



# Economic and Fiscal Impacts of the Creekside Shopping Center Reinvestment Project





# Economic and Fiscal Impacts of the Creekside Shopping Center Reinvestment Project

*Impacts in the  
City of Lakewood, CO  
2004-2008*

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# EXECUTIVE SUMMARY

The Creekside Shopping Center is a 266,000-square-foot retail development that provides Lakewood residents with a variety of shopping opportunities, employs Lakewood residents, and has stimulated additional redevelopment projects along the historic West Colfax Avenue corridor. The Creekside Shopping Center's total economic and fiscal impact was \$28.6 million from 2004 to 2008, including a net fiscal impact of \$5.2 million. This includes construction impacts from 2004 to 2006 and business operations and employee spending impacts from 2005 to 2008.

In 2008 alone, the economic and fiscal impacts of Creekside in the city of Lakewood totaled \$6.8 million, including a net fiscal impact of nearly \$1.2 million. A similar level of impact will likely occur annually, assuming no changes to the tax structure, market conditions, and development patterns.

The city of Lakewood formed the Colfax/Wadsworth Reinvestment District in 1999 to facilitate the transformation of a blighted site into a thriving retail center. The Creekside Shopping Center grew out of a public-private partnership between the Lakewood Reinvestment Authority and Wal-Mart Stores, Inc. Prior to redevelopment, the 32-acre site was occupied by a Kmart store that sat vacant for nearly a decade. Several challenges impeded redevelopment, including floodplain issues, environmental degradation, and infrastructure deficiencies.

Construction of the Creekside Shopping Center was finished in 2006. The Creekside Shopping Center is anchored by a 217,000-square-foot Wal-Mart Supercenter with several internal retail tenants. A TCF Bank branch and four in-line retail use buildings complete the development. Creekside currently has nine retail tenants besides Wal-Mart and TCF Bank.

## Construction Activity Impacts

*The total economic and fiscal impacts in the city of Lakewood from construction of the Creekside Shopping Center between 2004 and 2006 is*

*estimated at \$2.5 million, which consisted of \$916,000 of construction materials purchases, \$423,000 of construction soft costs, \$629,000 in construction payroll, and a net fiscal impact of \$532,000 from construction use tax and other fee revenues.*

- ◆ The site developer invested nearly \$9.1 million in site-wide public improvements at the Creekside Shopping Center. These improvements included the demolition of existing structures, environmental cleanup, earthwork, bridges, utilities, drainage systems, and landscaping.
- ◆ Approximately 266,000 square feet of new commercial space was completed at Creekside Shopping Center between 2004 and 2006, including the 217,000-square-foot Wal-Mart Supercenter, the 5,000-square-foot TCF Bank branch, and 44,000 square feet of retail.
- ◆ The total cost of construction at Creekside is estimated at about \$28.2 million. An estimated \$2 million of the total construction costs were transacted with Lakewood suppliers and construction workers.
- ◆ An estimated \$9.5 million was spent on construction labor for nearly 180 construction workers in person-years, defined as one person working full-time for one year. About 15 construction workers (in person years) were residents of Lakewood. These construction workers earned nearly \$629,000 in payroll over the course of the project.
- ◆ Use tax revenue for the Creekside shopping center development was nearly \$282,000. In addition, the City received \$250,000 in development fees from the developer.

## Business Operations Impacts

*The total economic and fiscal impacts from business operations at Creekside Shopping Center in the city of Lakewood between 2005 and 2008 is estimated at \$21.7 million, including \$1.1 million in operating expenses, \$15.9 million in payroll, and a net fiscal impact of \$4.7 million.*

# EXECUTIVE SUMMARY

- ◆ In 2008, the market value of real property at Creekside was an estimated \$23.3 million.
- ◆ Tenants purchase furnishings and other equipment to operate their businesses. Purchases of tangible personal property by Creekside businesses from 2005 to 2008 totaled nearly \$9.8 million, of which about \$557,000 was spent in Lakewood.
- ◆ Other operating expenditures by Creekside businesses from 2005 to 2008 totaled about \$7.4 million, of which local Lakewood purchases totaled \$522,000.
- ◆ Total employment at Creekside as of 2008 was an estimated 610 employees. Creekside employees have earned about \$52.1 million in wages from 2005 to 2008. About 186 of these employees both live and work in Lakewood, earning an estimated \$15.9 million in payroll.
- ◆ Tax increment financing (TIF) was used to fund the public improvements at Creekside. Therefore, the City only collects property tax on the base value of real property at Creekside and all incremental property tax revenue is paid back to the developer. Lakewood has collected \$52,000 in real property tax revenue and \$20,000 in personal property tax revenue from 2005 to 2008.
- ◆ Retail sales at Creekside totaled an estimated \$444.2 million from 2005 to 2008. Similar to property taxes, Lakewood rebates incremental sales taxes over a base year value back to the developer. According to the redevelopment agreement, Lakewood is guaranteed \$1 million each year in sales tax revenue in addition to the base year sales tax. Sales tax revenue from retail sales at Creekside is about \$1,080,000 annually, or over \$4.3 million from 2005 to 2008.
- ◆ In addition, the City received sales and use tax revenue from \$17.2 million of business purchases of personal property and operating materials from 2005 to 2008 of \$455,000.

