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June 9, 2008

Mr. Tim Crane
Compass Homes Development
PO Box 5265
Frisco, Colorado 80443

Re: DRAFT Red Peak Village Fiscal Impact Analysis

Dear Mr. Crane:

This analysis, prepared by BBC Research & Consulting (BBC), quantifies the fiscal impacts of the prospective Red Peak Village (RPV) project on the town of Silverthorne, Colorado.

Findings

The proposed RPV project will bring 172 new residential units into the town of Silverthorne. Under assumptions specified in this report, the development will produce a present value general fund surplus of approximately $105,000 over a seven-year period ending in 2015, mostly due to revenues associated with local taxable construction materials spending and a voluntary real estate transfer assessment. After build out, the project will produce an annual general fund deficit of approximately $104,000 per year, or about $600 per unit.

Partially offsetting these general fund shortcomings, RPV will generate $30,000 in annual sales tax revenue at build out for capital improvement purposes. During the construction period, RPV will generate $315,600 for the development excise tax fund and $315,600 for the Measure 5A (affordable housing) fund.

Assumptions and Limitations

This study is based on the town of Silverthorne's 2007 actual costs and revenues as provided by the town in May 2008.

Development assumptions. RPV will include 172 total residential units, including 86 deed-restricted affordable units and 86 open market units. The deed-restricted units are in 2- and 3-bedroom duplex configurations and 3- and 4- bedroom single family units. Deed-restricted duplex units will average between 1,220 and 1,340 square feet with expected market values between $248,000 and $294,000. Deed-restricted single family units will average between 1,400 and 1,620 square feet with market values of between $294,000 and $332,000.

The open market units are in 3- bedroom duplex configurations and 3- and 4- bedroom single family units. Open market duplex units will have an average size of 1,600 square feet with average value of $408,000. Open market single family units will have an average size of between 1,800 and 2,100 square feet with average value of between $486,000 and $567,000. Exhibit 1 shows development and valuation assumptions for RPV.

Exhibit 1.
Red Peak Village Development and Valuation Assumptions

Note:

(1) Square footage and valuation figures represent a weighted average of unit detail provided by Compass Homes Development.

(2) All deed restricted units are assumed to be full time resident units; about 50 percent of open market units will be occupied by seasonal residents (25 percent of total units).

Source:

Compass Homes Development; BBC Research & Consulting.

Red Peak Village Assumptions

Development[1]	Units	Avg. Sq. ft.	Avg. Value
Deed-Restricted			
Duplex			
2-bedroom	10	1,220	$248,565
3-bedroom	20	1,340	$293,204
Single Family			
3-bedroom	32	1,422	$293,204
4-bedroom	24	1,621	$331,551
Open Market			
Duplex			
2-bedroom	0	0	$0
3-bedroom	24	1,600	$408,000
Single Family			
3-bedroom	36	1,800	$486,000
4-bedroom	26	2,100	$567,000
Occupancy[2]			
Percent Full Time residents	75%		
Percent seasonal residents	25%		
Seasonal resident occupancy rate	40%		

The majority of the residents of RPV are expected to be full-time residents, and a small portion (25 percent) will be seasonal. Seasonal resident occupancy is estimated at 40 percent. This analysis does not anticipate the use of units at RPV as transient rental properties.

Development schedule. This analysis assumes that construction will begin in 2009, with units available for occupancy in the following year. Construction will continue for five years until 2013. Exhibit 2 on the following page presents the anticipated development schedule of the project.

