

Attachment 1

City of  
Steamboat  
Springs

May 24, 2023



BRAC – Capital Cost & Revenue Forecast  
Kim Weber, Finance Director & Brian Duffany, EPS

# Development Cost Framework

Cost Category	Description / Examples	Typical Responsibility
<b><u>On-site</u> infrastructure and improvements</b>	<p>All infrastructure <u>internal</u> to the development</p> <ul style="list-style-type: none"> <li>• Roads, utilities, permit-ready lots</li> <li>• Developer-required parks and amenities</li> <li>• Everything required to meet City code standards</li> </ul>	<ul style="list-style-type: none"> <li>• Developer</li> <li>• Equity, financing, metro district...</li> </ul>
<b><u>Off-site</u> improvements</b>	<p>Infrastructure needed <u>outside project boundary</u></p> <ul style="list-style-type: none"> <li>• Direct project impacts/needs</li> <li>• Off-site water, wastewater, utility upsizing, drainage</li> <li>• Traffic impacts (intersections, road widening)</li> </ul>	<ul style="list-style-type: none"> <li>• Developer</li> <li>• Cost sharing w/City and adjacent properties that also benefit</li> </ul>
<b><u>Projects with Citywide Benefit</u></b>	<ul style="list-style-type: none"> <li>• Proposed project creates all or some of the need</li> <li>• Can be on and/or off-site</li> <li>• Examples: regional parks, transit, fire stations/public safety, some road/transportation projects</li> <li>• Combination of <u>negotiation and policy</u></li> </ul>	<ul style="list-style-type: none"> <li>• Development pays its proportionate share</li> <li>• City pays its proportionate share</li> </ul>



## Phasing – Based on initial Brown Ranch Development Plan

### RESIDENTIAL

PROGRAM		# of Units by Phase			# of Units by AMI Group			Total per type
		Phase 1	Phase 2	Phase 3	0-60%	61-128%	129-258%	
Multifamily	Rental	593	221	221				
	Condo	179	136	136	381	642	463	1486
	<b>Sub-Total</b>	<b>772</b>	<b>357</b>	<b>357</b>				
Single-Family Attached	Rental	126	46	46				
	Owner	104	81	81				
	<b>Sub-Total</b>	<b>230</b>	<b>127</b>	<b>127</b>	102	220	161	484
Single-Family Detached	Rental	28	11	10				
	Owner	94	76	75				
	<b>Sub-Total</b>	<b>122</b>	<b>87</b>	<b>85</b>	22	165	108	294
<b>Total by Phase</b>		<b>1124</b>	<b>571</b>	<b>569</b>				<b>2264</b>

*For projection purposes assumes:*

- Phase 1 – begins 2024
- Phase 2 – begins 2030
- Phase 3 – begins 2035

Category	Brown Ranch Cost				City Cost			
	A	B	C	Total	A	B	C	Total
<b>Dwelling Units</b>	<b>1,124</b>	<b>571</b>	<b>569</b>	<b>2,264</b>				
<b>Public Works</b>								
Water	\$500,000	\$42,340,000	\$0	\$42,840,000	\$2,200,000	\$15,660,000	\$0	\$17,860,000
Wastewater	0	12,000,000	0	12,000,000	0	0	0	0
Streets	846,514	0	0	846,514	0	0	0	0
Transit	0	4,500,000	0	4,500,000	0	0	0	0
Offsite Multimodal	2,395,313	0	0	2,395,313	2,395,313	0	0	2,395,313
Offsite Roads	4,721,000	1,060,000	16,272,297	22,053,297	1,025,000	2,940,000	52,538,715	56,503,715
<b>Total</b>	<b>\$8,462,827</b>	<b>\$59,900,000</b>	<b>\$16,272,297</b>	<b>\$84,635,124</b>	<b>\$5,620,313</b>	<b>\$18,600,000</b>	<b>\$52,538,715</b>	<b>\$76,759,027</b>
Per unit	\$7,529	\$104,904	\$28,598	\$37,383	\$5,000	\$32,574	\$92,335	\$33,904
<b>Fire [1]</b>								
<b>Station and Apparatus</b>	<b>\$16,556,848</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,556,848</b>	<b>\$4,114,368</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,114,368</b>
Per unit	\$14,730	\$0	\$0	\$7,313	\$3,660	\$0	\$0	\$1,817
<b>Police</b>								
Vehicles	\$0	\$0	\$0	\$0	\$146,000	\$146,000	\$146,000	\$438,000
Substation	0	0	0	0	2,040,000	0	0	2,040,000
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,186,000</b>	<b>\$146,000</b>	<b>\$146,000</b>	<b>\$2,478,000</b>
Per unit	\$0	\$0	\$0	\$0	\$1,945	\$256	\$257	\$1,095
<b>Parks [2]</b>								
Capital Equipment	\$0	\$0	\$0	\$0	\$547,553	\$278,161	\$277,186	\$1,102,900
Streetscape Equipment	0	0	0	0	54,000	0	0	54,000
Maintenance Facility	0	0	0	0	0	3,000,000	0	3,000,000
Parks and Open Space	20,529,135	10,428,947	10,392,418	41,350,500	57,411,875	29,165,641	29,063,485	115,641,000
Trails	5,112,515	2,597,194	2,588,097	10,297,807	0	0	0	0
<b>Total</b>	<b>\$25,641,651</b>	<b>\$13,026,141</b>	<b>\$12,980,515</b>	<b>\$51,648,307</b>	<b>\$58,013,427</b>	<b>\$32,443,802</b>	<b>\$29,340,671</b>	<b>\$119,797,900</b>
Per unit	\$22,813	\$22,813	\$22,813	\$22,813	\$51,613	\$56,819	\$51,565	\$52,914
<b>Total Offsites and Public Capital Costs</b>	<b>\$50,661,325</b>	<b>\$72,926,141</b>	<b>\$29,252,813</b>	<b>\$152,840,279</b>	<b>\$69,934,107</b>	<b>\$51,189,802</b>	<b>\$82,025,386</b>	<b>\$203,149,295</b>
Per unit	\$45,072	\$127,717	\$51,411	\$67,509	\$62,219	\$89,649	\$144,157	\$89,730
<b>Capital Revenues</b>								
Water and Sewer Tap Fees	\$13,571,176	\$6,894,254	\$6,870,106	\$27,335,536				
Building Use Tax	8,939,220	6,296,170	4,834,970	20,070,360				
Excise Tax	5,363,532	3,777,702	2,900,982	12,042,216				
<b>Total</b>	<b>\$27,873,928</b>	<b>\$16,968,126</b>	<b>\$14,606,058</b>	<b>\$59,448,112</b>				
Per Unit	\$24,799	\$29,717	\$25,670	\$26,258				
[1] Fire District share estimated at \$2.1 million.								
[2] Costs allocated by percentage of population by phase.								
Source: Economic & Planning Systems								
Z:\Shared\Projects\DEN\233051- Steamboat Springs Brown Ranch Annexation\Models\233051EPS Capital Cost Analysis 05- 19- 2023.xlsx\1- Summary								

# Capital Cost vs. Revenue Projection 2023-2042

Brown Ranch Portion	Phase 1 Assumes 2024	Phase 2 Assumes 2030	Phase 3 Start 2035	STR Collections (2036-2042)	Total 2023-2042
Revenue – STR Tax (Assumes 50% of \$14M/year)	<u>\$14,000,000</u>	<u>\$42,000,000</u>	<u>\$35,000,000</u>	<u>\$49,000,000</u>	<u>\$140,000,000</u>
Offsite Infrastructure Costs	<u>50,661,325</u>	<u>72,926,141</u>	<u>29,252,812</u>		<u>152,840,278</u>
Revenue less Costs	(\$36,661,325)	(\$30,926,141)	\$5,747,188	\$49,000,000	(\$12,840,278)
Cumulative Balance (Brown Ranch)	(\$36,661,325)	(\$67,587,466)	(\$61,840,278)		(\$12,840,278)
City Portion					
Revenue – Building Use/Excise Tax & Tap Fees	<u>\$27,873,928</u>	<u>\$16,968,126</u>	<u>\$14,606,058</u>		<u>\$59,448,112</u>
Offsite Infrastructure Costs & Citywide Benefit	<u>69,934,109</u>	<u>51,189,802</u>	<u>82,025,386</u>		<u>203,149,297</u>
Revenue less Costs	(\$42,060,181)	(\$34,221,676)	(\$67,419,328)		(\$143,701,185)
Cumulative Balance (City)	(\$42,060,181)	(\$76,281,857)	(\$143,701,185)		(\$143,701,185)
Total					
Cumulative	(\$78,721,506)	(\$143,869,323)	(\$205,541,463)		(\$156,541,463)