## Employee Impacts

*The total economic and fiscal impacts of Creekside employee spending in the city of Lakewood from 2005 to 2008 is estimated at \$4.4 million, including the net fiscal impact of negative \$65,000.*

- ◆ Local employee earnings from 2005 to 2008 totaled \$15.9 million.
- ◆ The estimated market value of housing occupied by Creekside employees residing in Lakewood was \$12.8 million in 2008. Total residential property tax associated with this housing totaled about \$13,000 from 2005 to 2008.
- ◆ Spending on taxable goods and services from local Creekside employees from 2005 to 2008 was about \$6 million, of which about \$4.5 million was spent in Lakewood. This spending generated sales tax revenue of about \$124,000 for the city of Lakewood.

## Non-Quantifiable Impacts

The Creekside Shopping Center development and the numerous public improvements have non-quantifiable benefits to the community.

- ◆ Creekside has spurred additional private investment in the area and along the historic Colfax Avenue corridor including Colfax Central and Home Depot.
- ◆ The assessed value of real property in the Colfax/Wadsworth Reinvestment District increased 163 percent between 2001 and 2008.
- ◆ New development has been encouraged by the remediation of contaminated groundwater and soil, the removal of asbestos, and major floodway realignment.
- ◆ Creekside has been developed according to community design guidelines that promote a “retro” 1950s architectural style, and gives Colfax Avenue in Lakewood a unique, identifiable character.

# INTRODUCTION

The city of Lakewood formed the Colfax/Wadsworth Reinvestment District in 1999 to facilitate the transformation of a blighted site into a thriving retail center known as the Creekside Shopping Center. The 266,000-square-foot retail development provides Lakewood residents with a variety of shopping opportunities, employs Lakewood residents, and has stimulated additional redevelopment projects along the historic West Colfax Avenue corridor.

The Colfax/Wadsworth Reinvestment District is located in the West Colfax Avenue corridor and bounded by Wadsworth Boulevard on the west, Teller Street on the east, 17<sup>th</sup> Avenue on the north, and West Colfax Avenue on the south. The West Colfax Avenue corridor traverses Lakewood from east to west and carries considerable value for the city in terms of transportation, history, employment, and aesthetics. West Colfax Avenue, also known as old U.S. Highway 40, is undergoing a metro-wide revitalization that stretches from the city of Aurora, through the City & County of Denver, and the city of Lakewood. The simultaneous investment across the metro area demonstrates the metro-wide commitment to return the Colfax Avenue corridor to the vibrant thoroughfare of yesterday.<sup>1</sup>

The addition of light rail is another factor in the future of West Colfax Avenue in the city of Lakewood. The Regional Transportation District's is currently constructing the 12.1-mile West Corridor light rail line two blocks south of West Colfax Avenue, including a station at Wadsworth Boulevard. The Wadsworth station will be two blocks south of the Creekside Shopping Center and feature 1,000 parking spaces that will make the station a popular park-n-ride. The West Corridor light rail line will open once construction is completed in 2013. Daily ridership on the West

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<sup>1</sup> Some other projects and redevelopment areas along Colfax Avenue include the Fitzsimons Medical Campus, East Colfax redevelopment, and the Decatur Station transit-oriented development.

Corridor line is estimated at between 31,200 and 36,500 people by 2025.



Prior to the formation of the Colfax/Wadsworth Reinvestment District, the 32-acre site was occupied by a Kmart store that was vacant for nearly a decade. Several challenges impeded private-sector redevelopment, including floodplain issues, environmental cleanup from an auto-service center, and other infrastructure deficiencies. Fractured ownership was another factor that hampered redevelopment. In fact, 33 parcels were distributed among 21 residential and commercial property owners. Residential parcels accounted for eight of the 33 parcels that were owned by seven residential property owners. The existing residents were relocated and received relocation benefits. The low-income housing units that were lost from the site were replaced at a new Lakewood Housing Authority project nearby.

The Creekside Shopping Center grew out of a public-private partnership between the Lakewood Reinvestment Authority and Wal-Mart Stores, Inc. that was approved in 2003. Wal-Mart Stores, Inc. was the official site developer and provided all of the development capital and public investments up front. The Lakewood Reinvestment Authority employed gap-financing tools to repay the developer over time by way of tax-increment financing (TIF)

# INTRODUCTION

for sales and property tax collections, and a 1.5 percent public improvement fee (PIF).