Exhibit 2.
Anticipated Development Schedule—Red Peak Village

Constructed by Dec. 31	2009	2010	2011	2012	2013	2014	2015
Annual units built							
Deed Restricted							
Duplex							
2-bedroom	4	6	-	-	-	-	-
3-bedroom	6	4	2	4	4	-	-
Single Family							
3-bedroom	8	8	6	6	4	-	-
4-bedroom	6	4	6	4	4	-	-
Open Market							
Duplex							
3-bedroom	4	6	4	4	6	-	-
Single Family							
3-bedroom	10	6	8	6	6	-	-
4-bedroom	6	5	5	6	4	-	-
Total	44	39	31	30	28	-	-
Cumulative units built							
Deed Restricted							
Duplex							
2-bedroom	4	10	10	10	10	10	10
3-bedroom	6	10	12	16	20	20	20
Single Family							
3-bedroom	8	16	22	28	32	32	32
4-bedroom	6	10	16	20	24	24	24
Open Market							
Duplex							
3-bedroom	4	10	14	18	24	24	24
Single Family							
3-bedroom	10	16	24	30	36	36	36
4-bedroom	6	11	16	22	26	26	26
Total	44	83	114	144	172	172	172
Percent Developed	26%	48%	66%	84%	100%	100%	100%
Road Mileage	0.37	0.70	0.97	1.22	1.46	1.46	1.46

Source: Compass Homes Development and BBC Research & Consulting.

About 50 percent of the project will be constructed by 2010; build out will occur five years after the first home is constructed, in 2013. BBC assumed simultaneous development of all residential unit types during the construction period. The project includes construction of 1.46 miles of additional town-maintained road, distributed evenly over the development period.

Approach. In order to quantify project specific revenue generation and service costs, BBC developed a Silverthorne-specific fiscal impact model that translates project development expectations into impacts on town revenues and service delivery costs. Projections of likely operational costs and revenues were developed in two ways:

- For sales tax, real estate transfer assessment and road and bridge revenues, formulas were used that reflect the town's revenue generation process as applied to the specific characteristics of the development; and

- For other revenues and all expenditures, per household figures were calculated and applied to development projections.

This fiscal analysis extends to 2015 in order to present the full fiscal impacts as property tax revenues stabilize after build out.

Limitations. The fiscal model used in this analysis was developed using the town's most recent complete financial data for 2007 and the development assumptions outlined above. If development build out varies from these assumptions, or if town service levels or tax rates change significantly, the actual impacts of the project will vary from the results shown here.

Inflation. No inflation is considered in this analysis, with costs and revenues assumed to appreciate at equal rates. If equal appreciation does not occur, the results of this analysis will vary from the actual impacts experienced by the town.

General Fund Revenues

Sales tax revenues constitute over 65 percent of Silverthorne's operating budget. Other important general fund revenues include the county road and bridge fund transfer and Highway Users' Trust Fund.

Sales tax. The town of Silverthorne levies a 2 percent sales tax, 40 percent of which is applied to operations and 60 percent to a capital fund. Town sales tax receipts are supplemented by a 2 percent county sales tax on sales within the town, the revenues from which are rebated to the town. As a result, the town collects the equivalent of a 2.8 percent sales tax for general fund purposes and a 1.2 percent tax for the capital fund from both the town and county sales tax. This is effectively a 70/30 split between the general fund and the capital fund, respectively.

In order to project sales tax revenues from the proposed developments, BBC estimated sales taxes generated by construction material purchases occurring within the town and spending by new Silverthorne residents. Exhibit 3 demonstrates anticipated construction and resident spending along with the sales tax receipts they will generate.

Exhibit 3.
Sales and Use Tax—Red Peak Village

	2009	2010	2011	2012	2013	2014	2015
Construction spending							
Deed Restricted							
Duplex							
2-bedroom	$ 163,952	$ 245,929	$ -	$ -	$ -	$ -	$ -
3-bedroom	270,118	180,079	90,039	180,079	180,079	-	-
Single Family							
3-bedroom	382,164	382,164	286,623	286,623	191,082	-	-
4-bedroom	326,729	217,819	326,729	217,819	217,819	-	-
Open Market							
Duplex							
3-bedroom	163,952	245,929	163,952	163,952	245,929	-	-
Single Family							
3-bedroom	-	-	-	-	-	-	-
4-bedroom	286,623	238,852	238,852	286,623	191,082	-	-
Total constuction spending	$1,593,538	$1,510,771	$1,106,195	$1,135,096	$1,025,990	$ -	$ -
Resident spending							
Full-time residents	$ -	$ 516,861	$ 974,988	$ 1,339,140	$ 1,691,545	$ 2,020,457	$ 2,020,457
Seasonal residents	-	120,450	227,213	312,075	394,200	470,850	470,850
Total resident spending	-	637,311	1,202,201	1,651,215	2,085,745	2,491,307	2,491,307
Sales and Use Tax							
General Fund (2.8% tax)	$ 44,619	$ 60,146	$ 64,635	$ 78,017	$ 87,129	$ 69,757	$ 69,757
Capital Fund (1.2% tax)	19,122	25,777	27,701	33,436	37,341	29,896	29,896
Total Sales Tax	63,742	85,923	92,336	111,452	124,469	99,652	99,652