Notes: Additional Revenue such as grants, intergovernmental contributions, etc. TBD  
5/22/23 Draft – Subject to negotiations

- STR tax is a significant financing source – roughly \$140M in project capacity for Brown Ranch
- Outstanding questions:
  - What are the on-site infrastructure costs needed for a first phase of development?
  - On-site costs are not included in this analysis
  - Sources and uses / financing plan for on-site (and necessary off-sites) needed to further evaluate allocation of use tax, excise tax, and STR tax revenues
  - Need to understand what we all can feasibly pay for

Table 1  
Summary: Offsite Capital Costs and Public Facilities (Infrastructure needed to provide City's level of service)

Category	Brown Ranch Cost				City Cost			
	A	B	C	Total	A	B	C	Total
Dwelling Units	1,124	571	569	2,264				
Public Works								
Water	\$500,000	\$42,340,000	\$0	\$42,840,000	\$2,200,000	\$15,660,000	\$0	\$17,860,000
Wastewater	0	12,000,000	0	12,000,000	0	0	0	0
Streets	846,514	0	0	846,514	0	0	0	0
Transit	0	4,500,000	0	4,500,000	0	0	0	0
Offsite Multimodal	2,395,313	0	0	2,395,313	2,395,313	0	0	2,395,313
Offsite Roads	<u>4,721,000</u>	<u>1,060,000</u>	<u>16,272,297</u>	<u>22,053,297</u>	<u>1,025,000</u>	<u>2,940,000</u>	<u>52,538,715</u>	<u>56,503,715</u>
Total	<b>\$8,462,827</b>	<b>\$59,900,000</b>	<b>\$16,272,297</b>	<b>\$84,635,124</b>	<b>\$5,620,313</b>	<b>\$18,600,000</b>	<b>\$52,538,715</b>	<b>\$76,759,027</b>
Per unit	\$7,529	\$104,904	\$28,598	\$37,383	\$5,000	\$32,574	\$92,335	\$33,904
Fire [1]								
Station and Apparatus	<b>\$16,556,848</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,556,848</b>	<b>\$4,114,368</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,114,368</b>
Per unit	\$14,730	\$0	\$0	\$7,313	\$3,660	\$0	\$0	\$1,817
Police								
Vehicles	\$0	\$0	\$0	\$0	\$146,000	\$146,000	\$146,000	\$438,000
Substation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,040,000</u>	<u>0</u>	<u>0</u>	<u>2,040,000</u>
Total	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,186,000</b>	<b>\$146,000</b>	<b>\$146,000</b>	<b>\$2,478,000</b>
Per unit	\$0	\$0	\$0	\$0	\$1,945	\$256	\$257	\$1,095
Parks [2]								
Capital Equipment	\$0	\$0	\$0	\$0	\$547,553	\$278,161	\$277,186	\$1,102,900
Streetscape Equipment	0	0	0	0	54,000	0	0	54,000
Maintenance Facility	0	0	0	0	0	3,000,000	0	3,000,000
Parks and Open Space	20,529,135	10,428,947	10,392,418	41,350,500	57,411,875	29,165,641	29,063,485	115,641,000
Trails	<u>5,112,515</u>	<u>2,597,194</u>	<u>2,588,097</u>	<u>10,297,807</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<b>\$25,641,651</b>	<b>\$13,026,141</b>	<b>\$12,980,515</b>	<b>\$51,648,307</b>	<b>\$58,013,427</b>	<b>\$32,443,802</b>	<b>\$29,340,671</b>	<b>\$119,797,900</b>
Per unit	\$22,813	\$22,813	\$22,813	\$22,813	\$51,613	\$56,819	\$51,565	\$52,914
Total Offsites and Public Capital Costs	<b>\$50,661,325</b>	<b>\$72,926,141</b>	<b>\$29,252,813</b>	<b>\$152,840,279</b>	<b>\$69,934,107</b>	<b>\$51,189,802</b>	<b>\$82,025,386</b>	<b>\$203,149,295</b>
Per unit	\$45,072	\$127,717	\$51,411	\$67,509	\$62,219	\$89,649	\$144,157	\$89,730
Capital Revenues								
Water and Sewer Tap Fees	\$13,571,176	\$6,894,254	\$6,870,106	\$27,335,536				
Building Use Tax	8,939,220	6,296,170	4,834,970	20,070,360				
Excise Tax	<u>5,363,532</u>	<u>3,777,702</u>	<u>2,900,982</u>	<u>12,042,216</u>				
Total	<b>\$27,873,928</b>	<b>\$16,968,126</b>	<b>\$14,606,058</b>	<b>\$59,448,112</b>				
Per Unit	\$24,799	\$29,717	\$25,670	\$26,258				

[1] Fire District share estimated at \$2.1 million.  
[2] Costs allocated by percentage of population by phase.  
Source: Economic & Planning Systems



## Attachment 2



Prepared for Steamboat Springs  
May 19, 2023



# FISCAL IMPACT ANALYSIS

BROWN RANCH DEVELOPMENT  
STEAMBOAT SPRINGS, CO



# ABOUT RCLCO



Since 1967, RCLCO has been the “first call” for real estate developers, investors, the public sector, and non-real estate companies and organizations seeking strategic and tactical advice regarding property investment, planning, and development.

RCLCO leverages quantitative analytics and a strategic planning framework to provide end-to-end business planning and implementation solutions at an entity, portfolio, or project level. With the insights and experience gained over 50 years and thousands of projects—touching over \$5B of real estate activity each year—RCLCO brings success to all product types across the United States and around the world.

Learn more about RCLCO at [www.RCLCO.com](http://www.RCLCO.com).

## Report Authors

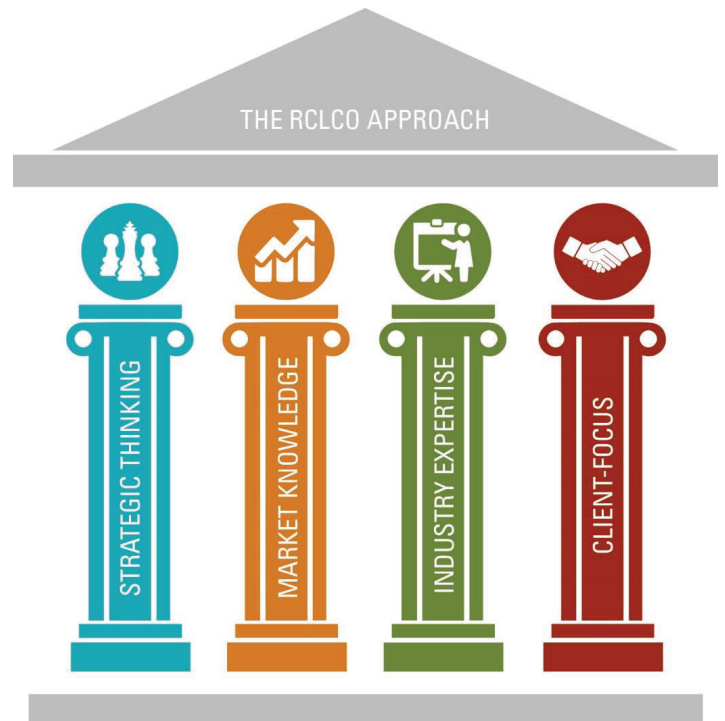
*Project Director:*

Dana Schoewe, Principal

► P: (310) 203-3035 | E: [DSCHOEWE@RCLCO.COM](mailto:DSCHOEWE@RCLCO.COM)

*Additional Authors:*

Mike Weaver, Associate



# CONTENTS



<b>Objectives &amp; Key Findings</b>	<b>4</b>
▶ Objectives	5
▶ Key Findings	6
▶ Net Fiscal Impact	7
▶ Existing Fiscal Conditions	8
<b>Objectives &amp; Key Findings</b>	<b>9</b>
▶ Summary of Planned Development	10
▶ Fiscal Impact Overview & Methodology	11
▶ Brown Ranch Net New Growth	12
<b>Net Impacts</b>	<b>13</b>
▶ Revenue Summary	14
▶ Expenditure Calculations	15
▶ Expenditure Summary	16
▶ Net Fiscal Impact – Scenario 1	17
▶ Net Fiscal Impact – Scenario 2	18
▶ Net Fiscal Impact – Scenario 3	19
▶ Key Questions:	20
<b>Disclaimers</b>	<b>21</b>

## OBJECTIVES & KEY FINDINGS

---

# OBJECTIVES

At buildout, Brown Ranch is contemplated to be a 2,264 -unit development with a mix of products that will serve local workforce households, as well as a small neighborhood-serving commercial core with a mix of civic uses. Given the large scale of development planned for Brown Ranch, there are expected to be significant long-term community benefits to the City of Steamboat and Routt County that will enable sustainable economic growth. More workforce housing in Steamboat will not only provide a more stable and diverse community and employment base, but there will also be tangible benefits such as some increase in sales tax, vehicle taxes, and spillover impacts related to lodging taxes as the economy grows. However, given the need for more City and County services, there are also expected to be significant operating costs.

