

## SOUTHERN COLORADO RAIL PARK

### ANNEXATION, ZONING AND LAND USE PLAN

#### PROJECT STATEMENT

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##### REQUEST

N.E.S. Inc., on behalf of EDW. C. Levy Co. (“Levy”) and Southern Colorado Rail Park LLC, requests approval of the following applications for the Southern Colorado Rail Park (SCRP) project:

1. The annexation of the 3100-acre property into the City of Colorado Springs.
2. A rezone of the property to Planned Development Zone (PDZ) with Airport Overlay (AP-O), under the City’s Unified Development Code (UDC).
3. A Land Use Plan to support a new railroad spur through the property to service Fort Carson and associated railroad-oriented heavy and light industry and commercial uses.

##### LOCATION

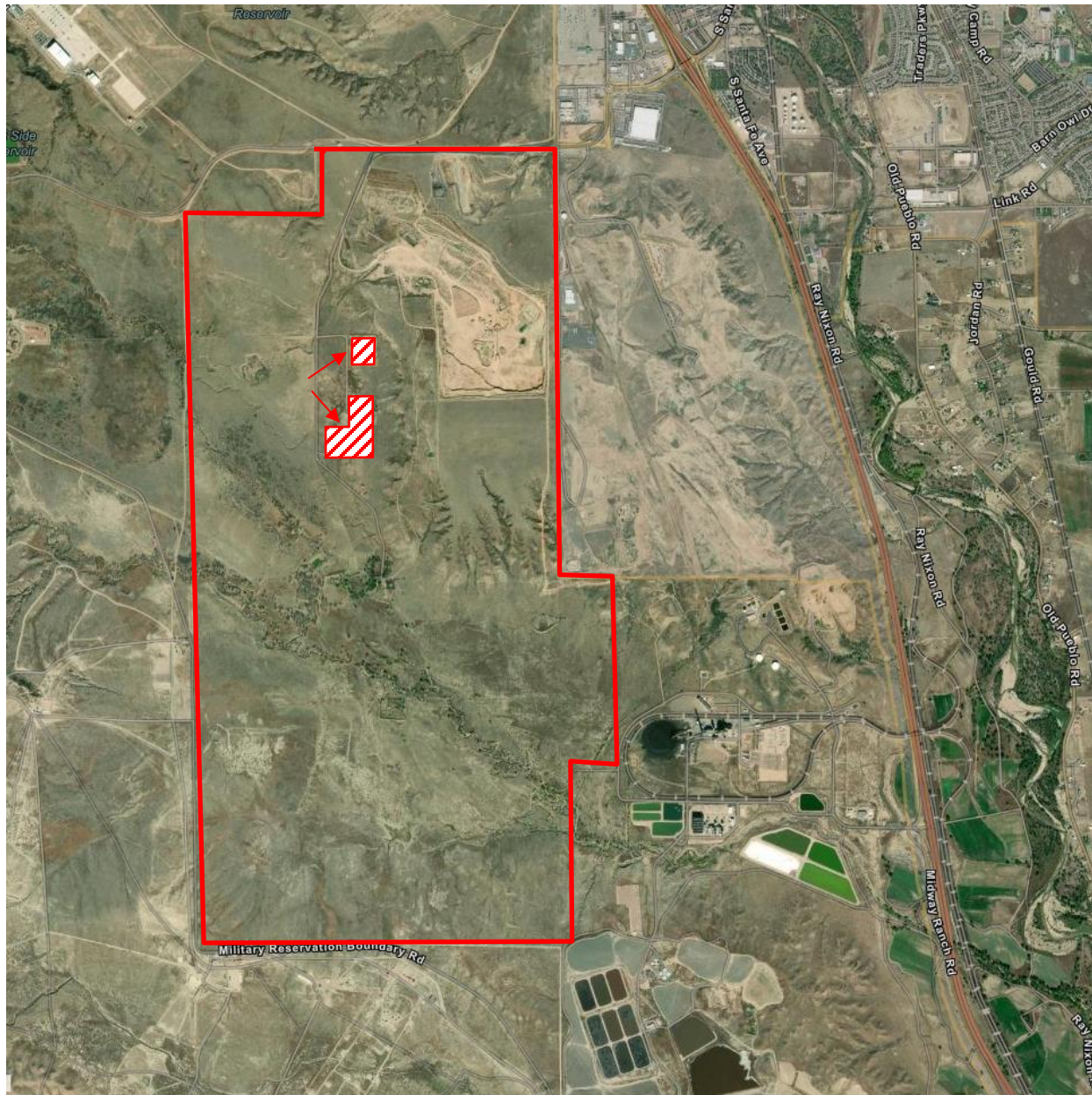
The 3,100-acre property is located south of Charter Oak Ranch Road, south, east, and north of Fort Carson, West of I-25, and the City of Colorado Springs’ Ray Nixon power plant. There are 6 out-parcels in the center of the property, totaling approximately 40 acres, that are not included in the subject property.

