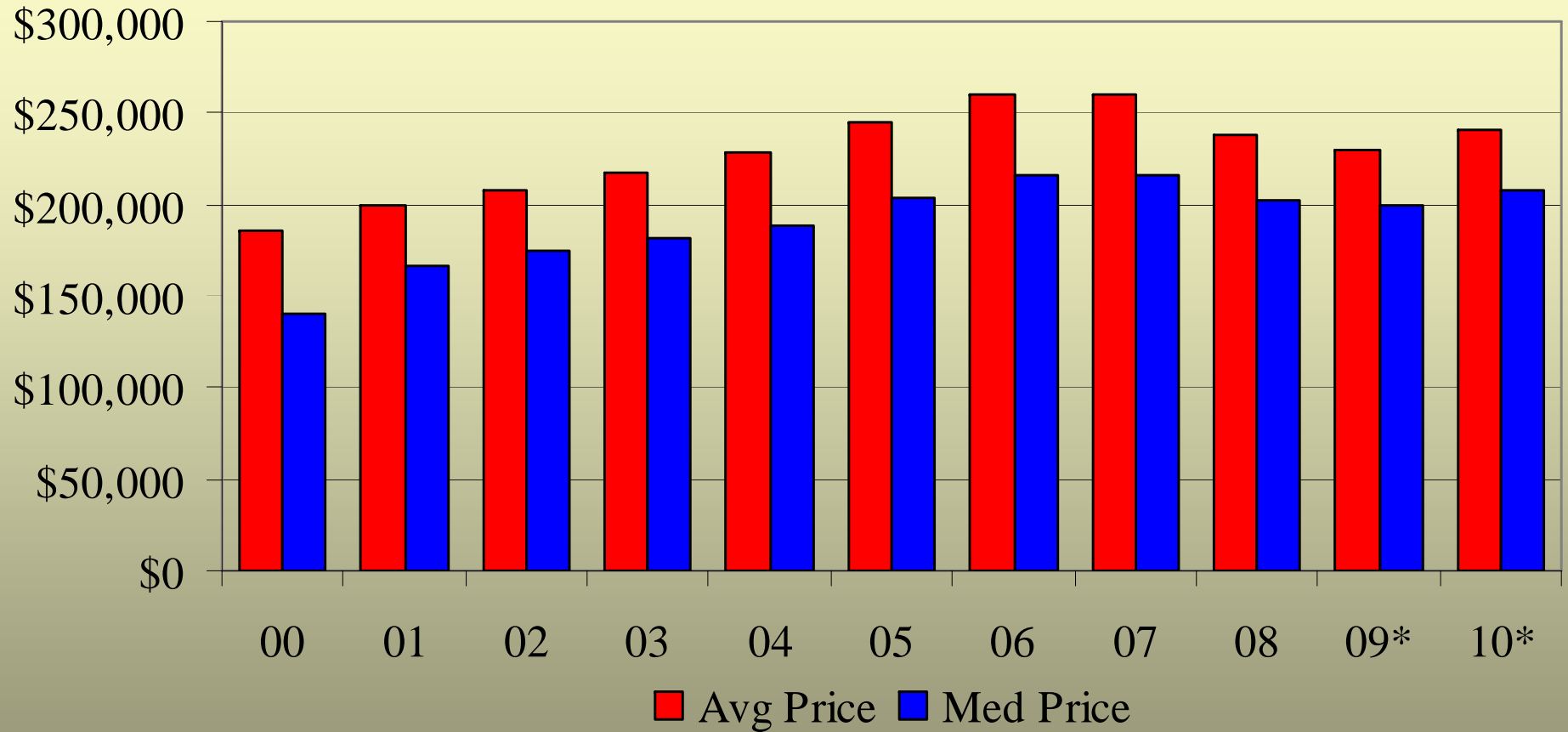
Source: Colorado LMI

# Sales of Single Family Homes in the Pikes Peak Region



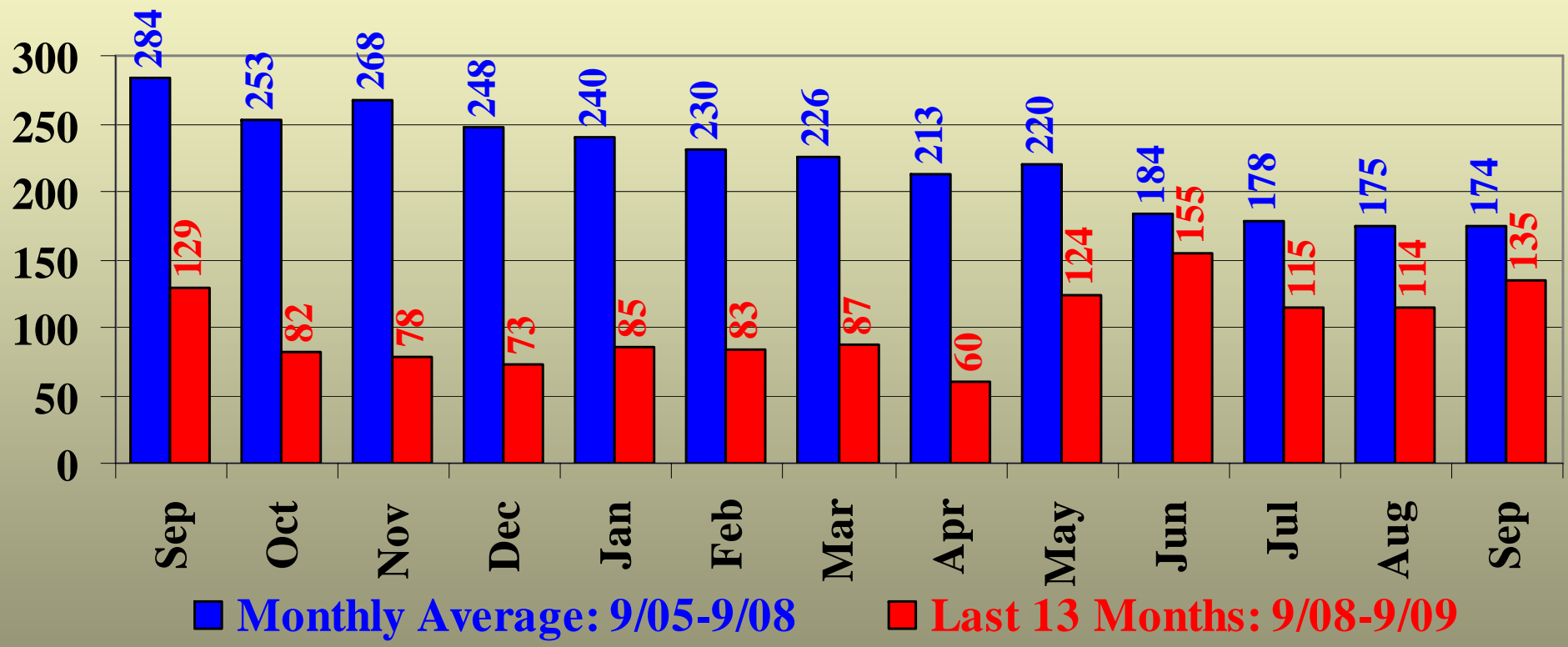
Source: Pikes Peak Association of Realtors