In order to better understand these trade-offs and inform City Council of the estimated cost of annexing Brown Ranch into the city boundaries, the Yampa Valley Housing Authority and the City of Steamboat Springs seek a comprehensive fiscal and economic impact analysis as Brown Ranch is considered for annexation, including the following key tasks:

- Determine major city revenues that would be generated by the Brown Ranch development
- Determine major city expenses that would be generated by the Brown Ranch development
- Calculate the projected direct net fiscal impact of the annexation and development at Brown Ranch on an overall and per household basis

**Aerial View**  
Brown Ranch Parcel; May 2023

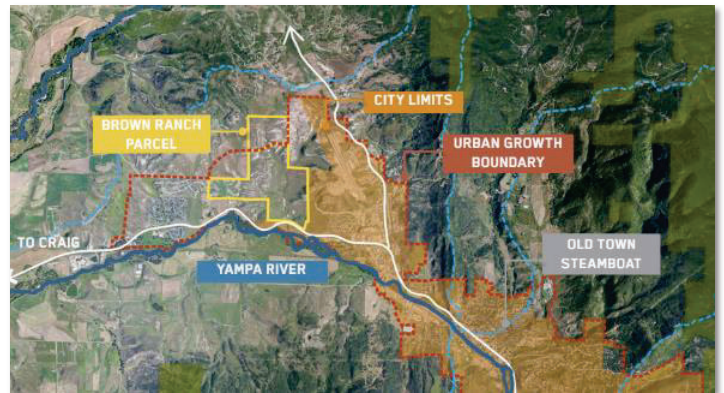


Image Source: [BrownRanchSteamboat.org](https://www.brownranchsteamboat.org)



# KEY FINDINGS



## SUMMARY

- ▶ RCLCO worked with the City, EPS, and the Yampa Valley Housing Authority to refine the Brown Ranch Fiscal Impact Study over the past several months.
- ▶ Fiscal analyses are a useful tool but are often used to highlight extraordinary circumstances and should not be the only thing considered when making annexation decisions.
- ▶ Brown Ranch will generate a net negative fiscal impact on the City's budget; the question is how negative, how does this relate to existing dynamics, and how to proceed?

## KEY ASSUMPTIONS

- ▶ The model is built on a per household basis, given Brown Ranch Community Master Plan is based on a household basis.
- ▶ The analysis focuses only on the General Fund and Fire & EMS Fund (property taxes) per the direction of the City. The model does not include revenues outside these areas.
- ▶ All intergovernmental revenue and transfers have been ignored for both existing dynamics and Brown Ranch's impact – the goal of the study is to isolate revenues and expenses generated within Steamboat Springs.

- ▶ The model looks at the net fiscal impact per new household at Brown Ranch. The net new impact per total household (existing and Brown Ranch households) within the city will be significantly less negative.
- ▶ Capital and STR revenues have not been considered in the following document. RCLCO estimates Brown Ranch will generate an additional \$32 million in Capital Projects revenue through the Buildings Use Tax and Excise Tax. There are additional STR revenues not factored in as well.
- ▶ RCLCO and EPS have decided to include no net new tourists as a result of Brown Ranch. However, Brown Ranch will likely have indirect impacts that increase the tourism base within Steamboat Springs, softening the negative fiscal impact.

# NET FISCAL IMPACT



## BROWN RANCH IS EXPECTED TO GENERATE AN ANNUAL NET OPERATING COST TO THE CITY BETWEEN \$688 AND \$2,004 PER NET NEW BROWN RANCH HOUSEHOLD

- At present, the city loses an estimated \$541 annually per full-time household; an outsized share of revenue generation is placed on tourists and in-commuters living elsewhere (see Page 8 for more information on existing fiscal conditions). Given Brown Ranch will directly generate little to no new tourism, **it is unlikely the project will create a net positive fiscal impact**. The estimated fiscal cost of the Brown Ranch development varies from \$688 per household to \$2,004 per household, depending on the sensitivity analysis outlined below. All scenarios utilize the same revenue analysis, but differ in how costs are calculated:
- » **Scenario 1:** Utilizes transit, fire, park and police expense provided by the City. Under this scenario, police costs are expected to increase dramatically, where the current police budget costs the city \$763 per household, and the calculated increase will cost the City \$830 per household added at Brown Ranch.
- » **Scenario 2:** Suggests a more modest police and transit expense, where added the cost of each is proportional to the existing cost per household. The scenario also includes a custom RCLCO park cost based on acres serviced.
- » **Scenario 3:** Has the same transit and park costs as Scenario 2 but utilizes RCLCO's expense analysis to calculate police and fire costs. In this case, economies of scale allows fixed and overhead costs to remain steady as the household base increases, so the overall cost per new household is lower than the existing cost per household.

	Existing Dynamics		Scenario 1		Scenario 2		Scenario 3	
Key Expenses Comparison	Current Budget	Impact per Full-Time HH	Assumption	At Full Build-Out (2040)	Avg Cost Per BR HH	Assumption	At Full Build-Out (2040)	Avg Cost Per BR HH
Streets Expense	\$4,165,345	\$418	Uses City Analysis Based on Lane Miles	\$577,450	\$255	Uses City Analysis Based on Lane Miles	\$577,450	\$255
Transit Expense	\$5,742,703	\$577	Uses City Analysis and Assumes New Bus Route	\$1,487,057	\$657	Utilizes Proportional Increase*	\$1,305,837	\$577
Police Services Expense	\$7,597,024	\$763	Uses City Analysis	\$1,879,050	\$830	Utilizes Proportional Increase*	\$1,727,493	\$763
Fire Services Expense	\$7,485,114	\$752	Uses City Analysis	\$1,595,885	\$705	Uses City Analysis	\$1,595,885	\$705
Parks & Recreation Expense	\$10,036,786	\$1,008	Utilizes RCLCO Analysis*	\$1,152,224	\$509	Utilizes RCLCO Analysis*	\$279,147	\$123
Total Revenues	\$50,273,868	\$5,403		\$3,202,423	\$1,414		\$3,202,423	\$1,414
Total Costs	\$53,110,169	\$5,943		\$7,740,099	\$3,419		\$6,534,246	\$2,886
Total Fiscal Impact	(\$2,836,301)	(\$541)		(\$4,537,677)	(\$2,004)		(\$3,331,824)	(\$1,472)

\*Proportional increase implies expenses per HH will remain constant and overall expenses will increase with HH additions  
RCLCO analysis assumes some economies of scale; fixed and overhead costs will not increase with new development, reducing expense per HH  
Total existing and Brown Ranch revenues exclude intergovernmental revenues in an attempt to isolate revenues to those generated within the city  
Steamboat Springs | Fiscal Impact Analysis | Brown Ranch Development & Annexation

Source: Steamboat Springs; Yampa Valley Housing Authority; RCLCO

R4-12026.01 | May 19, 2023 | 7

# EXISTING FISCAL CONDITIONS



## THE CURRENT FISCAL STRUCTURE PLACES THE BURDEN OF A BALANCED BUDGET ON REVENUES GENERATED BY TOURISTS AND EMPLOYEES LIVING ELSEWHERE