The Creekside Shopping Center is anchored by a 217,000-square-foot Wal-Mart Supercenter. The Wal-Mart store features a grocery component, garden center, pharmacy, and a tire and lube service center. Wal-Mart also houses several private, in-line tenants. Wal-Mart's tenants include a bank, salon, nail care, vision center, and other services. A TCF Bank branch and four retail use buildings complete the development. Construction of the Creekside shopping center was finished in 2006. Creekside currently has nine retail tenants in addition to Wal-Mart and TCF Bank. The current tenants include:

- ◆ AT&T
- ◆ Chipotle
- ◆ Game Stop
- ◆ GNC
- ◆ Jimmy Johns
- ◆ Payless Shoes
- ◆ Radioshack
- ◆ Supercuts
- ◆ T-Mobile

## Purpose of the Impact Study

The purpose of this impact study is to analyze the economic and fiscal impacts of the Creekside Shopping Center redevelopment between 2004 and 2008 in the city of Lakewood. This study is an update to a prior study completed in 2006. While the analysis herein is limited to reporting on impacts specific to Lakewood, it is assumed that the Metro Denver region is also positively impacted by the Creekside Shopping Center because of business purchases transacted outside of the city of Lakewood and non-local employees at the site. This analysis does not attempt to calculate the impact on areas beyond the city of Lakewood boundary but does recognize that they occur.

## Economic & Fiscal Impact Analysis

Economic impact analysis is the analytical approach used to assess the measurable direct and indirect, public and private costs and benefits resulting from a project over a specific time period. Only those costs and benefits that can be measured or quantified are included. Intangible costs and benefits, such as enhancement of community character or diversification of the job base, are recognized but not included. Fiscal impact analysis is a narrower concept that measures only the direct, public (governmental) costs and public revenues associated with development. In other words, economic impacts measure the effect of spending by businesses, employees, and residents on other businesses, whereas fiscal impacts measure the effect of this spending on the local government budget.

## Study Specifics

The economic benefits are reported in 2008 dollars within the framework of three categories: construction activity, business operations, and employee spending.

Construction impacts are one-time impacts. The impact of construction activity accrues only in the year or years in which construction activity occurs. If there is no construction activity in a given year, there are no associated economic and fiscal benefits. Horizontal infrastructure development, environmental remediation, demolition, storm water mitigation, and other non-building activity are included in the construction impacts. Planned or future construction is not considered in the study.

The business operations section analyzes the economic impacts of the business operations at the Creekside Shopping Center, including employment, materials purchases, and personal property expenditures. These impacts are not intended to simulate any single year of company operations. Rather, the impacts are discussed as a total impact based on operating patterns throughout the study period.

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Employee spending impacts are based on the taxable expenditures of Creekside employees. This study recognizes the reality of retail leakage and reports specifically on the impacts of retail spending in the city of Lakewood.

Project specific data sources for the study include the Lakewood Reinvestment Authority and the Lakewood Finance Department. Other secondary data sources were also used for the study including the Colorado Department of Labor and Employment, the Colorado Department of Local Affairs, the Colorado Department of Revenue, Dun & Bradstreet, Marshall and Swift, the Urban Land Institute, the U.S. Census Bureau, and the U.S. Bureau of Labor Statistics. Development Research Partners believes that the information used in this report is from sources deemed reliable but is not guaranteed. Totals may not add throughout report due to rounding.

Development Research Partners specializes in economic research and analysis for local and state government and private-sector businesses. Founded in 1994, Development Research Partners provides clients with reliable consulting services in four areas of expertise: economic and demographic research, industry and workforce studies, fiscal and economic impact analysis, and real estate economics. Development Research Partners is a woman-owned business based in Littleton, CO.

This study was prepared for the Lakewood Reinvestment Authority (LRA), which was formed on November 4, 1997 by the citizens of Lakewood. The LRA was created to enhance the City's ability to preserve and restore the vitality and quality of life of the community by encouraging private reinvestment within targeted areas of Lakewood. The future performance and financial outcomes of the Lakewood Reinvestment Authority's districts, areas, or projects are subject to a variety of risks and uncertainties that may cause actual outcomes to differ materially from those described in this study.

# ECONOMIC & FISCAL IMPACTS

## Construction Activity Impacts

*The total economic and fiscal impacts in the city of Lakewood from construction of the Creekside Shopping Center is estimated at \$2.5 million, which consisted of \$916,000 of construction materials purchases, \$423,000 of construction soft costs, \$629,000 in construction payroll, and a net fiscal impact of \$532,000 from construction use tax and other fee revenues.*

### Public Improvements

The site developer invested nearly \$9.1 million in site-wide public improvements at the Creekside Shopping Center. These improvements included the demolition of existing structures, environmental cleanup, earthwork, bridges, utilities, drainage systems, and landscaping. Public improvements began in early 2004.