Source: BBC Research and Consulting.

Construction materials spending. BBC calculated average construction costs of $224 per square foot[1], 50 percent of which is assumed to consist of materials purchases. Of this spending, 30 percent is assumed to occur within the town of Silverthorne and eligible for taxation. Given the unit sizes of the development under consideration, construction will contribute about $178,000 in sales and use tax to the general fund over the construction period, or roughly $1,000 per unit.

Resident spending. The second set of sales tax calculations involved estimating the revenue generated by full-time resident spending. Using a weighted average of all residential unit market values, BBC calculated the average new RPV household income to be about $75,000.[2] Using the US Bureau of Labor Statistics' Consumer Expenditures Survey "$70,000 to $79,999" income category, BBC estimated that full time resident households will spend approximately $15,700 annually on sales taxable items in Silverthorne, as shown in Exhibit 4.[3]

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[1] BBC calculated a weighted average cost per square foot across all units from detailed cost figures supplied by Compass Homes Development.

[2] BBC calculated a weighted average home value for all units and then calculated household income by assuming a 30-year fixed rate mortgage at 6 percent and 35 percent of income spent on mortgage payments.

[3] The share of residential spending assumed in Silverthorne is higher than in previous analyses due to presence of Target®.

Exhibit 4.
Full Time Resident Spending Profile—Red Peak Village

Note:

Represents spending of households with $70,000 to $79,999 annual income.

Source:

Bureau of Labor Statistics Consumer Expenditure Survey, BBC Research and Consulting.

Expenditure Type	Annual Expenditure	Percent Spent in Silverthorne	Percent Sales Taxable	Per Household Spending in Silverthorne
Food	$ 7,094	70%	100%	$ 4,966
Alcoholic beverages	562	90%	100%	506
Housing	18,832	95%	30%	5,333
Apparel and services	2,035	80%	80%	1,302
Transportation	10,921	65%	10%	701
Health care	3,216	64%	30%	622
Entertainment	2,804	50%	75%	1,052
Personal care products and services	747	90%	75%	504
Reading	137	75%	100%	103
Education	843	75%	0%	-
Tobacco products/smoking supplies	363	85%	0%	-
Miscellaneous	957	80%	75%	574
Cash contributions	1,931	70%	0%	-
Personal insurance and pensions	6,910	65%	0%	-
Average Household Income before taxes	$74,647	**Total Spending per Full Time Resident Household**		$15,662

Seasonal (part-time) residents have spending patterns different from full-time residents. This analysis assumes that the part-time units will be occupied 40 percent of the year and that seasonal resident households will spend approximately $75 per day in Silverthorne on taxable items.

At these spending levels, full and part time residents of RPV will contribute $70,000 in sales tax annually to the general fund at build out.

Highway Users Trust Fund (HUTF). In 2007, the town received over $185,077 in HUTF revenues. This is based on a state formula that allocates 80 percent of municipal funds based on households and 20 percent based on road mileage. To calculate projected revenues, a per household revenue figure was developed by dividing 80 percent of 2007 revenues ($148,062) by the current 2,050 town households.[4] The resultant figure was then applied to development projections for new residential units to estimate new revenues.

Similarly, 20 percent of current HUTF revenues are divided by the town's 27 miles of streets to develop a per mile revenue figure, which is then applied to the subject property's street development program.