# Pikes Peak Region Home Prices



\*: Projection, Source: PPAR

# Seasonally Adjusted Single Family Building Permits in El Paso County



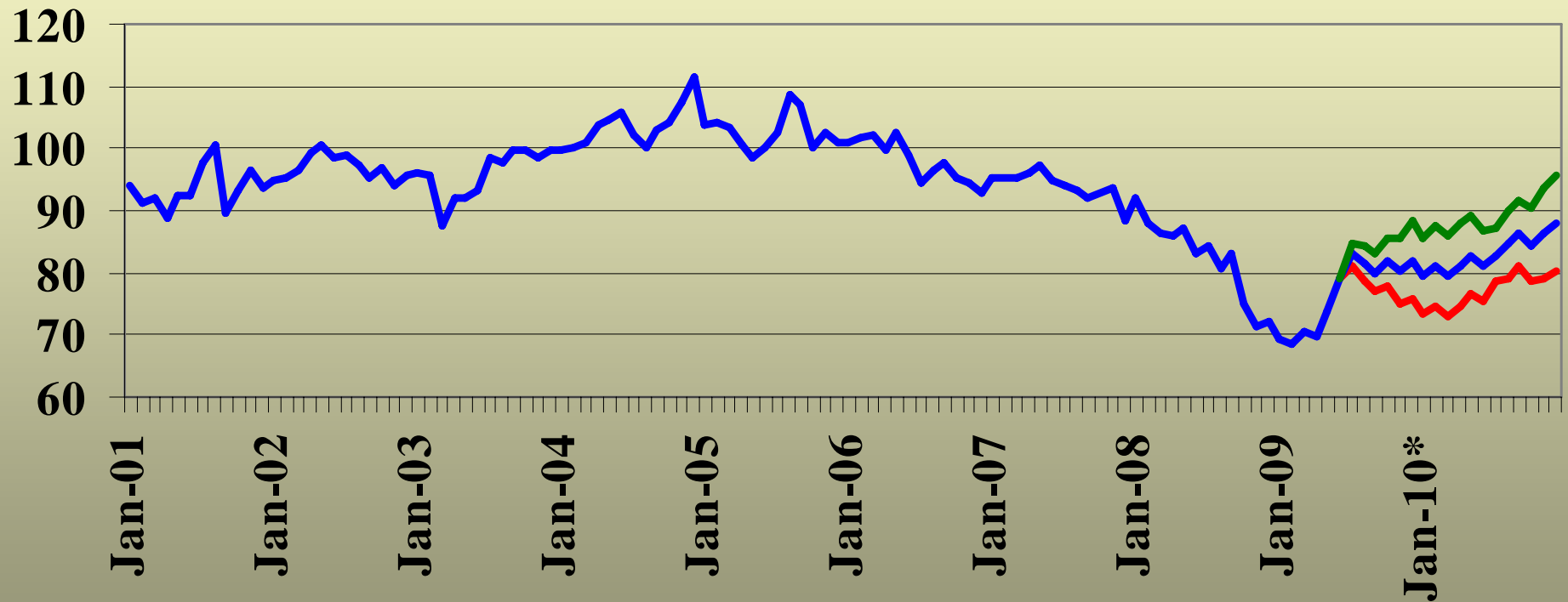
Source: Pikes Peak Rgl Bldg Dept, and UCCS Southern Colorado Economic Forum



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# Business Conditions Index: El Paso County