- Steamboat Springs' current fiscal structure is such that part-time and full-time households have a net-negative impact on the budget, with a large share of operating income revenues generated by tourists and employees living elsewhere. The use of minimal property taxes, specifically, is atypical and makes it difficult for full-time households to generate positive cash flow to the city.
- » As a result of the existing fiscal framework, **it is unlikely the city will be able to annex land and develop full-time housing of any capacity without creating additional net costs to the city.**

Estimated Net Fiscal Impact by Service Group  
Brown Ranch; May 2023

Service Group	2023 Revenues	2023 Expense	2023 Net Impact
Full-Time Households	\$29,974,770	\$32,974,197	(\$2,999,427)
Part-Time Households	\$5,954,474	\$6,550,308	(\$595,835)
Tourists	\$5,498,842	\$5,047,144	\$451,698
Employees Living Elsewhere	\$8,845,782	\$8,537,269	\$308,513
Total	\$50,273,868	\$53,110,169	(\$2,836,301)

Estimated Net Fiscal Impact by Service Group Fill-Time Equivalent  
Brown Ranch; May 2023



Note: General Fund and future Brown Ranch revenues ignore intergovernmental revenues in an attempt to isolate cash flow generated by the city's service population  
Full-time equivalencies are used throughout the report to create an apples-to-apples comparison  
Source: Steamboat Spring: RCLCO  
Steamboat Springs | Fiscal Impact Analysis | Brown Ranch Development & Annexation  
R4-12026.01 | May 19, 2023 | 8

## OVERVIEW OF BROWN RANCH & FISCAL METHODOLOGY

---



# SUMMARY OF PLANNED DEVELOPMENT



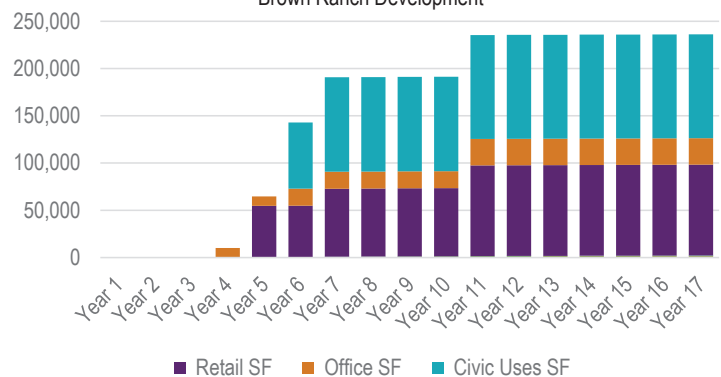
## BROWN RANCH IS EXPECTED TO INCLUDE 2,264 HOMES AND INCREASE THE HOUSING SUPPLY WITHIN STEAMBOAT SPRINGS BY ~20% AT BUILD OUT

- Brown Ranch is a 534-acre site located northwest of the existing Steamboat Springs city limits. Initial plans for the site include development of several residential uses, for **a total of 2,264 housing units**.
- The development will target existing full-time households within Routt County and in-commuters, as opposed to part-time households or seasonal users. Given the current housing supply of roughly 10,000 units in Steamboat Springs, **this development will create a significant increase to the housing stock and will assuage housing supply issues for the local workforce**, allowing Steamboat to grow in a sustainable manner.
- In addition to significant housing supply increases, Brown Ranch will include a town center which incorporates retail, civic and office space.

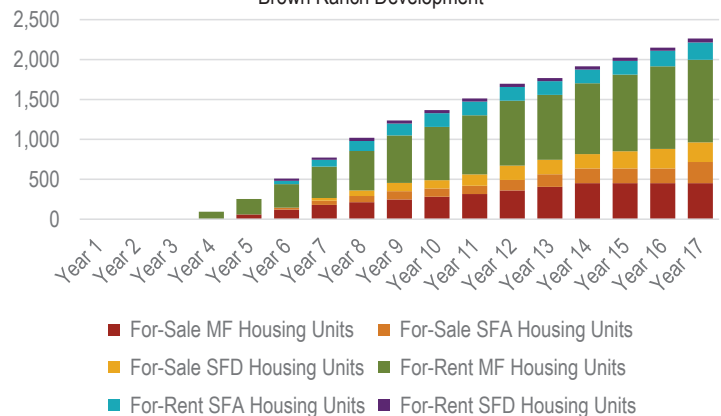
### Current Development Program; Brown Ranch Development

LOCATION AND USE	QUANTITY
<b>Total Residential</b>	<b>2,264</b>
For-Sale MF Housing Units	451
For-Sale SFA Housing Units	266
For-Sale SFD Housing Units	245
For-Rent MF Housing Units	1,035
For-Rent SFA Housing Units	218
For-Rent SFD Housing Units	49
<b>Total Commercial</b>	<b>234,000 SF</b>
Retail SF	96,000 SF
Office SF	28,000 SF
Civic Uses SF	110,000 SF

Square Footage of Commercial Space by Year and Type;  
Brown Ranch Development



Residential Units by Year;  
Brown Ranch Development



SOURCE: RCLCO

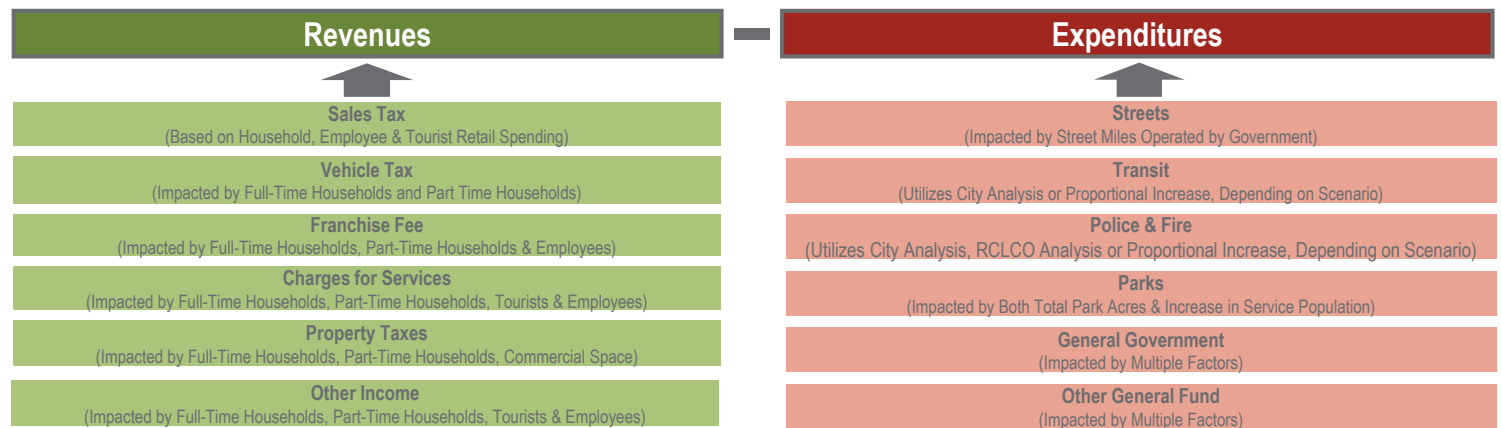
# FISCAL IMPACT OVERVIEW & METHODOLOGY



## RCLCO CALCULATED THE FISCAL IMPACT THROUGH A MIX OF CUSTOM ANALYSIS AND CITY-PROVIDED EXPENSES

- The analysis summarized in this report calculates the net fiscal impact of the development that will occur at Brown Ranch. The net fiscal impact is defined as the annual operating tax revenues that Brown Ranch will generate less annual expenses. For the purpose of the study, RCLCO focused the analysis specifically on the General Fund and property taxes levied through the Fire & EMS Fund.
- To calculate revenues, RCLCO first identified the expected revenue streams outlined in the 2023 Steamboat Springs Adopted Budget. For each revenue stream, RCLCO determined what percentage was fixed and would not increase with additional development, and what percentage is variable and likely to increase as Brown Ranch takes shape. RCLCO then used expected household growth, direct tourism growth – which was assumed to be zero – and employment growth induced by the Brown Ranch development (see Page 11) in order to determine the net impact the development is likely to have on each of Steamboat Springs revenue streams.
  - » **Sales Tax** was calculated using a custom analysis. In order to project sales tax, RCLCO calculated annual taxable retail spending by full-time household, part-time households, tourist and Steamboat employees living elsewhere, and then applying that figure to the relevant tax rate and expected growth induced by Brown Ranch.
  - » **Property Tax** was calculated by taking likely construction costs of the full development and applying the appropriate property tax rate, taking into consideration the cities taxable value approach and tax exemptions for affordable housing.
- RCLCO calculated costs for streets, general government, and other expenses using a similar framework as revenues, taking variable cost per stakeholder and applying that to the expected growth at Brown Ranch. For fire, transit, parks and police RCLCO created multiple scenarios utilizing both city estimates and in-house projections in order to determine the overall costs. These scenarios are outlined on Page 6.

