

**EXHIBIT L**  
Fiscal Impact Study

# COAL SEAM MIXED USE DEVELOPMENT

Fiscal Impact Analysis  
Revised May 13, 2025  
Revised July 7, 2025  
Revised October 15, 2025

## Introduction

Coal Seam, LLC has prepared a fiscal impact study of the Coal Seam Mixed Use combined Preliminary and Final Plan Application. The project is located at Lot 1 of the River Park PUD, in the Town of New Castle, Colorado. Coal Seam, LLC. is proposing to develop a 71-room hotel, restaurant, 4 rental residential units, consistent with the allowed and conditional uses included in Sections 17.60.020 and 17.60.030 of the New Castle Land Use Code.

According to the Town’s Preliminary Plan checklist, a calculation of “projected ongoing revenues and costs to be received or incurred by the town as a result of development proposed in the application” is required. Such calculations shall be provided for the first 15 years after full development of the proposed subdivision.

In this analysis, revenues to be received and costs to be incurred as a result of the proposed development have been projected out to 2045 on the basis of available data and various assumptions. The projection period through 2045 is intended to capture ongoing impacts for the first 15 years following full build-out.

According to the Town’s 2024 adopted budget:

*During the past few years New Castle has experienced high inflation, swiftly rising housing costs, labor shortages, high construction costs, rising operational costs, and other challenges that were not in place prior to the COVID pandemic. Despite these challenges, New Castle has been able to maintain or in some cases expand on its’ services and commitment to the community. New Castle remains committed to being fiscally responsible, forward-thinking, and protective of our strong community values. We understand why residents choose to call New Castle their home and stand determined to manage the town’s finances and resources in the best interest of those that we serve.*

On the basis of various assumptions—such building cost per square foot, annual mixed-use revenue, and others—we will estimate the economic impact arising from construction of the hotel and from the mixed use commercial and rental residential units over time.

## Methodology

To study the fiscal impacts of the proposed development, Coal Seam, LLC. constructed a build-out–proforma model. The number of units by type, phasing, and construction costs were used to create a build-out model of the development occurring over two years from 2026 through 2027.

The financial impacts of construction were estimated using a detailed line-item estimate based on preliminary construction bids. Total construction cost is estimated to be \$14,409,000 million, not including soft costs such as architecture. This amount was reduced to 60 percent, or \$8,645,400 million, to conservatively capture only local impact.

Property tax impacts are inferred for each type of proposed property based on comparable property assessments and using New Castle’s 8.2 mill levy. The property is currently taxed as vacant commercial property and the 2024 tax burden was \$8,367.04. Once the hotel is developed, Lot 1 would be taxed as Lodging at the 5.0 percent assessment rate. Lot 2 will be taxed as commercial and residential.

The current property tax paid on this parcel is netted out of estimates of future property tax revenues. All revenues and expenses are assumed to escalate at 2.5 percent, annually.

Total property tax impacts are also estimated; these include revenue for school, water, transportation, and other jurisdictions in addition to the Town of New Castle.

## Results

### **PROJECTED REVENUE**

The proposed development includes 4 residential units made up of 1 and 2 bedroom units. This yields a slightly lower number of people per housing units, 1.75. The 4 units times 1.75 gives an estimated total of 7 residents.

The \$14.4 million construction investment modeled would generate a direct revenue impact of over \$4.8 million over 15 years of operation.

**Construction Use Tax** during construction, at a rate of 2% of 45% of total construction costs would yield the following estimated amounts:

Hotel	$\$10,560,000.00 \times .45 \times .02 = \$95,850.00$
Restaurant Space	$\$976,000.00 \times .45 \times .02 = \$8,775.00$
Residential Space	$\$667,200.00 \times .45 \times .02 = \$6,004.80$
TOTAL	\$14,409,000

<b>TOTAL EST. USE TAX</b>	<b>\$110,629.80</b>
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**Water and Sewer Tap Fees** to be paid during the construction phase at a rate of \$6,000.00 per water EQR and \$6,000.00 per sewer tap.

Water Tap Fee – 38.89 EQR x \$6,000/EQR =	\$233,340.00
Water Surcharge Fee	\$75,132.00
Sewer Tap Fee – 38.89 EQR x \$6,000/EQR =	\$233,340.00
Sewer Surcharge Fee	\$100,176.00
Dedication Fee	\$300,528.00
TOTAL	

<b>TOTAL COMBINED WATER AND SEWER TAP FEES</b>	<b>\$942,516.00</b>
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**Lodging Tax** is based on a 71-room buildout. Estimated occupancy rate is 65% and the anticipated nightly rental is \$145.00.

71 Rooms x 65% =	46 average daily occupancy
46 Rooms x \$145.00 =	\$6,670 average daily revenue
\$6,670 x 365 days per year =	\$2,434,550 average yearly revenue
\$2,434,550 x 5% Lodging Tax =	\$121,727.50

<b>TOTAL LODGING TAX YEAR ONE OF BUSINESS</b>	<b>\$121,727.50</b>
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**Restaurant Sales Tax** has been calculated using an average of \$500 of revenue per square foot of restaurant/bar space per year (AI Overview). Based on a gross square footage of 2,000, the restaurant space could be anticipated to create \$1,000,000 per year in gross sales revenue. Applying the sales tax rate of 3.5% yields an anticipated yearly tax revenue of the following:

$\$1,000,000 \times 3.5\% = \$35,000.00$

<b>TOTAL RESTAURANT SALES TAX PER YEAR</b>	<b>\$35,000.00</b>
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**Rental Apartment Property Tax** has been estimated using the New Castle mill rate of .46 and an anticipated property valuation, once complete, of \$250,000 per rental apartment, times ten apartments