- ◆ Environmental problems at Creekside included asbestos and contamination from an auto service center on the site. The developer spent approximately \$493,000 on cleanup at Creekside.
- ◆ The former Kmart building and other structures on the site needed to be demolished for the redevelopment. The total cost of demolition on the site was about \$661,000.
- ◆ The cost of horizontal infrastructure, site work, and other public improvements totaled about \$7.9 million throughout 2004 and 2005.



## Construction Materials and Soft Costs

The majority of the demolition, environmental remediation, and other non-building construction activities were completed in 2004. Vertical construction started with the construction of the Wal-Mart Supercenter in June 2004 and continued through 2006. Wal-Mart was completed in 2005. Construction of the TCF Bank began in July 2005 and was completed in 2006. Construction of the additional retail pad sites were all completed in 2006.

Approximately 266,000 square feet of new commercial space was completed at Creekside Shopping Center between 2004 and 2006, including the 217,000-square-foot Wal-Mart Supercenter, the 5,000-square-foot TCF Bank branch, and 44,000 square feet of retail.

- ◆ The total cost of construction at Creekside is estimated at about \$28.2 million. Construction costs are divided into three main categories: purchases of construction materials and supplies, construction soft costs, and the cost of construction labor. The cost of construction materials comprises an estimated 60 percent of the total project cost. Construction soft costs account for about 10 percent of the total cost and construction labor costs are an estimated 30 percent of the total project cost.
- ◆ Total purchases of construction materials and supplies for the project were an estimated \$14.8 million. Not all of these purchases were transacted with Lakewood businesses and suppliers. Based on a leakage analysis completed in the prior report, 6.2 percent of the materials purchases were captured in the city of Lakewood. This results in an estimated economic impact of \$916,000.
- ◆ Construction soft costs for the project are an estimated \$4 million. Soft costs include the costs of land acquisition, design, engineering, and all other related spending. Not all these costs represent an impact in Lakewood. Based on the leakage analysis, 10.7 percent of the soft costs

# ECONOMIC & FISCAL IMPACTS

were transacted with businesses located in the city of Lakewood. This results in an impact of \$423,000.

## Construction Labor

An estimated \$9.5 million was spent on construction labor in 2005 and 2006. About 30 percent of this cost was for benefits and other non-wage compensation given to construction workers. The impacts of benefits and other non-wage compensation are not included in this analysis. While these costs may or may not benefit the community, information regarding who supplied the benefits and where money was spent could not be ascertained. However, construction employment and associated payroll are positive economic impacts to the City.

- ◆ The average hourly wage for construction workers in Jefferson County in 2005 and 2006 ranged from \$19.92 to \$20.55 according to data from the Colorado Department of Labor and Employment.
- ◆ Payroll, excluding benefits and non-wage compensation, totaled an estimated \$7.3 million

for nearly 180 construction workers in person-years, defined as one person working full-time for one year. Based on data from the U.S. Census Bureau for occupations in Lakewood, the project likely employed 15 construction workers (in person years) that were residents of Lakewood. These construction workers earned nearly \$629,000 in payroll over the course of the project.

## Local Government Benefits

The city of Lakewood currently levies a two percent use tax on 50 percent of the project cost. Use tax revenue for the Creekside shopping center development was nearly \$282,000. In addition, the City received \$250,000 in development fees from the developer. Thus, the total fiscal benefit of construction at the Creekside Shopping Center is estimated at \$532,000.

The net economic and fiscal impacts are equal to the total benefits less the local government service costs. No governmental costs were associated with the construction of the shopping center.

Construction impacts occur only during the construction period.

## Business Operations Impacts

*The total economic and fiscal impacts from business operations at Creekside Shopping Center in the city of Lakewood between 2005 and 2008 is estimated at \$21.7 million, including \$1.1 million in operating expenses, \$15.9 million in payroll, and a net fiscal impact of \$4.7 million. The economic and fiscal impacts of the businesses located at Creekside are estimated based on employment,*

**Economic and Fiscal Impacts of Construction Activity, 2004-2006**

	Total	Lakewood
<b>Economic Impact</b>		
Construction Materials	\$14,774,000	\$916,000
Soft Costs	\$3,956,000	\$423,000
Payroll	\$9,507,000	\$629,000
<b>Total Economic Impact</b>	<b>\$28,237,000</b>	<b>\$1,968,000</b>
Employees (Person-Years)	176	15
<b>Fiscal Impact</b>		
Sales/Use Tax on Construction Materials		\$282,000
Impact Fees		\$250,000
<b>Total Fiscal Benefits</b>		<b>\$532,000</b>
<b>Total Local Government Costs</b>		<b>\$0</b>
<b>Net Fiscal Impact</b>		<b>\$532,000</b>
<b>Net Economic and Fiscal Impacts</b>		<b>\$2,500,000</b>

# ECONOMIC & FISCAL IMPACTS

occupied real property, business personal property, and operational purchases.

