

3.03 Economic Considerations

Summary

This section discusses economic impacts that would result from implementing Alternatives A and B, as defined in Chapter 2. The discussion includes worst-case and best-case scenarios based on possible station and layover/storage facility selection.

Potential impacts analyzed for each package included:

- Employment impacts
- Construction-related impacts (to persons living within 300 feet of the construction zone and commercial buildings with restricted access during construction)
- Changes in property tax base and revenues

The construction of the alternatives is estimated to generate 200 jobs annually over the 4 year construction period. An additional estimated 120 jobs would be created indirectly by construction of the alternatives.

The long-term loss of annual property tax revenues to the City of Longmont, City of Boulder, and Boulder County could range from \$151,000 to \$314,000 depending on the stations and layover/storage facilities selected for construction. The expected inducement of TOD at station locations should offset these impacts and create a net growth in the tax base and revenues within the project area by 2030.

Affected Environment

This section describes the current economic conditions in the project area, including the following characteristics:

- Employment by sector
- Employment centers
- Job/housing balance
- Median household income
- Taxable retail sales
- Assessed valuation

The characteristics are described for an area generally located within 0.5 mile on either side of the Longmont corridor (referred to as the economic analysis area in this section); this definition of the project area is consistent with the US 36 Corridor DEIS methodology. Employment trends for the economic analysis area are based on demographics data produced by Denver Regional Council of Governments (DRCOG) and are broken out by the following categories:

- **Retail** – retail trade, food services, and accommodations
- **Service** – personal, business, information, construction, and government services
- **Production/Distribution** – agriculture, forestry, mining, manufacturing, transportation, warehousing, wholesale trade, and communications

The jobs/housing balance is the relationship between the numbers of persons employed in an area versus the potential housing opportunities in that area. In theory, a balanced community would have 1.0 to 1.5 employees for every housing unit. A ratio over this range indicates that there are more jobs available than housing. Conversely, a ratio less than this range indicates that there is more housing

available than jobs. Factors such as major employment centers, commercial/retail nodes, and housing density can greatly influence this balance. The employment figures were based on DRCOG data; housing figures were based on US Census 2000 data.

Income data were collected from US Census 2000 (most recent data available) and reflect the median income of households for 1999. All trends and data area are at the municipal level, rather than at the analysis area or corridor level, and include income from outside the project area. Therefore, income data is discussed at the municipal level.

The retail sales trend analysis evaluated the 5 year time period from 2001 to 2005 (most recent data available) using the State of Colorado’s definition for retail – gross sales minus wholesale sales. All trends and data are at the municipal level, rather than at the analysis area or corridor level, and include sales for businesses from outside the project area. Therefore, retail sales information is discussed at the municipal level.

Employment

Alternative A (Double Track to West alignment) had 32,015 jobs within 0.5 mile as of 2005. The majority, 44 percent, of these jobs were production-related, as shown in Table 3.03-1. Total employment for this alignment is forecast to grow annually by 0.7 percent, resulting in a total of 38,436 jobs by 2030. Alternative B (Double Track to East alignment) had 29,738 jobs as of 2005. The majority, 43 percent, of these jobs were production-related positions. Total employment for this alignment is forecast to grow annually by 0.7 percent, resulting in a total 35,628 jobs by 2030.

TABLE 3.03-1
Current and Projected Employment

Employment	Alternative A: Double Track to West			Alternative B: Double Track to East		
	2005	2030	Percent Annual Change	2005	2030	Percent Annual Change
Production	14,034	16,572	0.7	12,935	15,298	0.7
Retail	5,764	7,076	0.8	5,354	6,549	0.8
Service	<u>12,217</u>	<u>14,788</u>	<u>0.8</u>	<u>11,449</u>	<u>13,781</u>	<u>0.7</u>
Total	32,015	38,436	0.7	29,738	35,628	0.7

Source: DRCOG; 2006

This growth has been fueled by activity occurring in the Boulder and Longmont employment centers. The University of Colorado, Ball Aerospace & Technology, Community Hospital Association, and the University Corporation for Atmospheric Research (a non-profit organization that manages the National Center for Atmospheric Research) are the major employers in the City of Boulder. AMGEN, a bioscience research and development company, and Xilinx and AMD (computer hardware manufacturers), are the major employers in the City of Longmont.

Housing/Household Income Characteristics

In 2000, there were 38,297 housing units within a 0.5 mile corridor of the existing rail alignment. A comparison of the housing units with 2005 employment estimates produces a jobs/housing ratio of 1.46. This ratio indicates that there is relative balance between jobs and housing in the economic analysis area.