##### BACKGROUND

Conversations about the viability, and the appropriateness, of a rail-served industrial complex in southern El Paso County began with the staff of El Paso County and the City of Fountain in 2014. Following a series of presentations to elected officials and community partners, a Memorandum of Understanding (MOU) for Rail-Served Economic Development Initiative was approved in May 2018. The signatories to the Memorandum of Understanding are the City of Colorado Springs, El Paso County, the City of Fountain, the Greater Colorado Springs Chamber of Commerce and Economic Development Corporation, and the Edw. C. Levy Co. The purpose of the MOU, as stated in the MOU, is:

***Purposes.*** *The Parties seek to create opportunity for manufacturing jobs, which are typically high-wage jobs which generate 4-5 additional jobs in the community for each manufacturing job, and to simultaneously create the opportunity for a second railroad access to Fort Carson, which will improve readiness and resiliency at Fort Carson, improving the likelihood that Fort Carson will remain active through any future Base Realignment and Closure process.*

In February 2023 a Trackage Agreement was unanimously approved by the Colorado Springs City Council which provides a reciprocal grant with Colorado Springs Utilities to establish the permanent right-of-way from the mainline tracks of the Class 1 railroads, BNSF and UPSP, to the boundary of the SCRPP property.



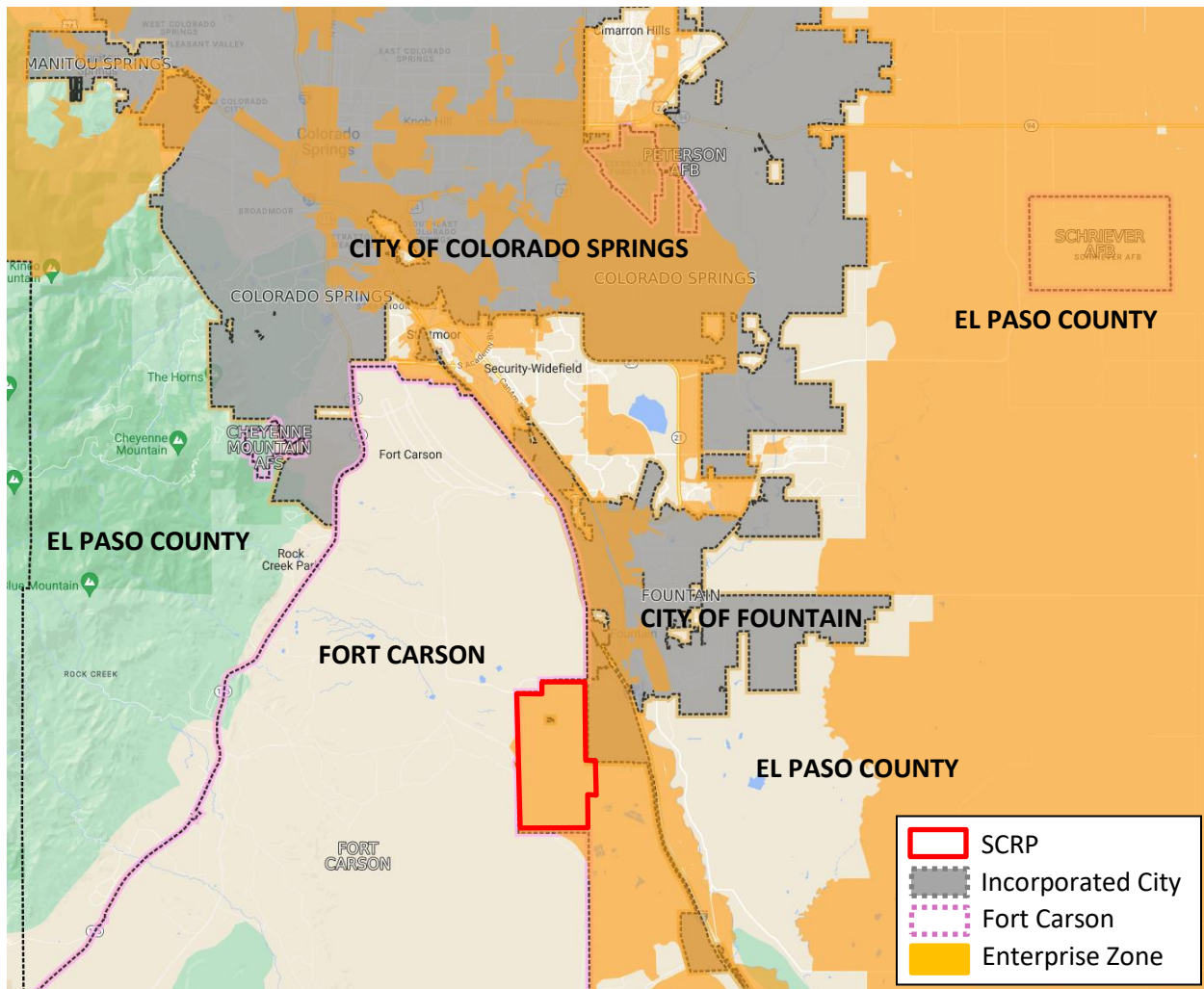
## ANNEXATION REQUEST

The Owner proposes annexing the SCRP property into the City of Colorado Springs primarily so the development can be served by City utilities. Consideration was given to annexation into the City of Fountain and staying in El Paso County, but availability of adequate and reliable utility services was a limiting factor. The property to be annexed lies to the southeast of Colorado Springs and east of Fort Carson.

Colorado Revised Statutes (C.R.S.) provides that a property can be annexed into a municipality if it lies within 3 miles of the municipality's boundary and at least 1/6<sup>th</sup> of the property's perimeter boundary is