Business operations at Creekside began with the opening of Wal-Mart in 2005. Business spending creates revenue for Lakewood vendors and businesses. It also creates fiscal benefits for the city of Lakewood through sales and use tax, property tax, and other fees and revenue.

The current vacancy rate at Creekside is close to 10 percent with 90 percent of the commercial space occupied. The Wal-Mart Supercenter and TCF Bank branch comprise most of the occupied space. The vacancy rate for the pad sites at Creekside is currently around 24.2 percent. Two of the retail pad sites are completely vacant.

## Business Spending

Upon construction completion, tenants purchase furnishings and other equipment to operate their businesses. Businesses also need to purchase new personal property each year to replace deteriorating or obsolete equipment. These purchases include capital equipment, furniture, fixtures, and computer equipment. Other operating materials and purchases are also necessary for business operations.

- ◆ This study assumes that businesses annually replace 12.5 percent of their furniture and fixtures and 33.3 percent of their computer equipment. Purchases of tangible personal property from business operations at Creekside from 2005 to 2008 totaled nearly \$9.8 million. Not all of these purchases were transacted with Lakewood businesses. Based on an analysis of data from Dun & Bradstreet, local purchases of tangible personal property from 2005 to 2008 totaled about \$557,000.
- ◆ Operating expenditures other than purchases of tangible personal property by Creekside businesses from 2005 to 2008 totaled about \$7.4 million. Based on a leakage analysis, local Lakewood purchases totaled \$522,000 from 2005 to 2008.

## Employment and Payroll

Wal-Mart Supercenter and its in-line tenants employed approximately 540 workers as of 2008. Another 50 workers are employed at the other retail businesses at Creekside Shopping Center. Based on data from the Colorado Department of Labor and Employment, retail workers in Jefferson County have earned average annual wages ranging from \$20,100 to \$22,000 during the study period.



TCF Bank's business operations are considered an office-related use for this analysis. TCF Bank employs an estimated 20 employees as of 2008. Based on data for the Finance and Insurance industry in Jefferson County, bank employees earn an estimated average annual wage ranging from \$48,400 to \$53,100 during the study period.

- ◆ Total employment at Creekside as of 2008 was an estimated 610 employees. Creekside employees have earned about \$52.1 million in wages from 2005 to 2008. However, not all of Creekside's employees are local. Based on U.S. Census Bureau data from the 2000 decennial census, about 30.6 percent of employees working in Lakewood also live in Lakewood. Therefore, Creekside businesses paid an estimated \$15.9 million in payroll to 186 local employees from 2005 to 2008.

# ECONOMIC & FISCAL IMPACTS

## Local Government Benefits

- ◆ The market value of real property at Creekside was an estimated \$23.3 million in 2008. Lakewood collects property tax revenue from all non-exempt real and personal property in the city.
- ◆ Tax increment financing (TIF) was used to fund the public improvements at Creekside. Wal-Mart, the developer, spent approximately \$9.1 million in public improvements at the site. The city of Lakewood only collects property tax on the base value of real property at Creekside. All incremental property tax revenue from increases in the value of real property at Creekside is paid back to the developer. Since the base year of 2001, the assessed value of real property at Creekside has increased by 163 percent. The incremental property taxes collected at the site are not fiscal benefits to the City. Based on data from the city of Lakewood Finance Department and the current city mill levy of 4.711, Lakewood has collected \$52,000 in real property tax revenue and \$20,000 in personal property tax revenue from 2005 to 2008.
- ◆ The Lakewood sales and use tax rate increased from two percent to three percent in 2006. Lakewood sales and use tax is imposed on purchases of many goods and services. These include tangible personal property, operating materials, and other retail sales. Lakewood's use tax is levied on purchases outside of the city when there has been no previous payment of a legally imposed sales or use tax equal to or

greater than the Lakewood rate. Sales and use tax revenue from \$17.2 million of business purchases of personal property and operating materials from 2005 to 2008 was \$455,000.