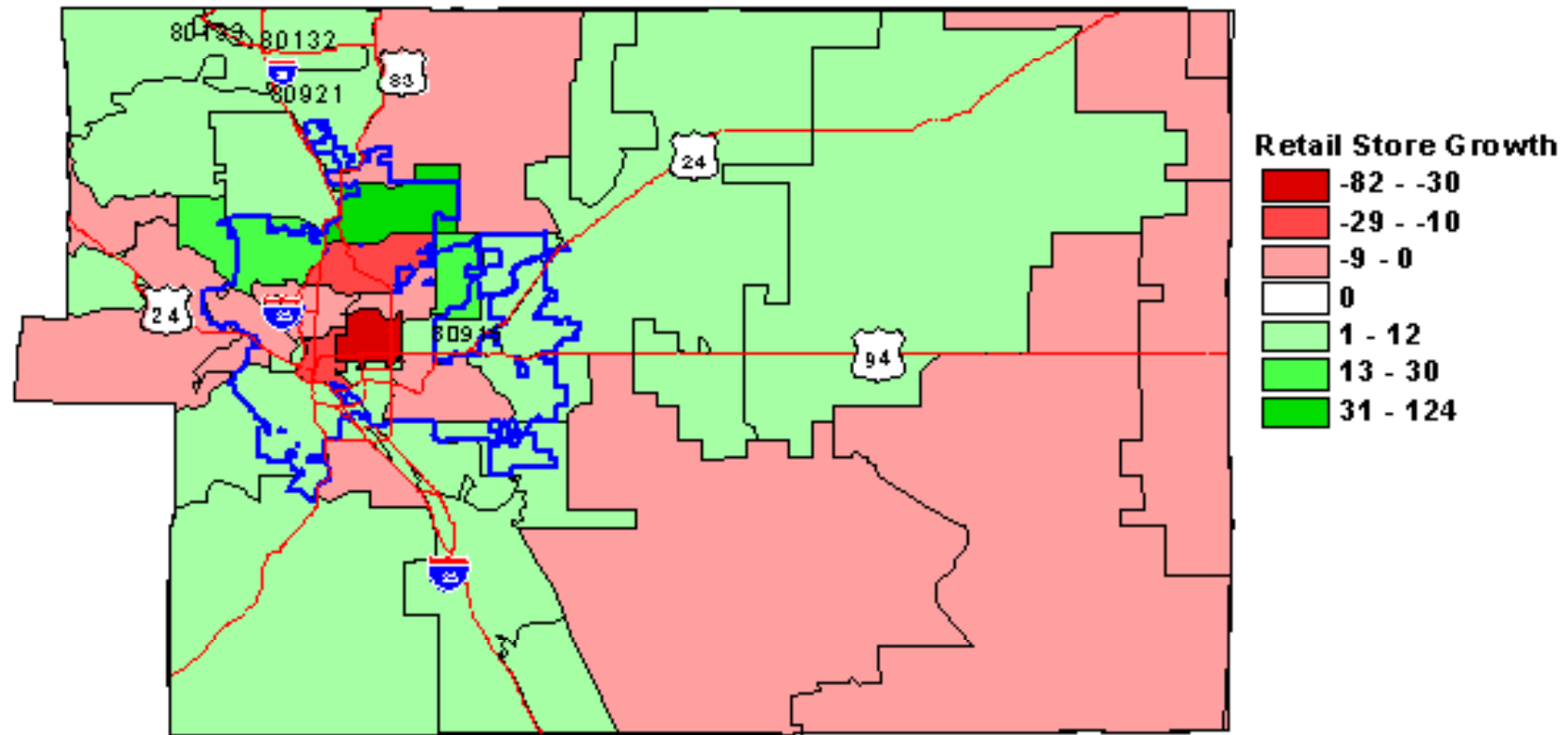


\*: Projection

— Low — Likely — High

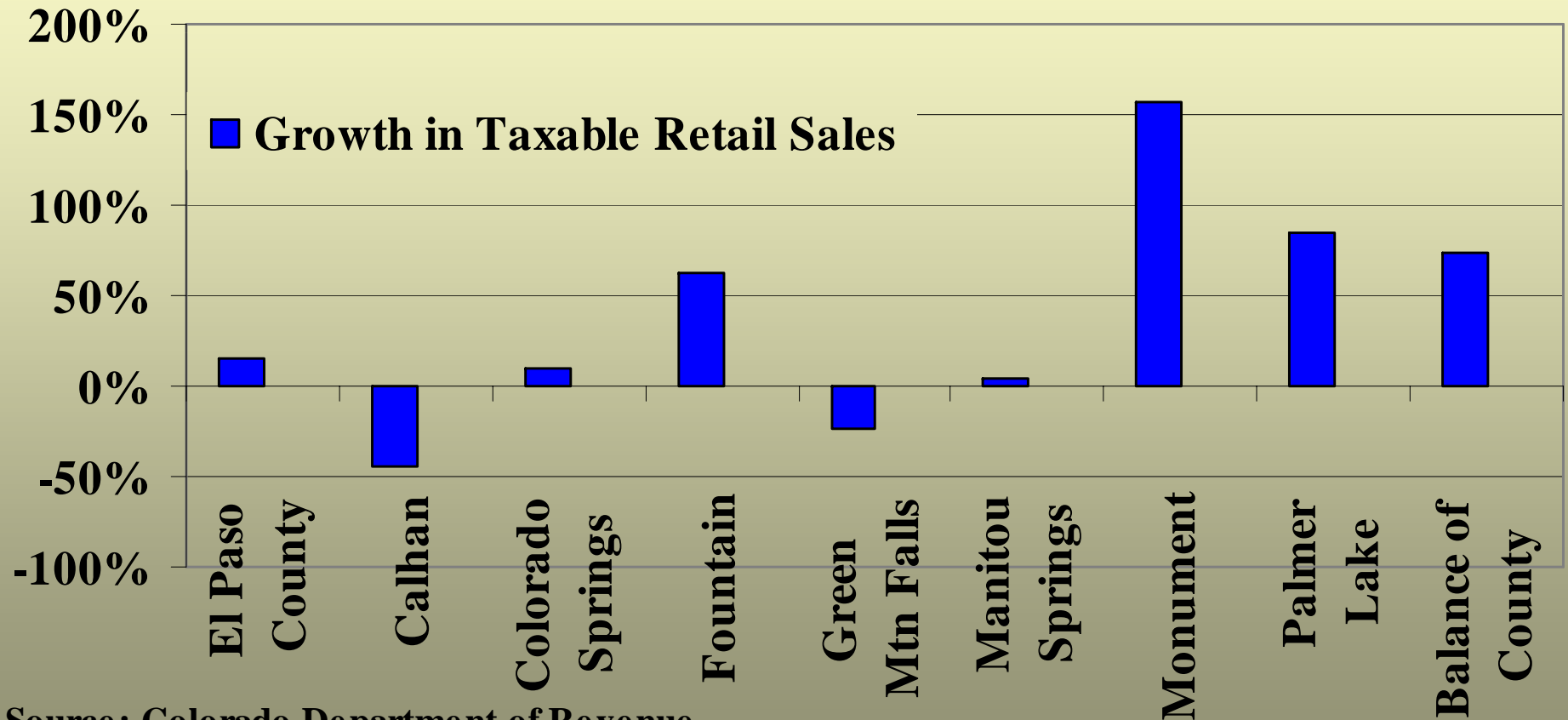
# The Flight to Suburbia

# Growth in Retail Stores by Zip Code: 1998-2005



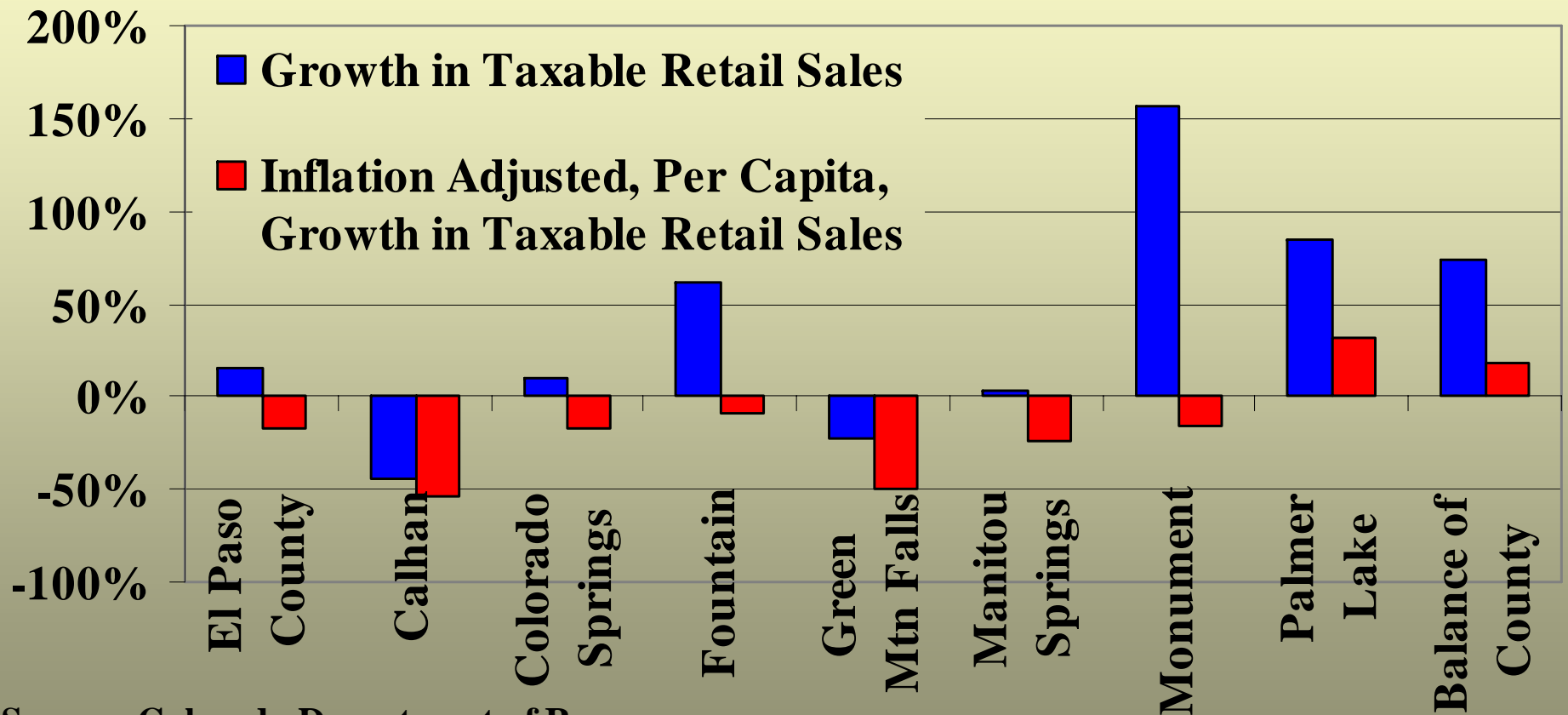
Except for Excludes, Colorado Springs  
is Defined by Blue Border (Census 2000)