contiguous with the boundary of the annexing municipality. C.R.S. 31-12-105(1)(E) states that the 3-mile limit on the extension of the municipality's boundary may be exceeded for the annexation of an enterprise zone. The map below shows that the entire SCRP property lies within the Pikes Peak Enterprise Zone. A letter from El Paso County Economic Development Department confirming the location of SCRP in the enterprise zone is attached.

Regarding contiguity, C.R.S. 31-12-104(1)(A) states that contiguity shall not be affected by the existence of intervening public land between the annexing municipality and the land proposed to be annexed. Fort Carson is a substantial acreage of public land that lies between SCRP and the City of Colorado Springs boundary. If Fort Carson were disregarded, more than 1/6<sup>th</sup> of the perimeter boundary of SCRP is contiguous to the City. Accordingly, the proposed annexation of SCRP into the City of Colorado Springs meets all State statutory requirements.





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**COMPLIANCE WITH CONDITIONS FOR ANNEXATION IN ARTICLE 7.5.701.C OF THE UDC**

Section 7.5.701 of the City's UDC sets out the City's Policy for the annexation of land into the City and Subsection C sets out the Conditions for Annexation. An analysis of SCRP's compliance with these conditions for Annexation is set out below:

***a. The area proposed to be annexed is a logical extension of the City's boundary;***

As noted above, the annexation of the SCRP property meets all statutory requirements related to proximity to the City and contiguity. State statute allows the adjacent Fort Carson to be bypassed as it is intervening public land and allows an exception to the 3-mile rule because of the property's inclusion in the Pikes Peak Enterprise Zone.

The City of Colorado Springs is the only municipality in the region that has the utility capacity to serve this strategically and economically important development. The property lies adjacent to the Colorado Springs Utility's Nixon Power Plant, which provides a nexus for City utility services.