Road and bridge revenues. Summit County passes the equivalent of 50 percent of the road and bridge property tax revenues collected in the town of Silverthorne on to the town for road and bridge maintenance.[5] The property tax revenue produced by the development was calculated using projected market values from the development projections and the state's assessment ratio of 0.0796 for residential property. Property tax revenues reflect lags between unit construction, assessment and collections, as shown in Exhibit 5. Road and bridge property tax revenue will reach about $2,500 at build out.

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[4] Household estimates are from the town of Silverthorne.

[5] Mill levy estimated by BBC Research & Consulting based on 50 percent of the 2007 County Road and Bridge mill levy; per the Summit County Assessor's Office.

Exhibit 5.
Road and Bridge Property Tax Revenue—Red Peak Village

Value as of Dec. 31 of Year	2009	2010	2011	2012	2013	2014	2015
Market Value in thousands							
Deed Restricted							
Duplex							
2-bedroom	$ 994	$ 2,486	$ 2,486	$ 2,486	$ 2,486	$ 2,486	$ 2,486
3-bedroom	1,759	2,932	3,518	4,691	5,864	5,864	5,864
Single Family							
3-bedroom	2,346	4,691	6,450	8,210	9,383	9,383	9,383
4-bedroom	1,989	3,316	5,305	6,631	7,957	7,957	7,957
Open Market							
Duplex							
3-bedroom	1,632	4,080	5,712	7,344	9,792	9,792	9,792
Single Family							
3-bedroom	4,860	7,776	11,664	14,580	17,496	17,496	17,496
4-bedroom	3,402	6,237	9,072	12,474	14,742	14,742	14,742
Total	$ 16,982	$ 31,517	$ 44,207	$ 56,416	$ 67,719	$ 67,719	$ 67,719
Assessed Value (7.96%) in thousands							
Deed Restricted							
Duplex							
2-bedroom	$ -	$ 79	$ 198	$ 198	$ 198	$ 198	$ 198
3-bedroom	-	140	233	280	373	467	467
Single Family							
3-bedroom	-	187	373	513	653	747	747
4-bedroom	-	158	264	422	528	633	633
Open Market							
Duplex							
3-bedroom	-	130	325	455	585	779	779
Single Family							
3-bedroom	-	387	619	928	1,161	1,393	1,393
4-bedroom	-	271	496	722	993	1,173	1,173
Total	$ -	$ 1,352	$ 2,509	$ 3,519	$ 4,491	$ 5,390	$ 5,390
Road and Bridge property tax (0.4715 mills)	$ -	$ -	$ 637	$ 1,183	$ 1,659	$ 2,117	$ 2,542

Source: BBC Research and Consulting.

Voluntary Real Estate Transfer Assessment (RETA). Compass Homes Development has agreed to a 1-percent RETA for the open market portion of RPV. The RETA is applied by a private covenant that runs with the deed. The town will receive 1 percent of the value of each developed unit at the time of original sale[6]. The town will also receive the 1 percent assessment as units resell. Exhibit 6 shows revenue streams projected from initial unit sale and a change of ownership every ten years.

Exhibit 6.
Voluntary Real Estate Transfer Assessment Revenue—Red Peak Village

	2009	2010	2011	2012	2013	2014	2015
Open Market Units							
Original Sales	$ -	$ 98,940	$ 81,990	$ 83,550	$ 79,500	$ 76,320	$ -
Resales	-	-	-	-	42,030	42,030	42,030
Total	$ -	$ 98,940	$ 81,990	$ 83,550	$ 121,530	$ 118,350	$ 42,030

Source: BBC Research & Consulting.

These RETA revenues amount to about $42,000 per year at build out, and one-time revenue from original sales of about $420,000 during the construction period.

6 BBC assumes each lot will sell (a RETA event) and that after year five, all fee-eligible units will re-sell once every ten years.

Permit revenues. Revenues from building and related permits are excluded from this analysis, as are the concurrent expenses associated with building inspections. Traditionally, the cost of building services has matched revenue generation.

Other revenues. A number of other revenues were calculated and applied to the development projections on a per household basis. These include the public service franchise fee, the cable franchise fee, cigarette tax, motor vehicle tax, rental revenues, planning revenues, interest, fines, and water and sewer fund transfers.