# 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

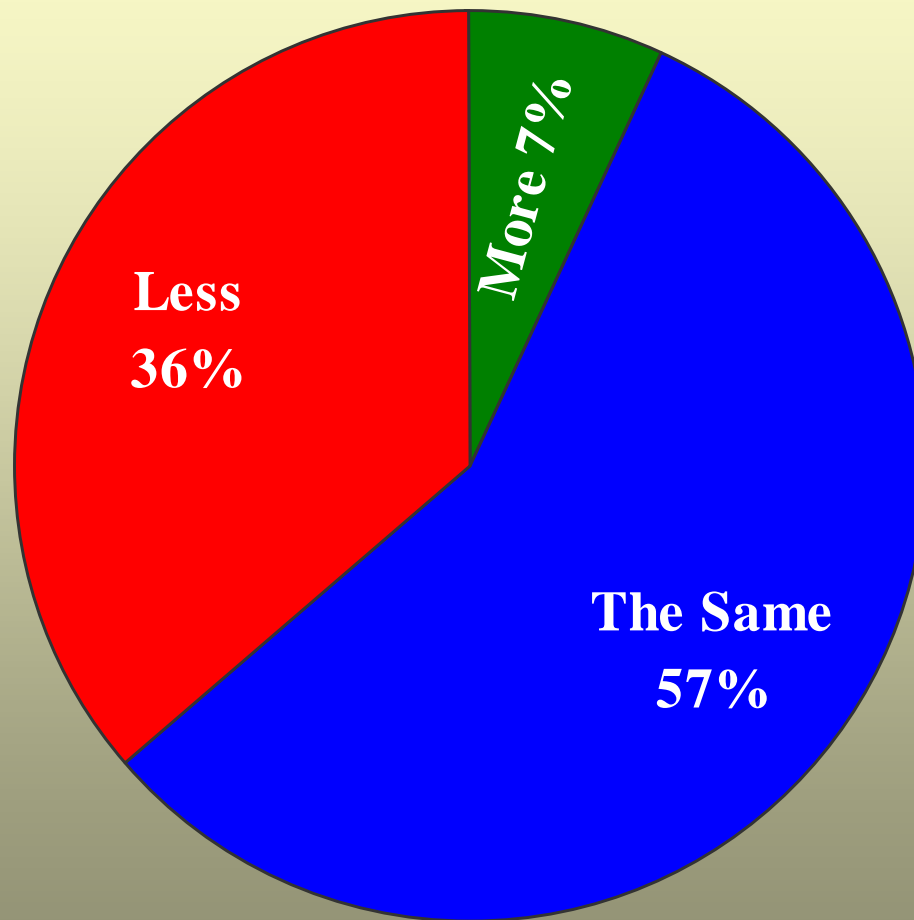


Source: Colorado Department of Revenue

# The Flight to Suburbia and Colorado Springs' Lost Tax Revenue

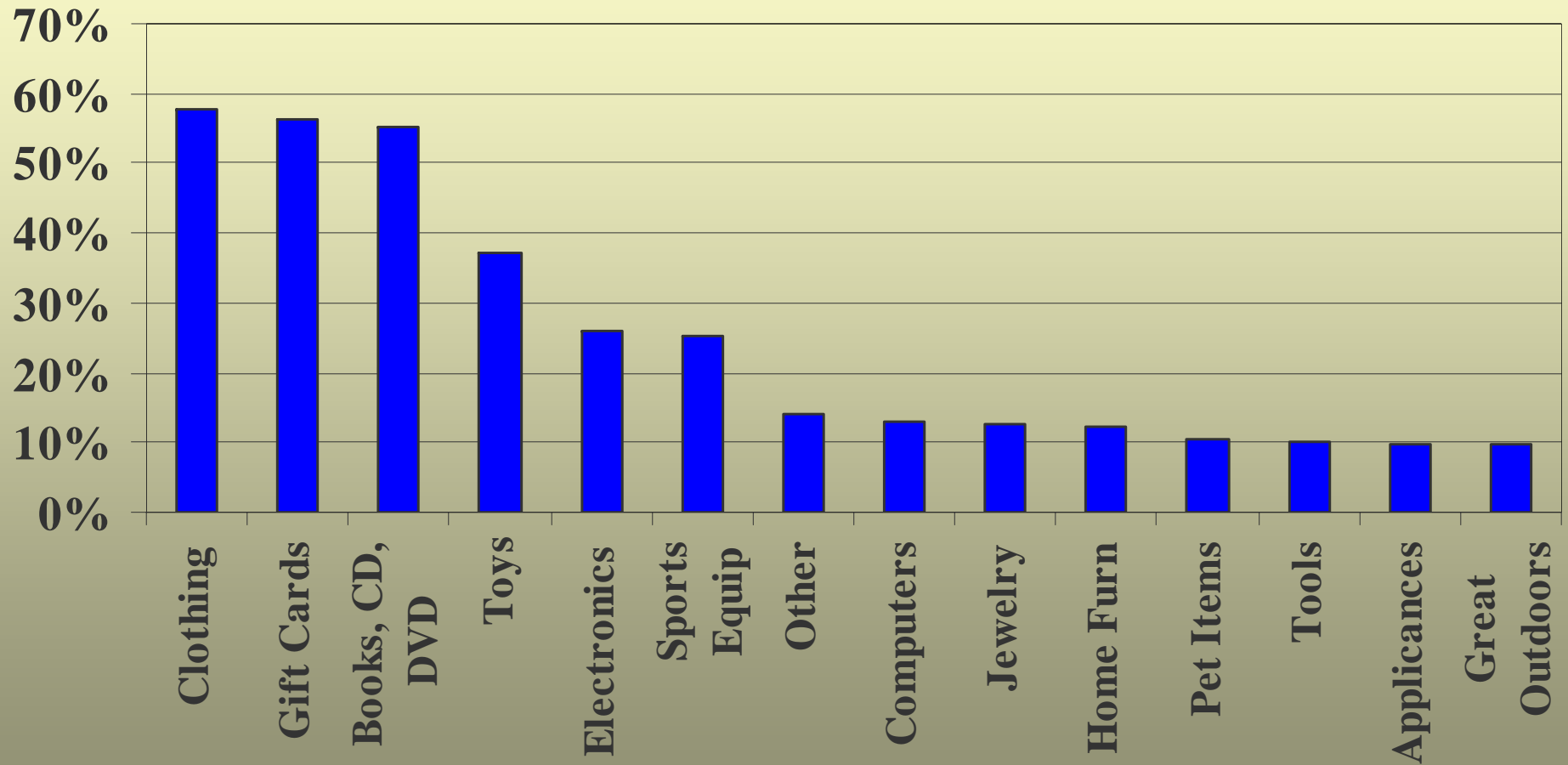
- **Estimated Property Taxes Lost** **\$3,000,000**
- **Share of Taxable Retail Sales**
  - Q1 2000 **91.7%**
  - Q1 2009 **86.7%**
- **El Paso County Taxable Retail Sales**
  - 2000 **\$5.367 billion**
  - 2008 **\$6.846 billion**
- **General Sales Tax Revenues to Suburbia**
  - $.02 * (\$6.846 - 5.367) = \$29,580,000$  “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