\$250,000 average value x 4 units =	\$1,000,000
\$1,000,000 x .01 = \$25,000 x .46 =	\$10,000.00

<b>TOTAL PROPERTY TAX/YR. FOR 4 RENTAL UNITS</b>	<b>\$10,000.00</b>
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**Property Tax Per Year Hotel Property** has been estimated using the New Castle mill rate of .46 and an anticipated property valuation, once complete of \$18,000,000

$$\$14,409,000 \times .01 = \$180,000 \times .46 = \$82,800$$

<b>TOTAL PROPERTY TAX/YR. FOR HOTEL PARCEL</b>	<b>\$66,281.40</b>
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**Property Tax Per Year Parcel (less rental apartments)** has been estimated using the New Castle mill rate of .46 and an anticipated property valuation, once complete of \$5,000,000.

$$\$5,000,000 \times .01 = \$50,000 \times .46 = \$23,000.00$$

<b>TOTAL PROPERTY TAX/YR. FOR OFFICE PARCEL</b>	<b>\$23,000.00</b>
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**Incremental General Fund Revenue** is extrapolated from the estimated revenue and number of new residents in the development. This is revenue that results from 4 residential units with an average occupancy of 2.56 persons per unit for a total of 7 residents. Taking an average of 2021 actual through 2024 budget, we find an average of \$1,073 per person.

$$7 \text{ residents} \times \$1,073 = \$7,511.00/\text{year.}$$

<b>TOTAL INCREMENTAL REVENUE</b>	<b>\$7,511.00</b>
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**INITIAL REVENUE PER YEAR**

<b><u>CONSTRUCTION PHASE</u></b>	
<b>ANNUAL REVENUE TO NEW CASTLE – YEAR TWO WITH CONSTRUCTION USE TAX, WATER AND SEWER TAP FEES</b>	
<b>TOTAL</b>	<b>\$1,0563,145.80</b>
<b><u>OPERATIONS PHASE</u></b>	
<b>ANNUAL REVENUE TO NEW CASTLE – YEAR THREE</b>	
<b>TOTAL</b>	<b>\$263,5619.90</b>

**ANNUAL REVENUE**

**YEARS 3 THROUGH FIFTEEN**

Year 3	\$263,519.90	Year 10	\$313,242.35
Year 4	\$270,107.90	Year 11	\$321,073.41
Year 5	\$276,860.60	Year 12	\$329,100.25
Year 6	\$283,782.11	Year 13	\$337,327.54
Year 7	\$290,876.66	Year 14	\$345,760.95
Year 8	\$298,148.59	Year 15	\$354,404.98
Year 9	\$305,602.30		
<b>TOTAL REVENUE OVER 15 YEARS</b>			<b>\$3,989,807.54</b>

**PROJECTED EXPENSES**

The incremental increased costs incurred by the Town are estimated by taking the average general fund expenditure per person for the years 2021 to 2024 budget (\$985 per person). This has used to establish an estimated expense per year for the proposed projects, all uses, beginning in year three, the first year of operation. It too can be appreciated over a fifteen-year period at a rate of 2.5%.

**Residential Uses**

4 units projected to house 7 residents

7 residents x \$985.00 per resident = \$6,895.00 per year

**TOTAL RESIDENTIAL EXPENSE \$6,895.00/YEAR**

**Hotel Use**

The proposed hotel has 71 rooms with an anticipated average occupancy rate of 65%. This yields an average nightly room rental of 46 units. The average unit is occupied by 2 people. The average stay is 12 hours, or .5 of a day.

46 rooms x 2 residents x .5 = 46 residents

46 residents x \$985.00 per resident = \$45,310.00 per year

**TOTAL HOTEL RESIDENTIAL EXPENSE \$45,310.00/YEAR**

**Restaurant Use**

The restaurant is anticipated to seat 60 people. Primary hours of operation are anticipated to be between 5:00 pm and 11:00pm or 6 hours or .25 of a day of use. It is anticipated that an average stay per user is 1.5 hours, or 4 turnovers per table. The anticipated occupancy on an average basis is 66% or 40 people.

40 People x .25 = 10 full time equivalents

10 full time equivalents x \$985.00 per equivalent = \$9,850.00/year

**TOTAL RESTAURANT EQUIVALENT RESIDENT EXPENSE \$9,850.00/YEAR**

**TOTAL YEARLY EXPENSE TO THE TOWN, YEAR 3 \$62,055.00/YEAR**

**ANNUAL EXPENSE  
YEARS THREE THROUGH 15  
at 2.5% Annual Increase**

Year 3	\$62,055.00	Year 10	\$73,763.89
Year 4	\$63,606.38	Year 11	\$75,607.99
Year 5	\$65,196.53	Year 12	\$77,498.19
Year 6	\$66,826.45	Year 13	\$79,435.65
Year 7	\$68,497.10	Year 14	\$81,421.54
Year 8	\$70,209.54	Year 15	\$83,457.07
Year 9	\$71,964.77		
<b>TOTAL EXPENSE OVER 15 YEARS</b>			<b>\$939,540.10</b>

**SUMMARY**

	<b>Revenue to Town</b>	<b>Expense to Town</b>
<b>Construction Phase 1</b>	<b>\$1,053,145.80</b>	<b>\$0.00</b>
<b>Operation Phase 2, Year 3</b>	<b>\$263,519.90</b>	<b>\$62,055.00</b>
<b>Operation Phase 2, Fifteen year</b>	<b>\$3,989,807.54</b>	<b>\$939,540.10</b>