Another economic consideration reviewed as part of the affected environment was median household income. The City of Boulder had a median household income of \$44,748 in 2000, while the City of Longmont had a median household income of \$51,174. The median household income in Boulder County was \$55,861, which is 9 percent more than the City of Longmont and 25 percent more than the City of Boulder. The City of Boulder appears less affluent than Boulder County and the City of Longmont as measured by median household income. However, many factors can affect income numbers, including a range of incomes and inclusion of students in the survey.

Retail Sales Trends

Retail sales for Boulder County declined from 2001 to 2005 by 0.2 percent annually, from \$7.147 billion to \$7.078 billion. City of Boulder retail sales decreased by 0.5 percent over this same time period. Retail sales for the City of Longmont increased from 2001 to 2005 by 5.6 percent annually. Given the strong growth rate in Longmont, it is apparent that the Boulder County's overall growth for this time period was fueled by retail activities in the Longmont urban node.

Assessed Valuation

The assessed valuation of the analysis area for Alternative A was estimated to be \$173 million in 2005. The analysis area for Alternative A represents approximately 3.5 percent of Boulder County's total assessed value for 2005. The assessed valuation of the analysis area for Alternative B was estimated to be \$174 million in 2005. The analysis area for Alternative B represents approximately 3.5 percent of Boulder County's total assessed value for 2005.

Impact Evaluation

Methodology

This section describes the effect of each alternative on employment, construction-related impacts, and property tax base and revenues in the analysis area. These measures are indicators of the economic implications of implementing one of the proposed alternatives. The impact analysis was based on information collected in the affected environment analysis, field research in the project study area, county assessor parcel data, site visits to proposed stations and layover/storage sites, and an in-depth review of aerial photography of the analysis area. The following sections summarize the area of evaluation and detail the methodology used in the evaluation.

Employment

Employment changes in the analysis area could be a result of direct effects (construction employment) and indirect effects (induced employment) associated with implementing the alternatives. Therefore, both direct construction and indirect employment changes were evaluated in this section. Construction employment was estimated by taking the project cost and estimating a portion of the total costs attributable to labor costs (assuming an industry standard of 50 percent). The estimated labor cost was then divided by the 2004 average income for a construction worker in the Denver/Boulder metro area (estimated at \$63,000, including benefits). This produced the number of construction employees related to the project. The jobs multiplier of 1.6 (IMPLAN Regional Model multiplier) was applied to the direct employment to quantify indirect jobs generated by the proposed project. The total numbers of jobs were then annualized over the 5 year construction period.

Construction-Related Impacts

Restricted access to commercial buildings was evaluated in a method consistent with the US 36 Corridor DEIS. The evaluation focused on commercial (including retail, office, and industrial)

buildings within 0.25 mile of proposed stations and layover/storage facility sites and 1,000 feet of the mainline.

Property Tax

Changes to the property tax base and revenues were estimated using county assessor data for each parcel to be either partially or fully acquired. To calculate these changes, parcels with exempt status (such as municipally owned land) or insufficient data (no value or tax data available) were removed from the calculations. To avoid overstating the changes, if only a partial acquisition was required, only a portion of the total assessed value was used. For example, if 10 percent of a parcel is impacted, then 10 percent of the assessed value is counted as the impact. The tax base and revenues were calculated using the adopted 2003 assessment rates. The mill levies applied to the taxable base include county, municipal, and an average school district rate (this excluded all special district mill levies).

No-Build Alternative

Implementing a No-Build Alternative would not generate employment changes. This alternative would not require the relocation of any existing businesses. In addition, there would be no loss to the property tax base and revenues as a result of this package. However, there would also be no opportunities for long-term growth of property tax base and revenues because of new TOD at stations.

Alternatives

Direct Impacts

Rail Alignment

Employment – Both Alternative A and B would result in employment growth of 200 construction jobs annually over the estimated 4 year construction period, if the alignment extends to the proposed Sugar Mill station. These employment numbers include construction at the station and layover/storage facilities.

Construction-Related – Alternative A would restrict access to between 4 and 7 commercial buildings, while Alternative B would restrict access to between 6 and 10 commercial buildings.

