

MEMORANDUM

To: Don Reimer, Chaffee County

From: Dan Guimond and Brian Duffany, Economic & Planning Systems

Subject: Revised THK Fiscal Impact Study; EPS#18916

Date: February 20, 2009

The Economics of Land Use



EPS has reviewed THK Associates revised Fiscal Impact Analysis of the Nestle Water Transfer Facility presented in a memorandum dated February 13, 2009 to Crabtree Group, Inc. This memo summarizes THK's response to Economic & Planning Systems (EPS) peer review of the previous economic and fiscal analysis submitted as part of the Nestle Water 1041 Project Application to Chaffee County.

THK has addressed our economic and fiscal questions and comments satisfactorily, for the most part. We have no significant remaining disagreements on the analysis of individual impacts.

EPS continues to believe the cumulative fiscal benefits of the project are portrayed in a misleading manner by focusing on the 30-year cumulative revenue stream and by assuming 3.0 percent annual growth in property tax revenues. The 3.0 percent inflation rate applied to property tax dollars results in an estimated increase from \$53,000 in 2010 to \$128,650 in 2039, which is a total increase of 143 percent. Further, the 30-year cumulative revenue totals are of little significance as the County operates on an annual budget cycle. Therefore annual average revenues are more appropriate. Assuming the project is completed in 2010, the annual revenues from the project will be in the \$60,000 range.

We would point out to the Board of County Commissioners that the fiscal and economic benefits of this project are relatively minor. We therefore recommend that the County accept THK's Analysis and continue to review other issues in the application. In our opinion, the estimated fiscal and economic benefits should not be relied on to offset any environmental or planning impacts that you are also reviewing.

Please feel free to call us if you have any further questions.

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