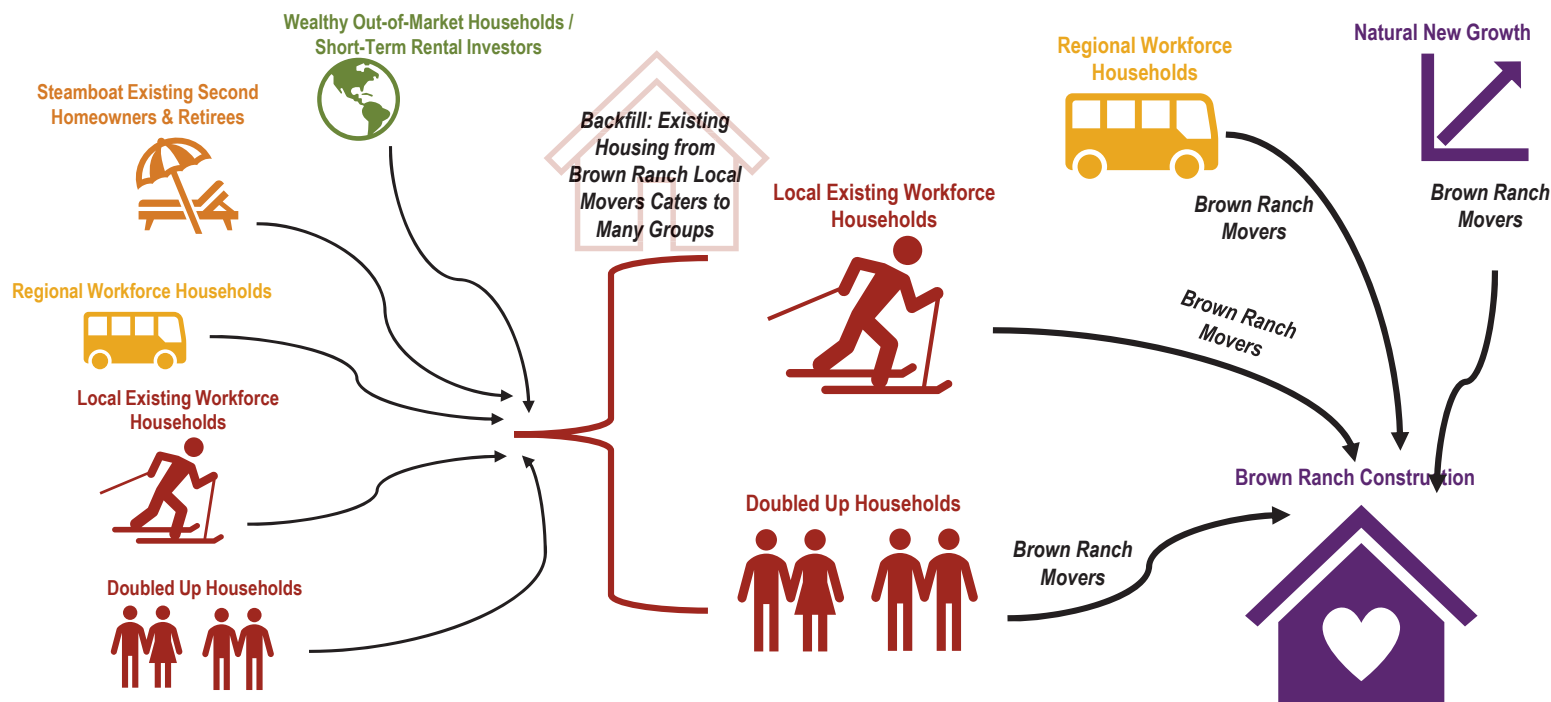
### Calculation of Net Fiscal Impact; Brown Ranch Development & Annexation



# BROWN RANCH NET NEW GROWTH

**BROWN RANCH IS EXPECTED TO GENERATE 80% NET NEW GROWTH AND 20% BACKFILLING OF EXISTING SUPPLY DUE TO SHIFTING AND DE-DOUBLING HOUSEHOLDS**

- While the majority of new units at Brown Ranch are expected to generate direct net new household growth (largely due to workforce households living in other parts of Routt or Moffat counties relocating to Brown Ranch as well as natural growth), a share of moves to Brown Ranch will consist of existing Steamboat workforce households relocating within the market (de-doubling and shifting households), opening up “backfill” within the existing housing stock.



Source: RCLCO

## NET IMPACTS

---



# REVENUES SUMMARY



## HOUSEHOLDS AT BROWN RANCH WILL GENERATE AN ESTIMATED \$1,415 OF REVENUE ANNUALLY PER HOUSEHOLD, MOST OF WHICH COMES FROM SALES TAX

- Unlike expenses, **RCLCO only utilized only one base scenario to determine expected revenues generated by Brown Ranch.** For vehicle tax, franchise fee, General Government, streets, fire & police, park & rec and other revenues, RCLCO analyzed existing revenue streams and calculated what percentage of revenues were fixed and what revenues would increase with additional development. Then, RCLCO allocated those revenues to the Steamboat Springs service population (i.e. full-time households, part-time households, tourists and employees living elsewhere – all converted to full-time household equivalents). Using this framework, RCLCO was able to determine the net revenue increase expected for each additional household and apply these figures to expected growth at Brown Ranch.
- For sales tax, RCLCO calculated total taxable retail spending within the city by full-time households, part-time households, tourists and employees living elsewhere. RCLCO then applied those figures to the relevant tax rate and household growth at Brown Ranch.
- For property tax, RCLCO calculated the cost of construction for the Brown Ranch development and factored in potential market values, taxable values, the city tax rate and the proportion which is affordable or tax exempt to estimate total annual property tax.
- **Sixty-five percent of all revenue generated by Brown Ranch is expected come in the form of sales tax.** Other significant revenue drivers include vehicle tax and franchise fee and property tax levied through the Fire & EMS Fund.

### Estimated Net Fiscal Impact on General Fund & Fire & EMS Fund – Cumulative & Per Household Brown Ranch Development & Annexation

Impact of Development on General Fund Revenues		
Total Revenues from Brown Ranch	Annual At Full Build-Out	2023-2040 Total
General Fund	\$3,037,390	\$28,043,954
Sales Tax	\$2,010,540	\$18,543,577
Vehicle Tax	\$356,516	\$3,282,652
Franchise Fee	\$165,198	\$1,539,753
General Government	\$35,231	\$326,644
Streets & Transit	\$3,094	\$28,489
Fire & Police	\$108,573	\$999,901
Parks & Rec	\$176,076	\$1,638,802
Other	\$182,162	\$1,684,136
Fire & EMS Fund (Property Tax)	\$165,033	\$1,612,927
<b>TOTAL REVENUES</b>	<b>\$3,202,423</b>	<b>\$29,656,881</b>

Impact of Development on General Fund Revenues		
Revenues Per HH at Brown Ranch	Annual At Full Build-Out	2023-2040 Total
General Fund	\$1,342	\$12,386
Sales Tax	\$888	\$8,190
Vehicle Tax	\$157	\$1,449
Franchise Fee	\$73	\$680
General Government	\$16	\$144
Streets & Transit	\$1	\$12
Fire & Police	\$48	\$441
Parks & Rec	\$78	\$723
Other	\$80	\$743
Fire & EMS Fund (Property Tax)	\$73	\$712
<b>REVENUES PER NEW HH</b>	<b>\$1,415</b>	<b>\$13,098</b>

Note: All findings are in 2023 dollars and are not inflation adjusted

Source: RCLCO

# EXPENDITURES CALCULATIONS



## RCLCO UTILIZED THREE DIFFERENT EXPENSE SCENARIOS IN ORDER TO SENSITIVITY TEST EXPENSE OUTCOMES

- » **Scenario 1:** Utilizes transit, fire, park and police expense provided by the City. Under this scenario, police costs are expected to increase dramatically, where the current police budget costs the city \$763 per household, and the calculated increase will cost the City \$830 per household added at Brown Ranch.
- » **Scenario 2:** Suggests a more modest police and transit expense, where added the cost of each is proportional to the existing cost per household. The scenario also includes a custom RCLCO park cost based on acres serviced.
- » **Scenario 3:** Has the same transit and park costs as Scenario 2 but utilizes RCLCO's expense analysis to calculate police and fire costs. In this case, economies of scale allows fixed and overhead costs to remain steady as the household base increases, so the overall cost per new household is lower than the existing cost per household.