Property Tax – The proposed improvements would require additional land currently not within the ROW. For further information, refer to Section 3.04, Right-of-Way and Relocations. For Alternative A, acquisition of these parcels could result in a loss in the tax base of approximately \$520,000 and a loss of tax revenues of approximately \$37,000. The loss of tax base represents 0.01 percent of the total assessed valuation of Boulder County. For Alternative B, acquisition of these parcels could result in a loss in the tax base of approximately \$1 million and a loss of tax revenues of approximately \$72,000. The loss of tax base represents 0.02 percent of the total assessed valuation of Boulder County. The expected inducement of TOD at station locations should offset these impacts and create a net growth in the tax base and revenues within the project area by 2030.

A summary of annual tax base and revenue changes for the mainline are shown in Table 3.03-2.

TABLE 3.03-2

Summary of Annual Tax Base and Revenue Changes for the Mainline – Alternatives A and B

Alternatives	Alternative A Double Track to West			Alternative B Double Track to East		
	Commercial Building Restricted Access	Tax Base Loss	Tax Revenue Loss	Commercial Building Restricted Access	Tax Base Loss	Tax Revenue Loss
No-Build Alternative	N/A	N/A	N/A	N/A	N/A	N/A
Double Track	4 to 7	\$520,153	\$36,528	6 to 10	\$1,021,088	\$71,706

Source: Longmont Environmental Evaluation Team, 2006

Indirect Impacts

Direct construction jobs and expenditures related to implementation of Alternatives A and B would result in the generation of 120 additional indirect jobs annually over the 4 year construction period.

Direct Impacts

Station Areas and Layover/Storage Facilities

At this time, the analysis includes two potential locations for intermediate stations (Gunbarrel West and Gunbarrel East) and two potential locations for a layover/storage facility (Front Range Community College and BNSF Storage).

Construction-Related – The stations and layover/storage facilities would restrict access to several commercial buildings. The individual restrictions for each station and layover/storage facility are described in Table 3.03-3 below.

Property Tax – The stations and layover/storage facilities would require additional land not currently within the ROW. (Refer to Section 3.04, Right-of-Way and Relocations). The individual property tax base and revenue impacts for each station and layover/storage facility are described in Table 3.03-3 below. The table shows that, of the four stations under consideration, the Gunbarrel West site could result in the largest loss of property taxes (more than \$115,000).

TABLE 3.03-3

Summary of Annual Tax Base and Revenue Changes for Stations and Layover/Storage Sites – Alternatives A and B

Candidate Stations and Layover/Storage Sites	Alternative A Double Track to West			Alternative B Double Track to East		
	Commercial Building Restricted Access	Tax Base Loss	Tax Revenue Loss	Commercial Building Restricted Access	Tax Base Loss	Tax Revenue Loss
Candidate Stations						
Gunbarrel West ¹	3 to 6	\$1,694,349	\$118,986	3 to 6	\$1,647,079	\$115,666
Gunbarrel East ¹	2	\$1,020,771	\$71,684	2	\$976,866	\$68,600
1st/Terry Street	4 to 6	\$627,179	\$44,044	4 to 6	\$633,521	\$44,489
Sugar Mill	---	\$89,061	\$6,254	---	\$89,061	\$6,254
Candidate Layover/Storage Sites						
FRCC ²	2 to 4	\$1,442,856	\$101,254	2 to 4	\$1,286,983	\$90,378
BNSF Storage Tank ^{2,3}	---	N/A	N/A	---	N/A	N/A

¹ Only one Gunbarrel station would be selected.² Only one layover/storage site would be selected.³ All impacted land surrounding the BNSF Storage Track layover/storage facility site is exempt from property tax.

Source: Longmont Environmental Evaluation Team, 2006

Conceptual Mitigation

Proposed conceptual mitigation measures are presented in Table 3.03-4.

TABLE 3.03-4

Proposed Conceptual Mitigation Measures – Economic Considerations

Impact	Impact Type	Conceptual Mitigation Measures	
		Alternative A Double Track to West	Alternative B Double Track to East
Loss of customers to business in activity centers due to access restrictions during construction	Construction	The contractor will be required to maintain access to businesses during construction Install additional signage to enable customers to access businesses during construction	Same as Alternative A
Construction-related community impacts	Construction	Implement proposed mitigation plans from Section 3.04, Right-of-Way and Relocation	Same as Alternative A
Loss of property taxes	Operations	Refine design at preliminary engineering to reduce ROW requirements Will consider a variety of ways of structuring ROW/acquisition needs including securing easements and license agreements	Same as Alternative A

Source: Longmont Environmental Evaluation Team, 2006