Recreation center revenues were excluded from the analysis, together with 66 percent of recreation center expenditures. This is due to the fact that the town recovered 66 percent of recreation costs through user fees in 2007.

All revenues are shown in Exhibit 7, fiscal impact summary.

General Fund Expenditures

Like most revenues, the majority of expenditures were forecast on a per household basis. The one exception is the street maintenance fund, where expenses were calculated using vehicle trip generation by the new development.

Due to the fixed nature of some governmental costs in relationship to growth, BBC included only a share of spending from each department in this analysis. In some cases, 90 percent of expenditures were included, with the remaining 10 percent assumed to be fixed or recoverable through enhanced economies of scale. In some cases, other adjustments were made based on the particular department and the unique service demands of this project.

Public safety. A significant share of public safety expenses is associated with non-resident traffic and commercial activity, which is largely unrelated to residential growth. Approximately 66 percent of public safety spending is considered a variable expense that will rise proportionately with residential expansion and is included in this analysis.

Street maintenance. New traffic generated by RPV will not adversely affect these current expenditure levels for most road maintenance costs, including snow removal, street sweeping, filling potholes and maintenance of paths. However, some town costs will be affected as traffic generated by the development imposes increased maintenance requirements on existing roads. BBC has assumed 10 percent of the present street maintenance budget is associated with in-town costs that will be exacerbated as new population and project-associated traffic occur. To calculate increased costs from new trips, BBC estimated total peak hour trips in Silverthorne using data from the *Silverthorne Comprehensive Plan* and Institute of Transportation Engineer's *Trip Generation Manual*. New town spending due to the development was then calculated on a per trip basis.

RPV will include approximately 1.46 miles of additional town-maintained road. BBC has assumed 70 percent of the present street maintenance budget is associated with direct road maintenance costs that will increase when the town must maintain more road mileage. BBC derived a per mile cost estimate and applied it to the additional road mileage at RPV.

Community development. Approximately 90 percent of all non-building related community development costs are considered variable expenses after adjusting to remove building inspection services from both costs and revenues. Building inspection expenses are recovered through building-related fees. Removal of building inspection expenses from community development costs results in 40 percent[7] of community development related expenses being variable costs that will rise proportionately with new development.

Recreation. Thirty-four percent of recreation expenditures are included as variable costs due to the town's 66 percent cost recovery policy for recreation. No recreation revenues were included in the analysis, but the project is held responsible for its share of the annual deficit.

Administration. Based on the cumulative relationship of fixed and variable costs in the direct service categories detailed above, administrative costs are calculated to be 42 percent variable. These costs are assumed to be proportionately linked to all other costs, and the 42 percent figure represents the share of all other costs that are considered growth sensitive and included in these projections.

General Fund Summary

Net project revenues and expenses are shown in the following Exhibit 7. The project will produce an annual general fund surplus during the construction period from sales and use tax related to construction and real estate transfer assessment revenue from additional open market unit sales. Once the development is fully occupied and revenues stabilize, it will produce annual general fund deficits of about $104,000. Due to positive returns during the construction period, the project presents a net present value surplus of $105,000 over 7 years at a 5 percent discount rate.

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[7] This is equal to the total community development expenditures less permit revenue divided by total community development expenditures.