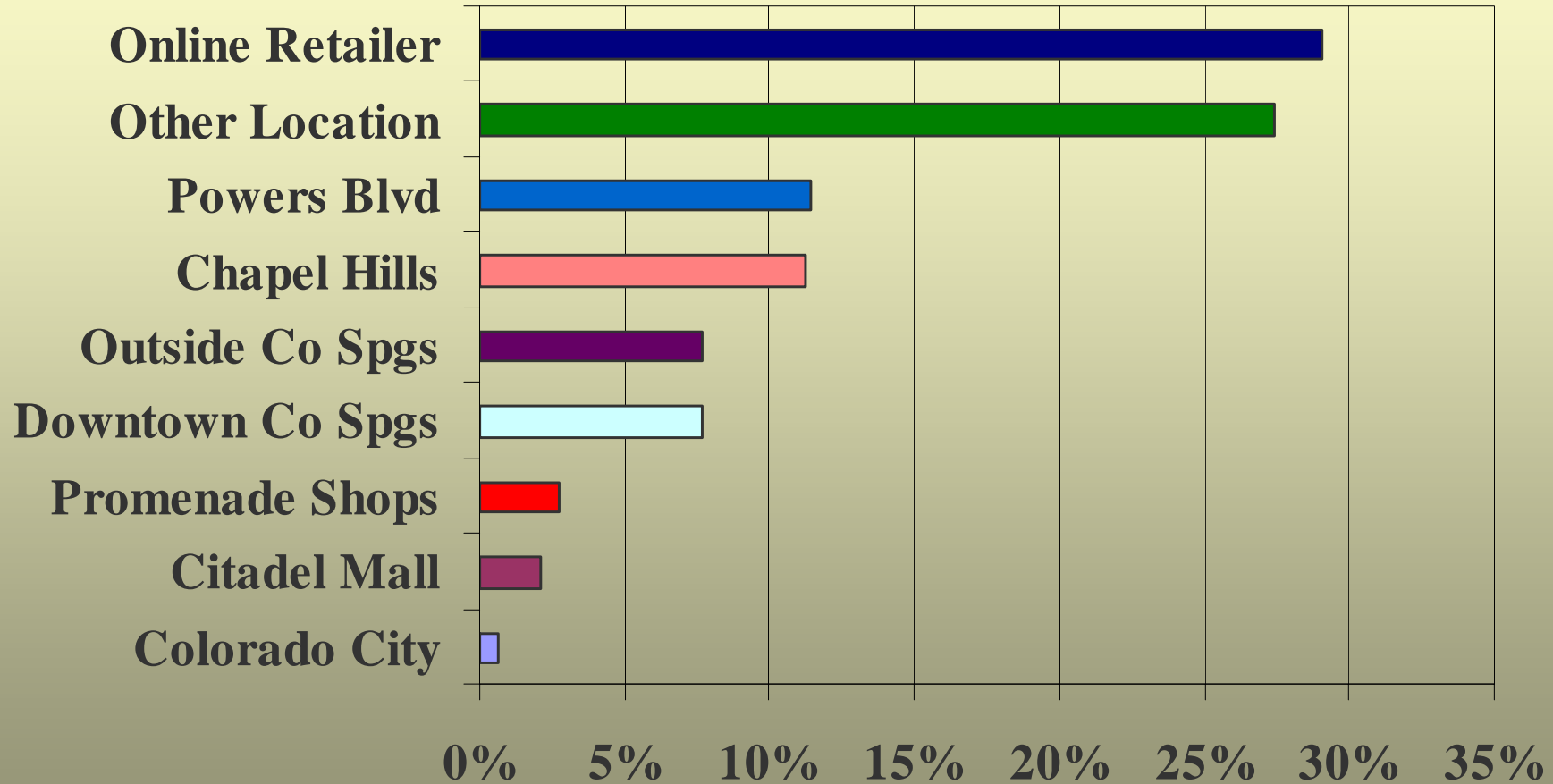


Source: Forum Survey

# Likely Holiday Purchase Items



# Likely Holiday Purchase Locations



Source: Forum Survey

# The Forum's Forecast

# Projections for El Paso County

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

# Projections for El Paso County

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

