

City OKs funds for Nevada Ave.

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Sales tax from retail center will be spent on upgrades

By RICH LADEN THE GAZETTE

Nearly a year ago, the City Council — at the urging of business and civic leaders — targeted an ugly stretch of North Nevada Avenue as a future retail, employment and academic hub for Colorado Springs.

Now, council members are investing nearly \$80 million in Nevada, which is expected to help bring a Costco warehouse to town and spur creation of a jobs-generating research and development center at the University of Colorado at Colorado Springs.

In a procedural step crucial to North Nevada's redevelopment, the council voted unanimously Tuesday to allow all sales-tax revenue generated by a 74-acre, Costco-anchored retail center proposed for Nevada to be spent on road, drainage, utility and other upgrades in the corridor.

Over 23 years, those revenues are estimated to total as much as \$79.1 million. About \$34 million would be spent on a first phase of Nevada upgrades.

In December, the council designated the stretch of Nevada between Austin Bluffs Parkway and Interstate 25 as an urban-renewal site.

For years, city officials had targeted Nevada's unsightly motels, a campground and other small businesses for redevelopment.

Under state law, tax revenue from new development in an urban-renewal area — such as Nevada — can be spent on a variety of improvements.

By voting to spend all of the \$79.1 million along Nevada, instead of funneling some of it into the city's general fund, the council provided an incentive for developers who otherwise say they couldn't afford the tens of millions of dollars in upgrades.

Springs developers Kevin Kratt and Tom Cone already have reached deals with several landowners on Nevada's west side, where they plan to build a shopping center called University Village.

Washington-based Costco already has said it wanted to locate in the center. Lowe's Home Improvement Warehouse also is expected to anchor the site; Kratt and Cone declined to identify other retailers with whom they're talking.

Kratt, Cone and city officials said they expect the following scenario to play out:

- By year's end, the developers will reach a contract with the city's Urban Renewal Authority, which will oversee Nevada's redevelopment. The contract will spell out the developers' responsibilities and timetable.

- The authority will issue \$46 million in bonds to finance \$34 million in improvements. The extra money will cover initial payments on the debt, create a reserve fund and pay the cost of issuing bonds. The Nevada work should be done in 2007. If tax revenues flow in faster than expected, bonds could be repaid faster than 23 years, and revenue from that point could go into the general fund.

- Developers will seek regulatory approvals from city planners and the council on their retail project. Assuming the approvals are granted, Kratt and Cone expect to complete purchase of their land and complete deals with Costco and Lowe's. Costco could open by summer 2007, Kratt said.

While the retail complex is the first major Nevada project, UCCS officials and business leaders say it's key because it will help jumpstart the development of the

university's land on Nevada's east side.

UCCS officials and business leaders have proposed a research and development center, sports facilities and other uses on their Nevada Avenue property, west of the campus.

School officials and business leaders hope private companies — with high-paying jobs — will flock to the corridor to be near UCCS.

A pair of Denver consultants estimate the UCCS facilities and new retail complex could generate about 5,100 permanent new jobs and 2,900 temporary construction jobs.

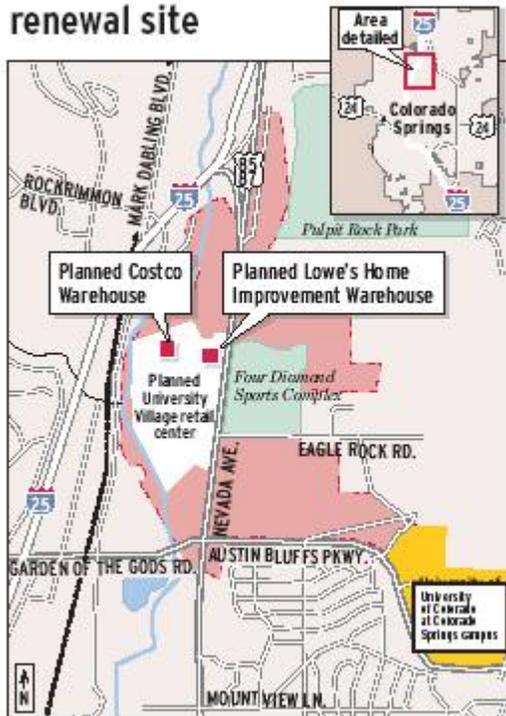
A retail complex across the street — which is expected to be linked to the schools' property — will provide restaurant, shopping and other sorely needed services for UCCS students and staff.

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\$34 MILLION FACE-LIFT

Funds approved for the renewal will help developers buy a portion of a retail site on Nevada Avenue's west side, north of Austin Bluffs Parkway; widen Nevada to six lanes; improve drainage; demolish buildings; remove fuel tanks, asbestos and contaminated soil; bury utility lines; and improve trails.

North Nevada Avenue renewal site



SOURCE: City of Colorado Springs

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