Exhibit 7.
Fiscal Impact Summary—Red Peak Village

	2007 Actual Budget	% to Include	2007 Current Amount per Household (1)	2009	2010	2011	2012	2013	2014	2015
Revenues										
Sales and Use Taxes	$ 6,029,696		calculated independently	$ 44,619	$ 60,146	$ 64,635	$ 78,017	$ 87,129	$ 69,757	$ 69,757
Real Estate Transfer Assessment	$ -		calculated independently	$ -	$ 98,940	$ 81,990	$ 83,550	$ 121,530	$ 118,350	$ 42,030
Moly Severance	$ -	0%	$ -	-	-	-	-	-	-	-
US West Franchise Fee	$ 895	0%	$ -	-	-	-	-	-	-	-
Public Service Franchise Fee	$ 164,360	100%	$ 80	-	3,528	6,655	9,140	11,545	13,790	13,790
Cable	$ 39,414	100%	$ 19	-	846	1,596	2,192	2,769	3,307	3,307
HUTF (2)	$ 185,077		calculated independently	-	507	4,138	7,325	9,906	12,402	14,424
Cigarette Tax	$ 51,194	100%	$ 25	-	1,099	2,073	2,847	3,596	4,295	4,295
Motor Vehicle Tax	$ 27,381	100%	$ 13	-	588	1,109	1,523	1,923	2,297	2,297
Road and Bridge Mill Levy	$ 66,757		calculated independently	-	-	637	1,183	1,659	2,117	2,542
Liquour Licenses	$ 3,822	100%	$ 2	-	82	155	213	268	321	321
Business Licenses	$ 83,770	100%	$ 41	-	1,798	3,392	4,658	5,884	7,029	7,029
Electrical Permits (3)	$ -	0%	$ -	-	-	-	-	-	-	-
Building Permits (3)	$ 337,640	0%	$ -	-	-	-	-	-	-	-
Plumbing and Mechanical (3)	$ 49,632	0%	$ -	-	-	-	-	-	-	-
Miscellaneous Permits (3)	$ 11,779	0%	$ -	-	-	-	-	-	-	-
Rental Revenues	$ 84,104	0%	$ -	-	-	-	-	-	-	-
Planning Revenues	$ 54,600	100%	$ 27	-	1,172	2,211	3,036	3,835	4,581	4,581
Recreation Center and Park Revenues	$ 1,355,903	0%	partial cost recovery							
Pavillion	$ 212,445	100%	$ 104	-	4,560	8,601	11,814	14,923	17,825	17,825
Interest	$ 383,528	100%	$ 187	-	8,232	15,528	21,328	26,940	32,179	32,179
Fines	$ 99,555	100%	$ 49	-	2,137	4,031	5,536	6,993	8,353	8,353
Miscellaneous	$ 21,122	0%	$ -	-	-	-	-	-	-	-
Water and Sewer Fund Transfers	$ 479,359	100%	$ 234	-	10,289	19,408	26,657	33,672	40,219	40,219
Total Revenues	$ 9,742,033			*$ 44,619*	*$ 193,923*	*$ 216,157*	*$ 259,018*	*$ 332,574*	*$ 336,822*	*$ 262,948*
Expenditures										
Administrative Services (4)	$ 1,316,410	42%	$ 269	$ -	$ 11,853	$ 22,359	$ 30,709	$ 38,791	$ 46,333	$ 46,333
Public Safety	$ 1,808,163	66%	$ 582	$ -	$ 25,614	$ 48,318	$ 66,364	$ 83,828	$ 100,128	$ 100,128
Public Works (parks, buildings and engineering) (5)	$ 498,199	90%	$ 219	$ -	$ 9,624	$ 18,154	$ 24,934	$ 31,496	$ 37,620	$ 37,620
Public Works (on-site street maintenance) (6)	Independent calculation -- $40,426 per centerline mile			$ -	$ 14,958	$ 28,298	$ 39,213	$ 49,319	$ 59,022	$ 59,022
Public Works (off-site street maintenance) (7)	$ 1,559,279	10%	$ 24	$ -	$ 1,052	$ 1,984	$ 2,726	$ 3,443	$ 4,112	$ 4,112
Community Development (8)	$ 756,543	40%	$ 148	$ -	$ 6,495	$ 12,252	$ 16,828	$ 21,257	$ 25,390	$ 25,390
Recreation/Public Facilities (9)	$ 2,057,836	34%	$ 342	$ -	$ 15,066	$ 28,420	$ 39,034	$ 49,306	$ 58,894	$ 58,894
Pavilion (10)	$ 419,361	100%	$ 205	$ -	$ 9,001	$ 16,979	$ 23,321	$ 29,458	$ 35,185	$ 35,185
Total Expenditures	$ 8,415,791		$ 1,789	$ -	$ 93,662	$ 176,763	$ 243,129	$ 306,898	$ 366,685	$ 366,685
Surplus (Deficit)	$ 1,326,242			$ 44,619	$ 100,261	$ 39,394	$ 15,888	$ 25,676	$ (29,863)	$ (103,737)
Cumulative Surplus (Deficit)				$ 44,619	$ 144,880	$ 184,274	$ 200,162	$ 225,838	$ 195,975	$ 92,238
Cumulative Residential Units				-	*44*	*83*	*114*	*144*	*172*	*172*
Net Present Value Surplus (Deficit)	$104,645									
-- discount rate	5%									

Notes: See notes attached at end of letter report (Exhibit 8).