- ◆ Retail sales at Creekside totaled an estimated \$444.2 million from 2005 to 2008. These sales generate fiscal benefits for the City from retail sales tax imposed on these sales. From January 2006 to January 2009, sales at Creekside were exempt from the city sales tax increase from two to three percent. Similar to property taxes, Lakewood rebates incremental sales taxes over a base year value back to the developer. The tax increment is not a fiscal benefit to the City. According to the redevelopment agreement, Lakewood is guaranteed \$1 million each year in sales tax revenue in addition to the base year sales tax. According to data from the Lakewood Reinvestment Authority, the fiscal benefit from sales tax imposed on retail sales at Creekside is

**Economic and Fiscal Impacts of Creekside Business Operations, 2005-2008**

	Total	Lakewood
<b>Economic Impact</b>		
Capital Expenditures	\$9,782,000	\$557,000
Other Operating Expenditures	\$7,381,000	\$522,000
Payroll	\$52,067,000	\$15,927,000
<b>Total Economic Impact</b>	<b>\$69,230,000</b>	<b>\$17,006,000</b>
Employees, 2008 (FTE)	607	186
 Total Retail Sales	 \$444,154,000	 \$444,154,000
<b>Fiscal Impact</b>		
Property Tax		\$72,000
Real Property		\$52,000
Personal Property		\$20,000
Sales/Use Tax from Business Purchases		\$455,000
Sales/Use Tax from Retail Activity		\$4,319,000
Other General Fund Revenue		\$135,000
<b>Total Fiscal Benefits</b>		<b>\$4,981,000</b>
 <b>Total Local Government Costs</b>		 <b>\$265,000</b>
 <b>Net Fiscal Impact</b>		 <b>\$4,716,000</b>
<b>Net Economic and Fiscal Impacts</b>		<b>\$21,722,000</b>

# ECONOMIC & FISCAL IMPACTS

about \$1,080,000 annually or over \$4.3 million from 2005 to 2008.

- ◆ The City also collects a 1.5 percent public improvement fee (PIF) on all applicable sales transactions at Creekside on behalf of the developer for a fee that covers the cost of collection. The PIF is a fee and not a tax. Thus, the PIF becomes part of the total sales price, is subject to sales tax, and is not a fiscal benefit. The public improvement fee is paid back to the developer.
- ◆ The city of Lakewood collects other revenue from businesses at Creekside. These other revenues include various city fees, taxes, and fines. While these are not specific to individual employees, an average across all employees in Lakewood was used to estimate the other revenue from the businesses. Based on general fund revenues reported in the city of Lakewood budget, the average revenue collected per employee in Lakewood has ranged from \$46 to \$68 during the study period. The fiscal benefit of other revenue was about \$135,000 from 2005 to 2008.

## Local Government Costs

The city of Lakewood incurs certain costs as it provides the employees and businesses in Lakewood with judicial, police, and public works services. Based on an analysis of the city of Lakewood's budget during the study years, the cost of providing these services to businesses on a citywide basis has ranged from between \$112 and \$184 per employee per year during the study period. The cost of providing services to Creekside on a per employee basis was \$265,000 from 2005 to 2008. The net fiscal impact of business operations in the city of Lakewood was \$4.7 million from 2005 to 2008.

## Employee Impacts

*The total economic and fiscal impacts of Creekside employee spending in the city of Lakewood from 2005 to 2008 is estimated at \$4.4 million, including*

*the net fiscal impact of negative \$65,000.<sup>2</sup> Creekside employees generate economic activity in the region through their spending habits and the payment of sales and property taxes.*

## Retail Sales Spending

An estimated 186 Creekside employees are residents of the city of Lakewood. These employees create economic and fiscal impacts in Lakewood through their spending habits, dependent on their wages. Local employee earnings from 2005 to 2008 totaled \$15.9 million.

- ◆ Employee earnings can be spent on a number of things including savings, investments, taxes, and goods and services. Based on an analysis of the Consumer Expenditure Survey from the Bureau of Labor Statistics, employee spending on taxable goods and services has varied from 39.3 percent to 36.9 percent of total income over the study period. This percentage is expected to fall to 31.3 percent in 2009 as the exemption from city sales tax on food for home consumption became effective January 1, 2009. However, this change in the tax structure does not affect the study years.
- ◆ Spending on taxable goods and services from local Creekside employees from 2005 to 2008 was about \$6 million. Not all of this spending was transacted with Lakewood businesses. Based on a retail leakage analysis of Lakewood from Colorado Department of Revenue sales data, the City captured about 75 percent of the taxable purchases from local Creekside employees during the study period. The economic impact of taxable spending from local employees in the city of Lakewood was \$4.5 million from 2005 to 2008.

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<sup>2</sup> It is expected that portions of the retail spending by Creekside employees have been previously captured in the retail sales occurring at Creekside. Thus, the retail sales from the Creekside Shopping Center and the retail spending by employees may involve some double-counting; however, it is impossible to determine the estimated amount.