Expense Comparison	Key City Department Expense Assumptions	Cost Per Expense Influence	Increase with Brown Ranch	Annual Expense Attributed to Brown Ranch
<b>General Government</b>	Assumes 75% fixed costs based on 2023 budget and 25% variable costs, applied to Brown Ranch net new household growth	Cost Per Full Time HH = \$409 Cost Per Part Time HH* = \$409 Cost Per Employee Living Elsewhere* = \$316	Net New Full-Time HH's = 1,854 Net New Part-Time HH's* = 16 Net New Employees Living Elsewhere* = 75	<b>All Scenarios = \$789,287</b>
<b>Public Works</b>	Assumes 72% fixed costs based on 2023 budget and 28% variable costs, applied to Brown Ranch net new household growth	Cost Per Full Time HH = \$37 Cost Per Part Time HH* = \$37 Cost Per Employee Living Elsewhere* = \$37	Net New Full-Time HH's = 1,854 Net New Part-Time HH's* = 16 Net New Employees Living Elsewhere* = 75	<b>All Scenarios = \$71,639</b>
<b>Streets</b>	Uses cost per lane mile of 2023 road maintenance applied to 23.53 miles of Brown Ranch roads (plowing, maintenance, etc.); includes 3 new staff	Cost Per Lane Mile = \$24,541	Lane Mile's Added = 23.53 Miles	<b>All Scenarios = \$577,450</b>
<b>Transportation Services (Transit)</b>	Scenario 1: Assumes new full-service route, with 6 new busses needed, a bus replacement fund, and winter/summer servicing of \$772,000 annually	Cost per Household: Scenario 1 (City Analysis) = \$657 Scenario 2 & 3 (Existing Cost) = \$577	Housing Units Built = 2,264 Units	<b>Scenario 1 = \$1,487,057</b> <b>Scenario 2 &amp; 3 = \$1,305,835</b>
<b>Police Services</b>	Scenario 1: Assumes 54% population increase at Brown Ranch, based on current ratios of calls per capita, translating to 12 new officers and 5 staff plus operating equipment	Cost per Household: Scenario 1 (City Analysis) = \$1,225 Scenario 2 (Existing Cost) = \$830 Scenario 3 (RCLCO Estimate) = \$379	Housing Units Built = 2,264 Units	<b>Scenario 1 = \$2,773,709</b> <b>Scenario 2 = \$1,727,493</b> <b>Scenario 3 = \$751,409</b>
<b>Fire Services</b>	Scenario 1: Assumes consistent ratio of population to calls per capita with household increase; new fire station needed with 16 staff and a share of costs directly attributable to BR	Cost per Household: Scenario 1 & 2 (City Analysis) = \$705 Scenario 3 (RCLCO Analysis) = \$352	Housing Units Built = 2,264 Units	<b>Scenario 1 &amp; 2 = \$1,595,885</b> <b>Scenario 3 = 796,806</b>
<b>Parks &amp; Recreation</b>	Scenario 2 & 3: Assumes 125 acres of open space and 70 acres of park space, with expenses calculated per acre based on 2023 budget, with largely fixed overhead costs	Existing Cost Per Acre of Park = \$1,941 Existing Cost per Acre of Open Space = \$395 Additional Cost = Varies by Expense Item	Parks Acres Added = 70 Acres Open Space Added = 125 Acres Additional Fixed & Overhead Costs	<b>Scenario 1 = \$1,152,224</b> <b>Scenario 2 &amp; 3 = \$279,147</b>
<b>Community Development</b>	Assumes 72% fixed costs based on 2023 budget and 28% variable costs, applied to Brown Ranch net new household growth	Cost Per Full Time HH = \$73 Cost Per Part Time HH* = \$73 Cost Per Employee Living Elsewhere* = \$0	Net New Full-Time HH's = 1,854 Net New Part-Time HH's* = 16 Net New Employees Living Elsewhere* = 75	<b>All Scenarios = \$135,700</b>
<b>Other Expenses</b>	Assumes 85% fixed costs based on 2023 budget and 15% variable costs, applied to Brown Ranch net new household growth	Cost Per Full Time HH = \$27 Cost Per Part Time HH* = \$27 Cost Per Employee Living Elsewhere* = \$27	Net New Full-Time HH's = 1,854 Net New Part-Time HH's* = 16 Net New Employees Living Elsewhere* = 75	<b>All Scenarios = \$51,808</b>

# EXPENDITURES SUMMARY



## BROWN RANCH WILL INCREASE THE CITY'S OVERALL EXPENSES BY FIVE TO EIGHT MILLION DOLLARS ANNUALLY

- All three scenarios assume the overall cost to the city will be less than the cost of existing households, due to a series of fixed and overhead costs which will not need to increase, especially among the parks and general government departments. Even so, **the costs generated by these households outweigh revenues in all scenarios, which makes sense given the city's existing fiscal structure.**

	Existing Dynamics		Scenario 1			Scenario 2			Scenario 3		
Expense Comparison	Current Budget	Existing Cost per HH	Assumption	At Full Build-Out (2040)	Avg Cost Per HH	Assumption	At Full Build-Out (2040)	Avg Cost Per HH	Assumption	At Full Build-Out (2040)	Avg Cost Per HH
General Government	\$13,352,672	\$1,341	Utilizes RCLCO Analysis	\$876,667	\$387	Utilizes RCLCO Analysis	\$876,667	\$387	Utilizes RCLCO Analysis	\$876,667	\$387
Public Works	\$1,303,702	\$131	Utilizes RCLCO Analysis	\$81,800	\$36	Utilizes RCLCO Analysis	\$81,800	\$36	Utilizes RCLCO Analysis	\$81,800	\$36
Streets	\$4,165,345	\$418	Uses City Analysis Based on Lane Miles	\$577,450	\$255	Uses City Analysis Based on Lane Miles	\$577,450	\$255	Uses City Analysis Based on Lane Miles	\$577,450	\$255
Transportation Services (Transit)	\$5,742,703	\$577	Utilizes City Analysis	\$1,487,057	\$657	Utilizes Proportional Increase	\$1,305,837	\$577	Utilizes Proportional Increase	\$1,305,837	\$577
Police Services	\$7,597,024	\$763	Uses City Analysis	\$1,879,050	\$830	Utilizes Proportional Increase	\$1,727,493	\$763	Utilizes RCLCO Analysis	\$857,991	\$379
Fire Services	\$7,485,114	\$752	Uses City Analysis	\$1,595,885	\$705	Uses City Analysis	\$1,595,885	\$705	Utilizes RCLCO Analysis	\$796,806	\$352
Parks & Recreation	\$10,036,786	\$1,008	Utilizes RCLCO & City Analysis	\$1,152,224	\$509	Utilizes RCLCO Analysis	\$291,778	\$129	Utilizes RCLCO Analysis	\$291,778	\$129
Community Development	\$1,722,988	\$173	Utilizes RCLCO Analysis	\$135,700	\$60	Utilizes RCLCO Analysis	\$135,700	\$60	Utilizes RCLCO Analysis	\$135,700	\$60
Other Expenses	\$1,703,835	\$171	Utilizes RCLCO Analysis	\$59,157	\$26	Utilizes RCLCO Analysis	\$59,157	\$26	Utilizes RCLCO Analysis	\$59,157	\$26
<b>Total Costs</b>	<b>\$53,110,169</b>	<b>\$5,334</b>		<b>\$7,879,203</b>	<b>\$3,480</b>		<b>\$6,651,768</b>	<b>\$2,938</b>		<b>\$4,983,188</b>	<b>\$2,201</b>