Source: BBC Research and Consulting.

Other Town Funds – Revenues

The project will also contribute revenue to a number of other town funds, including the capital improvement fund, development excise tax fund, and Measure 5A fund.

Capital Improvement fund. As shown in prior Exhibit 2, 30 percent of sales tax in the town of Silverthorne is directed to the capital improvement fund. This revenue will total $30,000 annually after revenues stabilize at build out.

Development excise tax fund. Silverthorne imposes a one-time development excise tax of $2 per square foot against new residential development within the town. With construction of 86 open market units, the town will collect $315,600 during the construction period. These revenues will be available to offset any capital improvements or repairs that are required as a result of the development. Development excise tax will be waived for all deed-restricted units.

Measure 5A funds. In a referendum in November 2006, Summit County voters approved an additional sales tax and impact fee on new residential and commercial development for affordable housing purposes through 2016. The impact fee charge is $2.00 per square foot on new development. The project will produce $315,600 in Measure 5A funds during the construction year for affordable housing purposes. This impact fee is applicable only to the open market units in RPV.

Summary

Under assumptions specified in this report, the development will produce a present value general fund surplus of approximately $105,000 over a seven-year period ending in 2015, mostly due to revenues associated with local taxable construction materials spending and a voluntary real estate transfer assessment. After build out, the project will produce an annual general fund deficit of approximately $104,000, or about $600 per unit.

In addition to general fund revenues, RPV will generate $30,000 annually for capital improvement purposes at build out, along with one-time revenues of $315,600 for the development excise tax fund and $315,600 for the Measure 5A affordable housing fund.

We hope this analysis is useful in assessing the fiscal consequences of the RPV. Please feel free to contact us about questions raised by this analysis.

Sincerely,

Ford C. Frick

Ford C. Frick
Managing Director

Exhibit 8.
Fiscal Impact Summary Notes—Red Peak Village

Fiscal Impact Summary Notes

(1) Population and household figures are 2006 estimates from the Colorado Department of Local Affairs.

Current Households	2,050
Current Population	3,947

(2) HUTF Formula is 80 percent population, 20 percent lane miles.

(3) These resources are offset by building permit fees. Permit revenues are assumed to be a wash against permit costs.
(4) Percentage reflects total variable expenses for all other departments as a percentage of all government costs.

(5) Does not include expenditures related to building inspections, road maintenance or new road construction.
(6) Cost of maintaining 1.46 new centerline miles. Cost per mile: $40,426 = (70% *$1,559,279) / 27 centerline miles
Assumes 70 percent of public works/street expenses are for road maintenance. Total Street miles are 27 miles.
(7) Calculated on a per peak hour trip basis. Total peak hour trips are estimated using the ITE*Trip Generation Manual* and current development estimates from the *Silverthorne Comprehensive Plan*.

Current peak hour trips	6,522
New peak hour trips per single family unit	1.01
New peak hour trips per multi-family unit	0.62
New peak hour trips per 1,000 commercial square feet	4.98

(8) Equivalent of one-time permit revenues removed from calculations. The balance is calculated as follows: Community Development expenditures less permit revenue divided by Community Development expenditures [($756,543 - $399,051)/$756,543] and 90 percent of this balance is included, which is equal to approximately 40 percent.
(9) Recreation is 66 percent cost recovery. No revenues have been considered in this model and only 34 percent of expenditures have been considered.
(10) Includes net loss incurred modernizing the Pavilion project.

Source: BBC Research & Consulting; Town of Silverthorne.