# The Call for Action

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

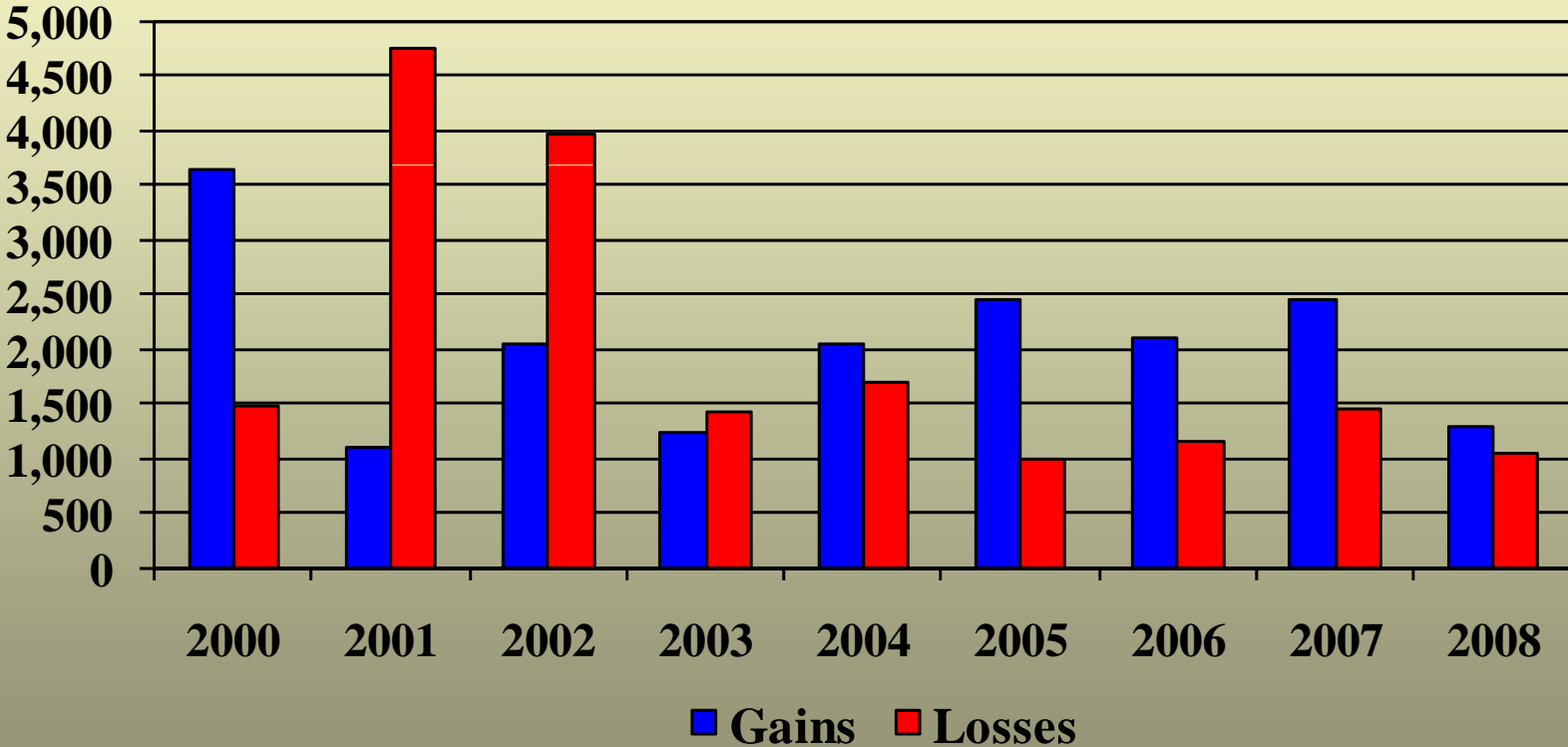
# Introspection

- **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



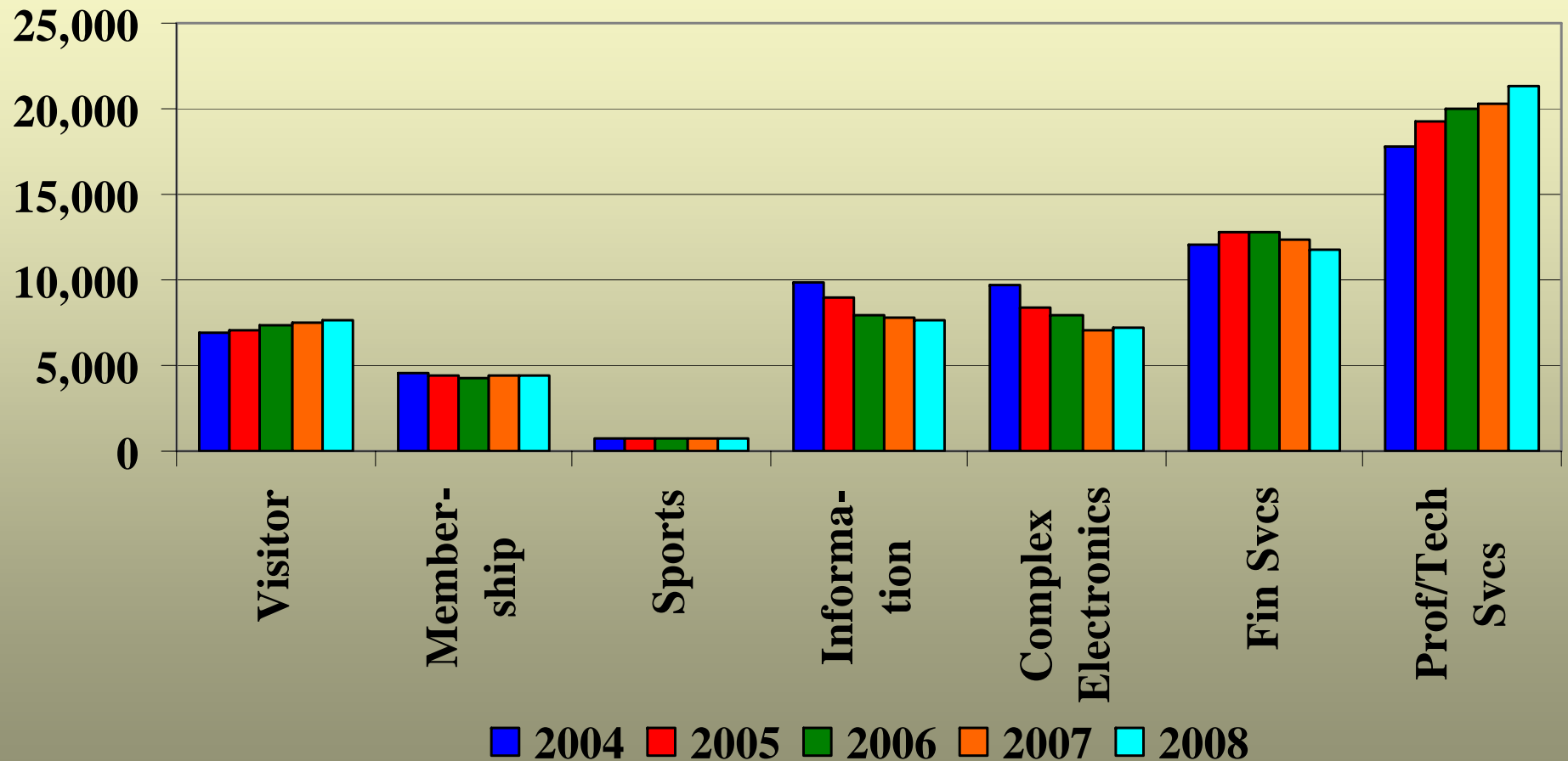
Source: EDC



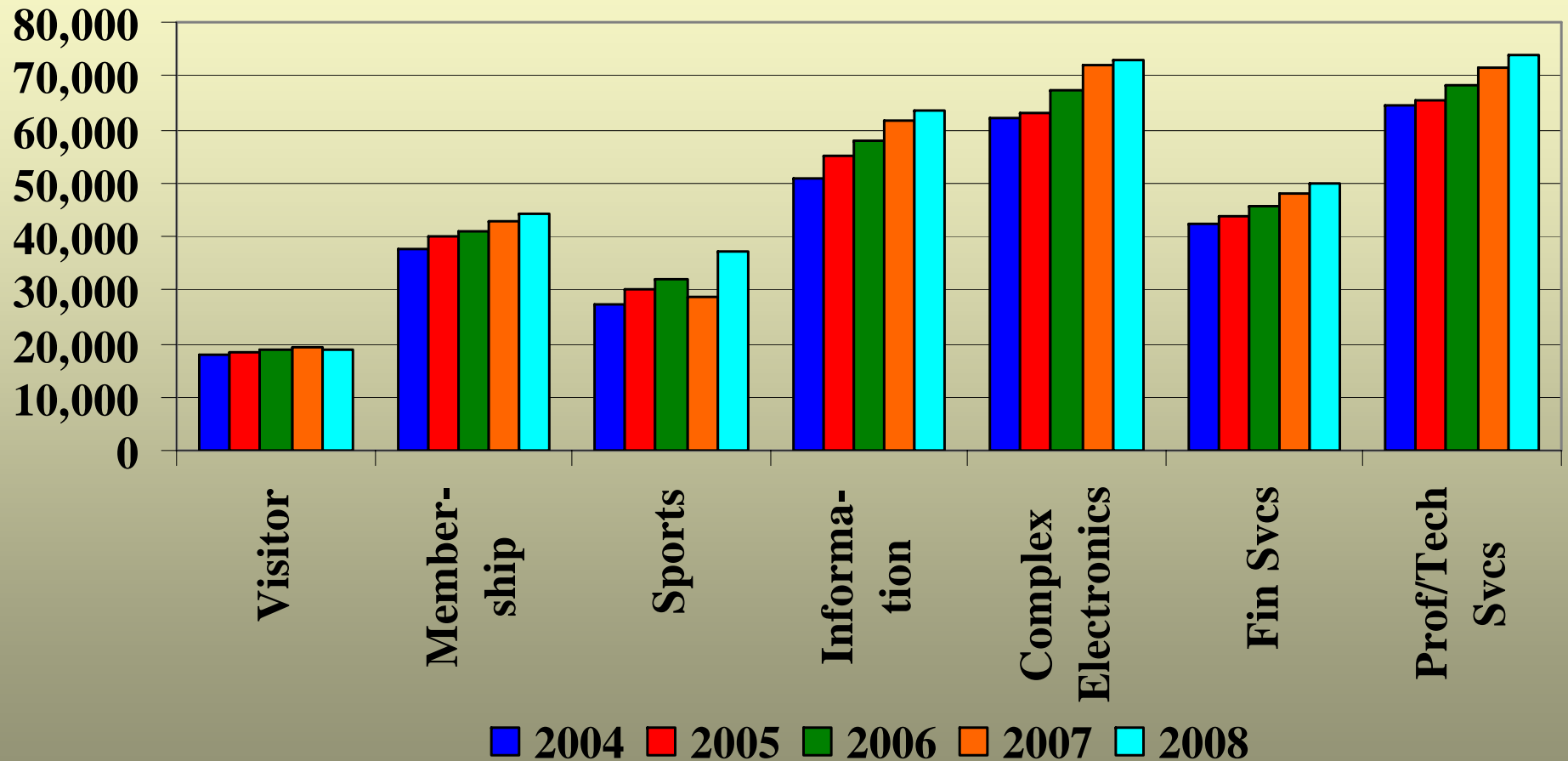
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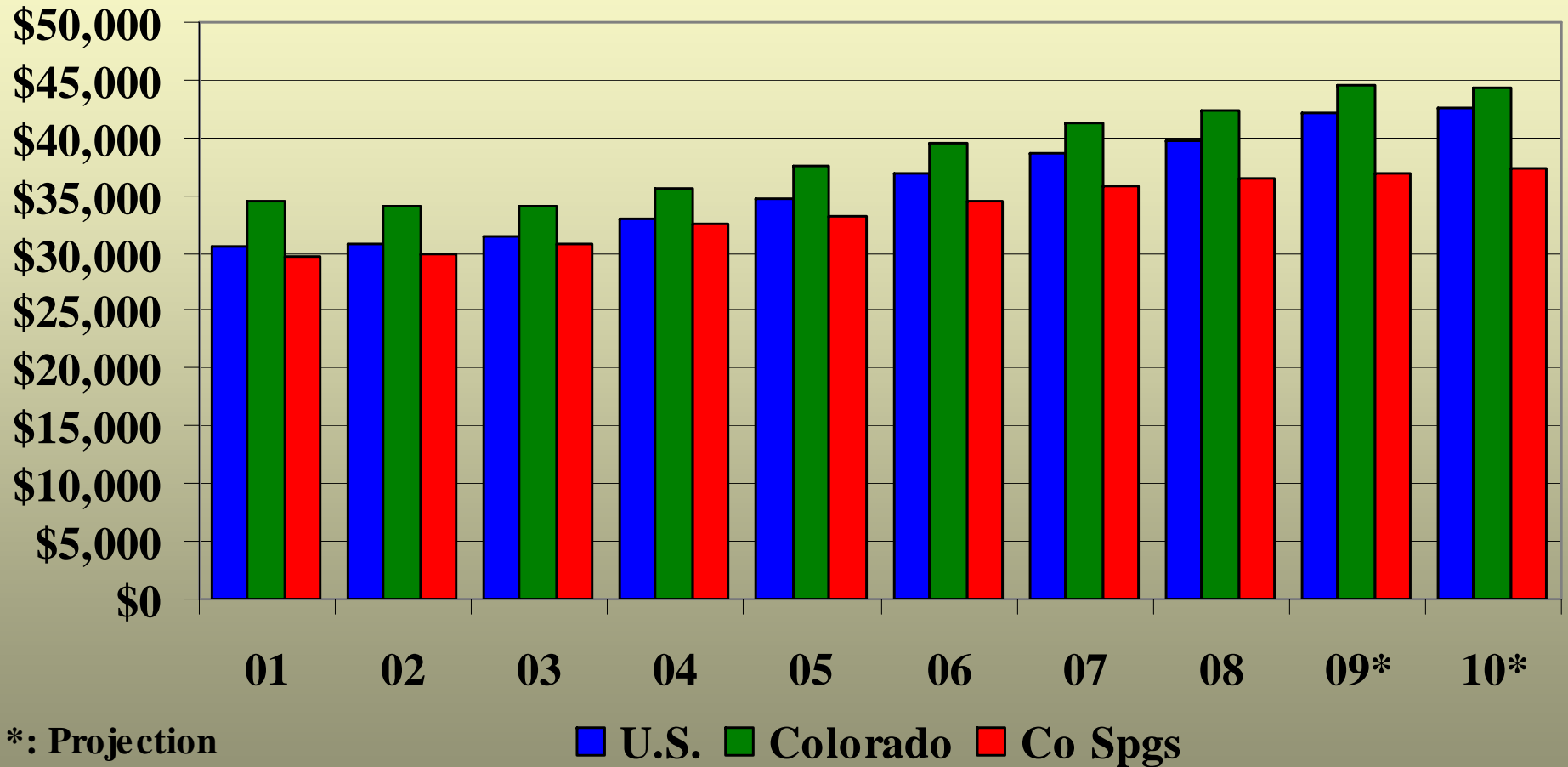
# Cluster Industries Employment