# ECONOMIC & FISCAL IMPACTS

## Local Government Benefits

- ◆ Based on the sales tax rates in the city of Lakewood from 2005 to 2008, the city of Lakewood has collected an estimated \$124,000 in sales tax revenue from taxable spending by local Creekside employees.
- ◆ A number of the employees at Creekside occupy housing in the city of Lakewood. The market value of the housing occupied by the local employees was calculated as three times the average annual wage of these workers. The estimated market value of housing occupied by Creekside employees residing in Lakewood was \$12.8 million in 2008.
- ◆ The city of Lakewood imposes property tax on all non-exempt real property in the city. Based on the residential assessment rate of 7.96 percent during the study period, and the city mill levy of 4.711, total residential property tax from the 186 local employees from 2005 to 2008 was \$13,000.
- ◆ The city of Lakewood collects other revenue from residents besides property and sales/use taxes. These include specific fees, fines, and taxes. The other revenues are calculated as an average per resident based on the city of Lakewood's general fund budget. The average other revenue for the general fund per resident in Lakewood has ranged from about \$179 to \$175 over the study period. The fiscal benefit from other revenue was about \$128,000 from 2005 to 2008.

## Local Government Costs

The city of Lakewood incurs certain costs to provide the residents in Lakewood with governmental services such as judicial, police, and public works. Based on an analysis of the city of Lakewood's budget during the study years, the cost of providing these services to residents throughout the city has averaged between \$436 and \$476 per resident per year during the study period. The cost of providing resident services to local Creekside employees was \$330,000 from 2005 to 2008. The net fiscal impact of off-site employees in the city of Lakewood is negative \$65,000 from 2005 to 2008.

<b>Economic and Fiscal Impacts of Employee Spending, 2005-2008</b>		
	<b>Total</b>	<b>Lakewood</b>
Total Off-Site Employees, 2008	607	186
Earnings of Off-Site Employees	\$52,067,000	\$15,927,000
Market Value of Off-Site Employee Housing, 2008	\$38,349,000	\$12,813,000
<b>Economic Impact</b>		
Taxable Retail Sales	\$19,475,000	\$4,467,000
<b>Total Economic Impact</b>	<b>\$19,475,000</b>	<b>\$4,467,000</b>
<b>Fiscal Impact</b>		
Sales Tax		\$124,000
Residential Property Tax		\$13,000
Other General Fund Revenue		\$128,000
<b>Total Fiscal Benefits</b>		<b>\$265,000</b>
<b>Total Local Government Costs</b>		<b>\$330,000</b>
<b>Net Fiscal Impact</b>		<b>(\$65,000)</b>
<b>Net Economic and Fiscal Impacts</b>		<b>\$4,402,000</b>

# ECONOMIC & FISCAL IMPACTS

## Total Economic & Fiscal Impacts

The total economic and fiscal impacts of the Creekside redevelopment in the city of Lakewood from 2004 to 2008, was \$28.6 million, including the net fiscal impact of \$5.2 million. This includes construction impacts from 2004 to 2006 and business operations and employee impacts from 2005 to 2008.

The fiscal benefits of Creekside totaled \$5.8 million for the city of Lakewood. This includes all construction use tax, fees, sales and use tax, property tax, and other general fund revenues.

The cost of providing local government services to the businesses and local resident employees of Creekside totaled nearly \$600,000.

In just 2008, the economic and fiscal impacts of Creekside on the city of Lakewood totaled \$6.8 million, including a net fiscal impact of nearly \$1.2 million. A similar level of impact will likely occur annually, assuming no changes to the tax structure, market conditions, and development patterns.

## Non-Quantifiable Impacts

While this study only considers the direct economic and fiscal impacts of the Creekside Shopping Center development, it is important to note that the Creekside Shopping Center development and the numerous public improvements have non-quantifiable benefits to the community. Creekside has spurred additional private investment in the area and along the historic Colfax Avenue corridor. Property values in the area have been positively impacted by the investments. In fact, the assessed value of real property in the Colfax/Wadsworth

Total Economic and Fiscal Impacts of Creekside, 2004-2008		
	Total	Lakewood
<b>Economic Impact</b>		
Construction	\$28,237,000	\$1,968,000
Business Operations	\$69,230,000	\$17,006,000
Employee Spending	\$19,475,000	\$4,467,000
<b>Total Economic Impact</b>	<b>\$116,942,000</b>	<b>\$23,441,000</b>
<b>Fiscal Impact</b>		
<b>Fiscal Benefit</b>		
Construction		\$532,000
Business Operations		\$4,981,000
Employee Spending		\$265,000
<b>Total Fiscal Benefits</b>		<b>\$5,778,000</b>
<b>Local Government Costs</b>		
Construction		\$0
Business Operations		\$265,000
Employee Spending		\$330,000
<b>Total Local Government Costs</b>		<b>\$595,000</b>
<b>Net Fiscal Impact</b>		<b>\$5,183,000</b>
<b>Net Economic and Fiscal Impacts</b>		<b>\$28,624,000</b>

Reinvestment District increased 163 percent between 2001 and 2008. Moreover, the assessed value of real property in the area increased 36.3 percent from 2004 to 2005, the year that construction activity began.