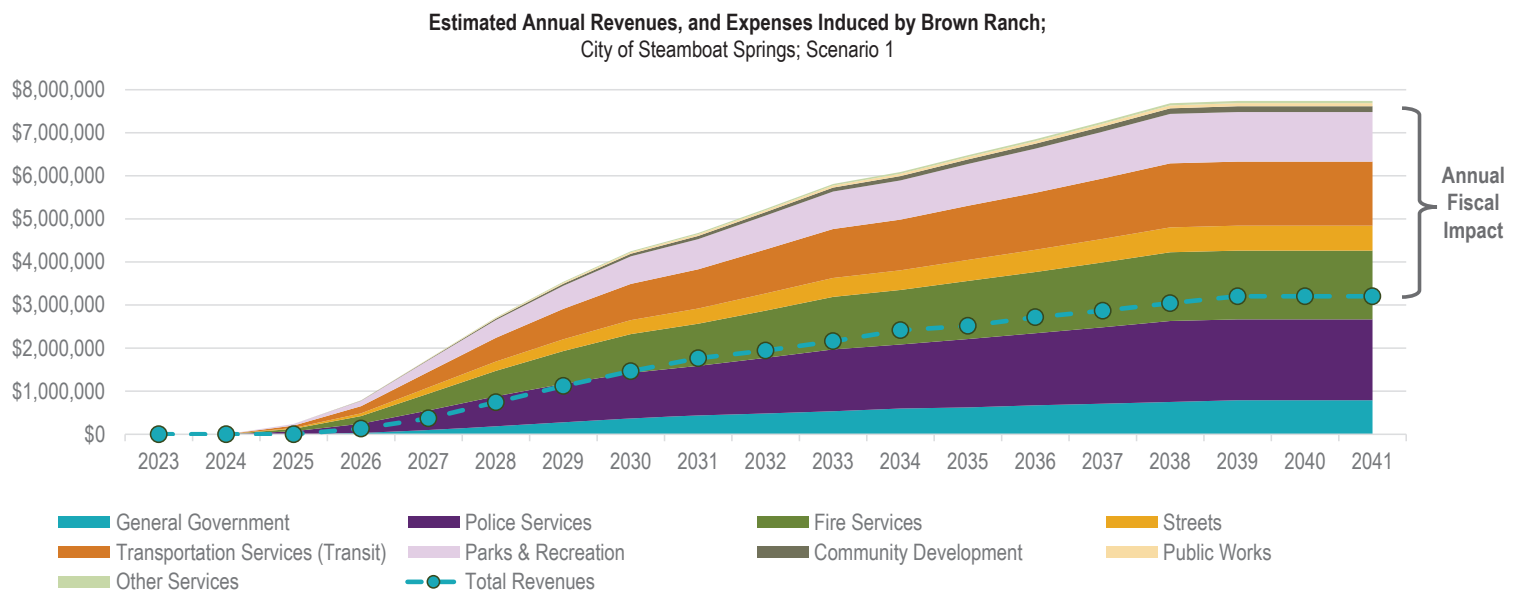
Source: RCLCO

# NET FISCAL IMPACT – SCENARIO 1



## SCENARIO 1 OFFERS THE MOST CONSERVATIVE OUTLOOK WITH CITY-PROVIDED EXPENSES, WITH AN ANNUAL NET NEGATIVE FISCAL IMPACT OF \$2,004 PER HOUSEHOLD OR \$4,538,000 OVERALL

- Scenario 1 offers the most conservative expense estimates, leading to a more pronounced negative impact. With the assumed expenses, Brown Ranch will cost the city a net \$4,538,000 at full buildout, or \$2,004 per Brown Ranch household – significantly more than the net negative cost generated by existing households.
- It is important to note that Scenario 1 offers a worst-case scenario for Brown Ranch's impact. Moreover, a net negative impact is a product of many factors, including a unique and atypical tax structure. Furthermore, fiscal impacts analysis are imperfect and often used to point out extraordinary outcomes and give cities general direction on costs – under typical circumstances, a net negative outcome does not imply an annexation will never be financially feasible, as there are capital expenditures/revenues, public financing, and other factors that should be taken into account.



Note: Dollar amounts are in 2023 dollars.

Source: RCLCO



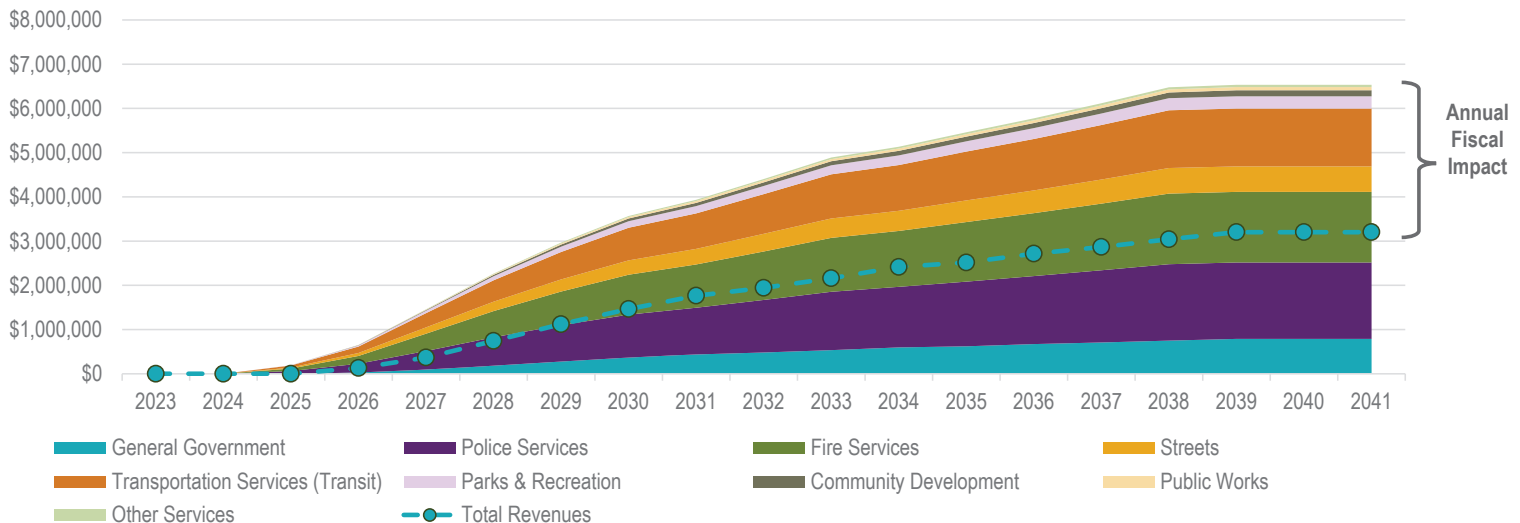
# NET FISCAL IMPACT – SCENARIO 2



## SCENARIO 2 OFFERS A MORE MODERATE OUTCOME, WITH AN ANNUAL NET NEGATIVE FISCAL IMPACT OF \$1,472 PER HOUSEHOLD OR \$3,332,000 OVERALL

- Scenario 2 utilizes middle-of-the-road expense estimates based on existing costs per household applied to growth at Brown Ranch, leading to a more moderate negative impact. With the assumed expenses, Brown Ranch will cost the city a net \$3,332,000 annually at full buildout, or \$1,472 per households. This outcome remains significantly more expensive than the existing cost per full-time household of \$541.
- It is important to note that fiscal impacts analysis are imperfect and often used to point out extra-ordinary outcomes and give cities general direction on costs – under typical circumstances, a net negative outcome does not imply an annexation will never be financially feasible.

Estimated Annual Revenues, and Expenses Induced by Brown Ranch;  
City of Steamboat Springs; Scenario 2



Note: Dollar amounts are in 2023 dollars.