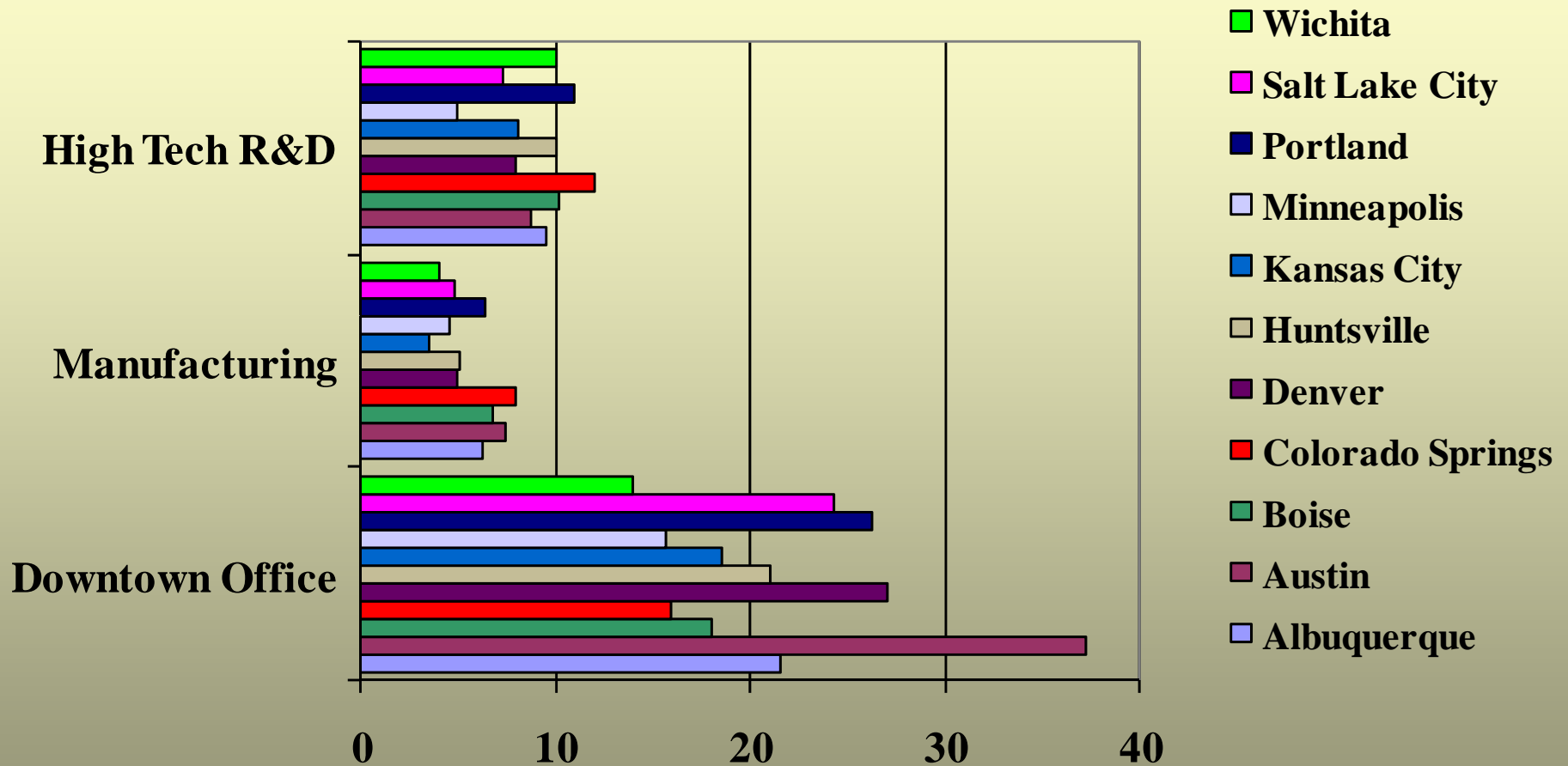
# Cluster Industries Annual Wage



# Per Capita Income



# Comparative Rents per Sq. Ft.

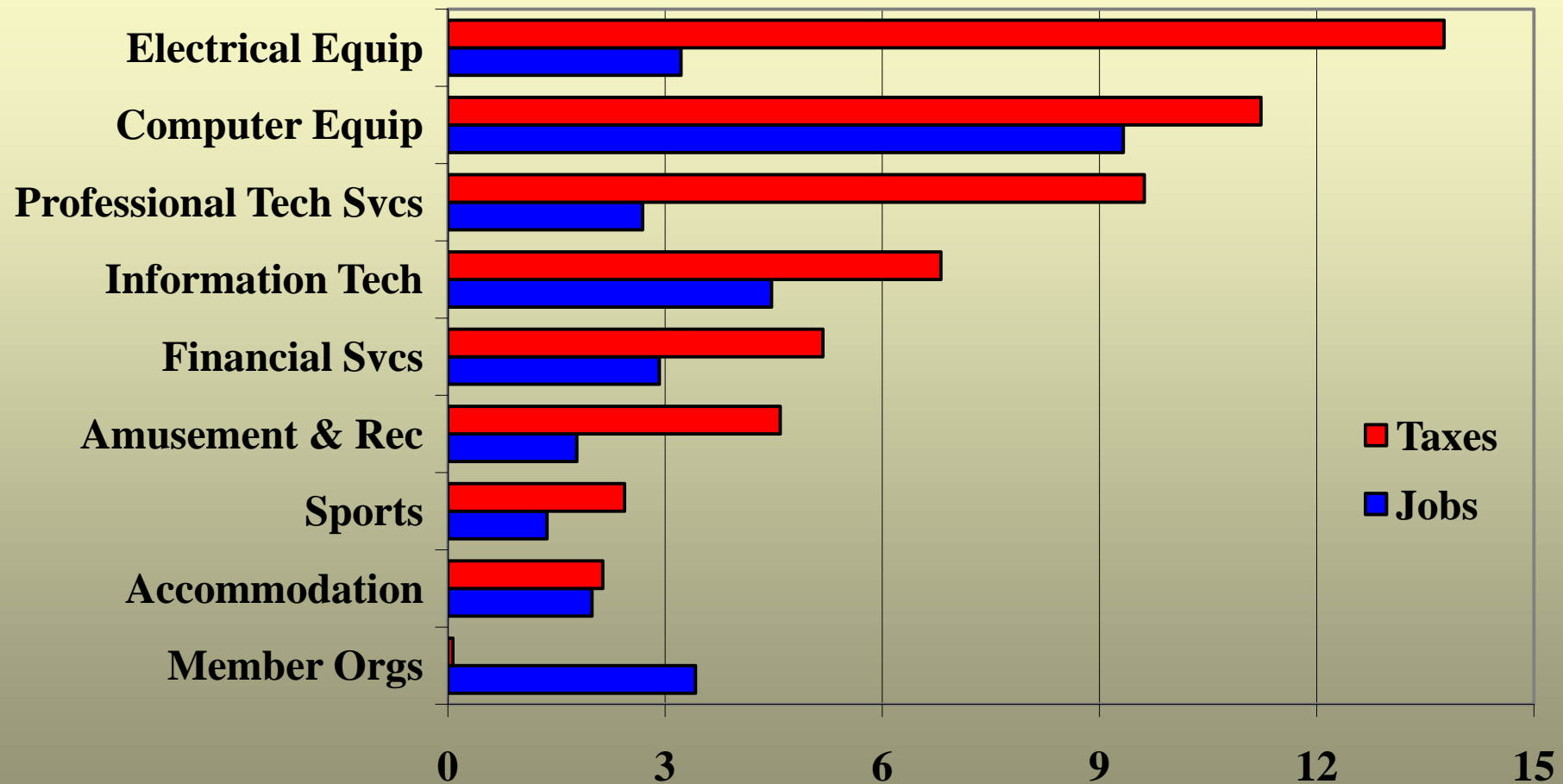


Source: NAI Global

# 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

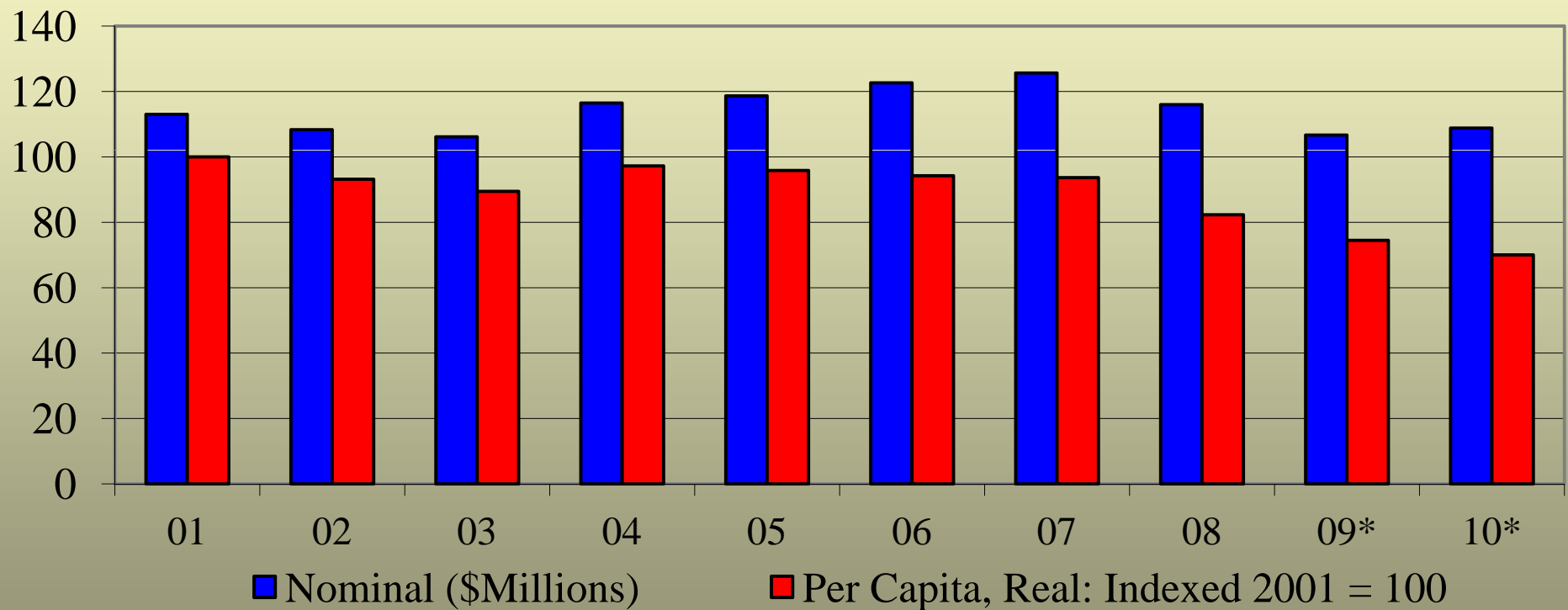