The developer of Colfax Central chose to redevelop the site in order to capture the high traffic volumes expected at the Creekside Shopping Center. Colfax Central is a 15,000-square-foot retail development on the northwest corner of Colfax Avenue and Wadsworth Boulevard. Prior to redevelopment, the site was occupied by a pawnshop and gas station.

Home Depot Inc. chose a site directly south of the Creekside Shopping Center and across Colfax Avenue to build a 120,000-square-foot store. After the home improvement store consolidated eight parcels on the 9.2-acre site, construction began in late 2005. Intersection improvements such as traffic lights and medians that were associated with the Creekside project increased the attractiveness of the site, according to Home Depot officials.

# ECONOMIC & FISCAL IMPACTS

In addition to increased private investment in the area, new development has also been encouraged by the remediation of contaminated groundwater and soil from primarily former automotive uses, the removal of asbestos, and major floodway realignment.

The design of the new developments in the area is reminiscent of the historic roots of Colfax Avenue. Creekside has been developed according to community design guidelines that promote a “retro” 1950s architectural style, and gives Colfax Avenue in Lakewood a unique, identifiable character. All new development projects in the immediate area have added to this strong visual statement and also reflect the “retro” style in their design.

Although the non-quantifiable benefits mentioned in this section are not included in the economic and fiscal impact analysis, they are positive outcomes that can be attributed at least in part to the redevelopment of Creekside Shopping Center. The commercial developments to the south and west of the project site received no public funding, and yet they positively contribute to the City’s revenues through sales, use, and property tax revenue.

# APPENDIX

## Creekside Public Investment Financing Tools

The Lakewood Reinvestment Authority implemented tax-increment financing (TIF) and a public improvement fee (PIF) to finance the development of the Creekside Shopping Center. Per the redevelopment agreement, Wal-Mart Stores, Inc. provides all the initial development capital and the Lakewood Reinvestment Authority uses the incremental sales and property tax collections and public improvement fees to refund Wal-Mart Stores, Inc.

Public improvements provided by Wal-Mart Stores, Inc. included public streets, parking facilities, drainage and storm systems, sewer improvements, environmental remediation, power line relocation, earthwork, paving, and curb and gutter work.

TIF is a commonly used financing tool that uses the incremental tax revenues collected from a specific project to repay project costs and allows the City's initial revenue stream to remain untouched. In this case, the incremental revenues of both property and sales tax collections are diverted from the City to repay the developer plus interest. The TIF program continues for 25 years or until the project costs are paid off, whichever is sooner.

The public improvement fee at the Creekside Shopping Center is equal to 1.5 percent of the sales price of all applicable sales transactions. The PIF is a fee and not a tax. Thus, the PIF becomes part of the total sales price and is subject to sales tax.

The incremental tax revenues and PIF collections are distributed as follows. First, the city of Lakewood is paid a fee for the collection of the PIF on behalf of the developer, which comes out of the PIF revenue.

The Lakewood Reinvestment Authority is paid one percent of the incremental tax revenues for on-going project and administrative costs.

Then, the net TIF and PIF revenues are pooled for allocation. The city of Lakewood receives monthly payments of approximately \$83,000 for a total of

\$1.0 million annually. Wal-Mart Stores, Inc. is then paid as a reimbursement for public improvement costs. The amount of the payment is up to 115 percent of a scheduled amount per the redevelopment agreement. The city of Lakewood and the developer split any revenues collected beyond 115 percent of the scheduled payment.

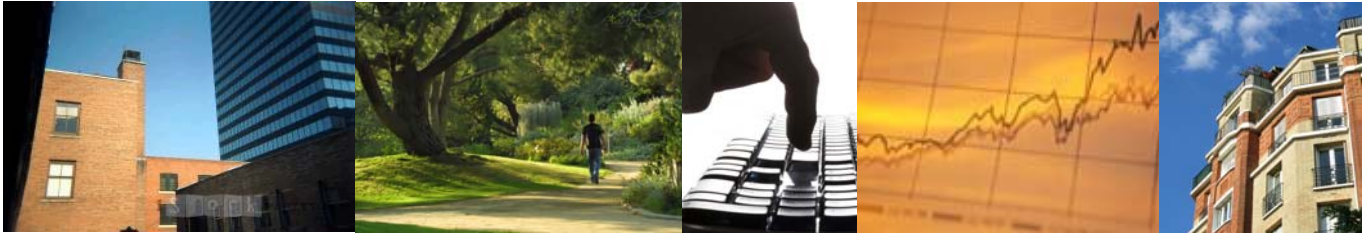
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