Source: RCLCO

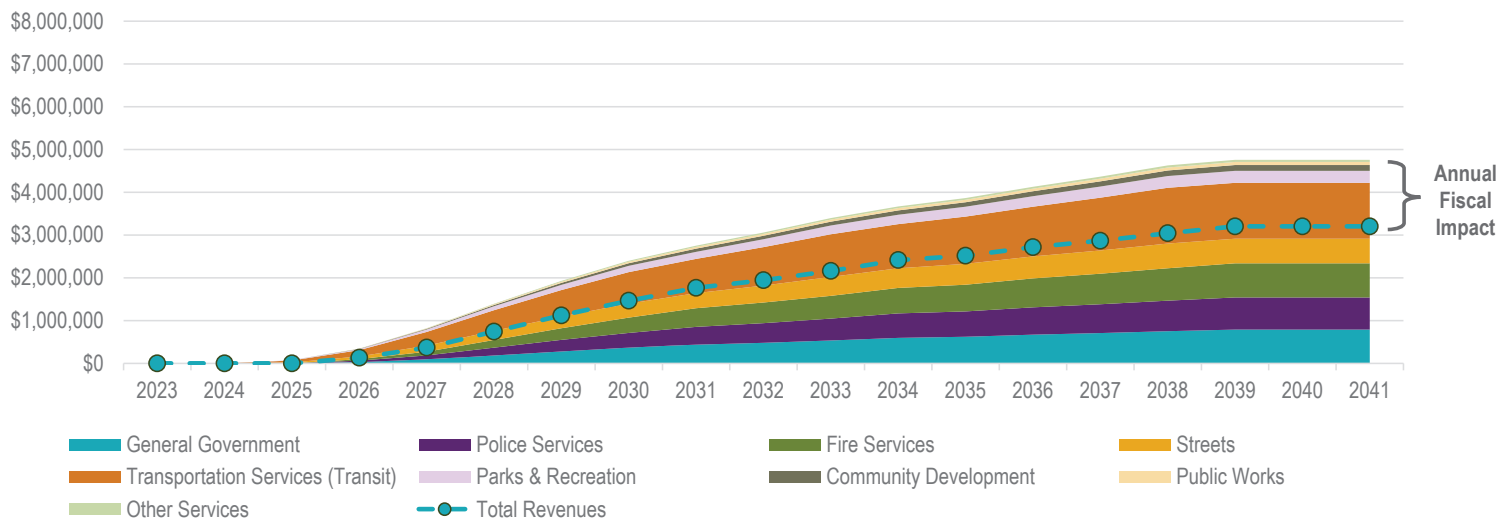
# NET FISCAL IMPACT – SCENARIO 3



## SCENARIO 3 OFFERS THE MOST OPTIMISTIC OUTCOME, WITH AN ANNUAL NET NEGATIVE FISCAL IMPACT OF \$688 PER HOUSEHOLD OR \$1,557,000 OVERALL

- Scenario 3 offers the most optimistic cost outcome by utilizing economies of scale and fixed overhead costs to generate fewer expenses overall in addition to the existing expenses per household applied to Brown Ranch households from Scenario 2. With the assumed expenses, Brown Ranch will cost the city a net \$1,557,000 annually at full buildout, or \$688 per households. **This outcome implies the net cost per household tracks somewhat closely with the existing cost per household (\$541 annually).**
- It is important to note that fiscal impacts analysis are imperfect and often used to point out extra-ordinary outcomes and give cities general direction on costs – under typical circumstances, a net negative outcome does not imply an annexation will never be financially feasible.

Estimated Annual Revenues, and Expenses Induced by Brown Ranch;  
City of Steamboat Springs; Scenario 3



Note: Dollar amounts are in 2023 dollars.

Source: RCLCO

# KEY QUESTIONS



## ONGOING QUESTIONS AND CONSIDERATIONS REGARDING DEVELOPMENT AT BROWN RANCH:

- ▶ Given that the direct fiscal impact to the City General Fund is going to be negative, what do we do now?
- ▶ How much community-wide economic growth will be induced by the development of Brown Ranch and the availability of housing for the local workforce? This could mitigate the fiscal impact – how much growth do we expect?
- ▶ How can the current STR Tax be leveraged to mitigate costs associated with Brown Ranch?
- ▶ What are some additional revenue streams not outlined within this document? How can these be leveraged to help mitigate costs associated with Brown Ranch?
  - » \$32,000,000 in building use and excise tax
  - » Any additional revenue from up-to \$40,000,000 in tap fees
  - » Additional water & wastewater revenues
- ▶ What are some additional costs not outlined within this document?
  - » School analysis
  - » Enterprise, water & wastewater funds
- ▶ Is restructuring Steamboat Springs taxes a possibility, given the current structure will cause a net strain with each new household built inside or outside Brown Ranch?
- ▶ Are there any special taxes or metro districts that could be applied to Brown Ranch to mitigate costs to the City?
- ▶ What are non-financial benefits that can be generated from Brown Ranch?
  - » Broadening the households base
  - » Increased affordability
  - » Reaching previously stated city goals
  - » Limiting undersupply of housing
  - » Others

Source: RCLCO

## DISCLAIMERS

---

# CRITICAL ASSUMPTIONS



Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they are reflective of changing market conditions.

We assume that the economy and real estate markets will experience a period of slower growth in the next 12 to 24 months, and then return to a stable and moderate rate in 2024 and beyond. However, stable and moderate growth patterns are historically not sustainable over extended periods of time, the economy is cyclical, and real estate markets are typically highly sensitive to business cycles. Further, it is very difficult to predict when inflection points in economic and real cycles will occur.

With the above in mind, we assume that the long-term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

Our analysis does not consider the potential impact of future economic shocks on the national and/or local economy, and does not consider the potential benefits from major "booms" that may occur. Similarly, the analysis does not reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

As such, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, we assume that the following will occur in accordance with current expectations:

- ▶ Economic, employment, and household growth
- ▶ Other forecasts of trends and demographic and economic patterns, including consumer confidence levels
- ▶ The cost of development and construction
- ▶ Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth)
- ▶ Availability and cost of capital and mortgage financing for real estate developers, owners and buyers
- ▶ Competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand
- ▶ Major public works projects occur and are completed as planned

Should any of the above change, this analysis should be updated, with the conclusions reviewed accordingly (and possibly revised).

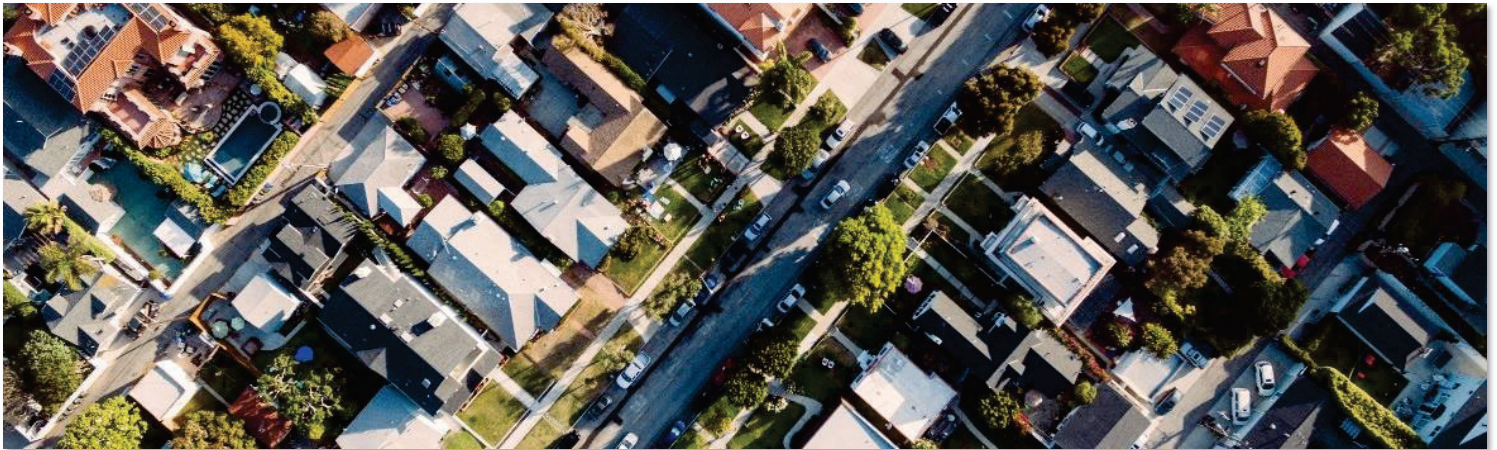
# GENERAL LIMITING CONDITIONS



Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.







## AUSTIN

501 Congress Ave, Suite 150  
Austin, TX 78701

## LOS ANGELES

11601 Wilshire Boulevard, Suite 1650  
Los Angeles, CA 90025

## ORLANDO

964 Lake Baldwin Lane, Suite 100  
Orlando, FL 32814

## WASHINGTON, DC

7200 Wisconsin Avenue, Suite 1110  
Bethesda, MD 20814