# Public Trust

- **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**

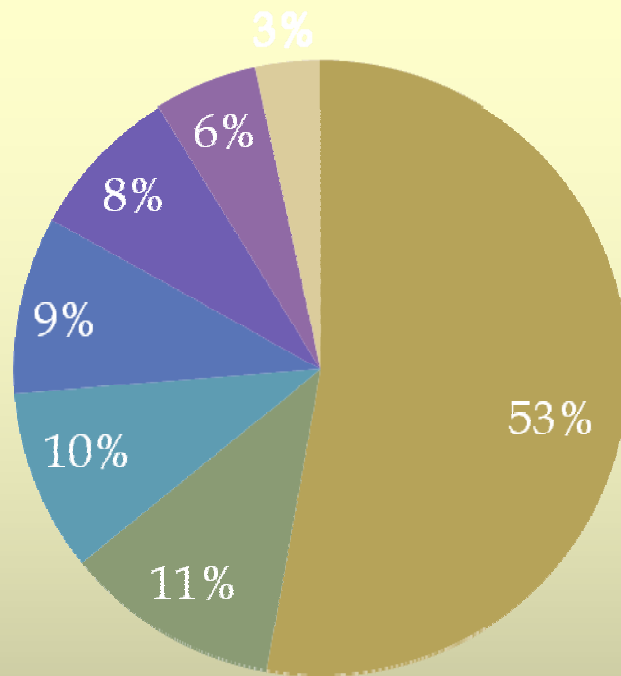
# Improve the Tax Structure

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

# **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**