***b. The development of the area proposed to be annexed will be beneficial to the City. Financial considerations, although important, are not the only criteria and shall not be the sole measure of benefit to the City;***

The SCRP project provides a unique and significant economic development opportunity for the Southern Colorado region. It has the potential to be a mega-site for rail-oriented industrial development, including strategically needed new manufacturing facilities, unlike any other available in the State of Colorado. SCRP will provide a new economic engine for the City and region, reducing the region's dependence on revenues from government and military facilities.

Fort Carson is a major strategic and economic influence in the City of Colorado Springs and the Southern Colorado region. Currently Fort Carson has only one rail spur access and that has seven critical points of failure. SCRP's first phase and first priority is to extend the rail line to Fort Carson. This will enhance Fort Carson's deployment capability and make Fort Carson more resilient and BRAC proof.

***c. There is a projected available water surplus at the time of request;***

Preliminary data from Colorado Springs Utilities indicates that there is an available water surplus to serve the SCRP development based upon the 128% supply rule and initial water demand estimates. The property owner/developer is committed to controlling the type of industrial uses that develop within SCRP, with the intention of being a steward of water use to ensure continued sustainability of the development.

- d. The existing and projected water facilities and/or wastewater facilities of the City are expected to be sufficient for the present and projected needs for the foreseeable future to serve all present users whether within or outside the corporate limits of the City;***

Colorado Springs Utilities has preliminarily indicated that the water and wastewater facilities of the City are expected to be sufficient to serve all present users as well as the projected needs for SCRP.

- e. The annexation can be effected at the time the utilities are extended or at some time in the future;***

The proximity of Colorado Springs Utility's Nixon Power Plant provides a nexus for City utility services that can readily be extended to serve the property.

- f. The City shall require as a condition of annexation the transfer of title to all groundwater underlying the land proposed to be annexed. Should such groundwater be separated from the land or otherwise be unavailable for transfer to the City, the City, at its discretion, may either refuse annexation or require payment commensurate with the value of such groundwater as a condition of annexation. The value of such groundwater shall be determined by the Utilities based on market conditions as presently exist;***

All groundwater rights will be transferred to the City upon annexation.

- g. All rights of way or easements required by the Utilities necessary to serve the proposed annexation, to serve beyond the annexation, and for system integrity, shall be granted to the Utilities. Utilities, at the time of utility system development, shall determine such rights of way and easements;***

All required rights-of way or utility easements will be dedicated to the City or granted to Colorado Springs Utilities at the time of utility system development.

- h. If the proposed annexation to the City overlaps an existing service area of another utility, the applicant shall petition the PUC (Public Utilities Commission) or other governing authority to revise the service area such that the new service area will be contiguous to the new corporate boundary of the City.***

The property is currently within the City of Fountain electricity service area, Fountain Sanitation District wastewater service area and Black Hills Energy gas service area. The property is not currently within a fire protection district. The owner will petition to be removed from the appropriate service territories as determined by the City upon annexation to the City.

## ZONING REQUEST

When property is annexed into the City it must be rezoned from County zoning to an appropriate City zoning. The request is to rezone the property as a Planned Development Zone (PDZ) district in the City. The northern portion of the property lies within the Commercial Airport Overlay District in El Paso County. It is proposed to carry this designation forward as an Airport Overlay (AP-O) zone in the City. Industrial and commercial uses are allowed within all the AP-O sub-zones except the ADNL where most uses are conditional. The SCRP site does not lie within the ADNL sub-zone.

A PDZ zoning is requested to provide maximum flexibility in the use options for the site and the location of those uses within this large 3,100-acre property. It will also provide standards that ensure a consistently high quality of development and will facilitate appropriate project phasing having regard to the availability of road and utility infrastructure to support the development of SCRP. This approach is consistent with the purposes of a PDZ district as set out in Article 7.2.701 of the UDC, which, inter alia, seeks to:

- Encourage high quality developments that could not otherwise be achieved through the application of the City's standard zone districts.
- Provide a means of developing large, undeveloped tracts of land or other unique sites with a unified approach;
- Provide a clear and reasonable plan for the phased development and completion of proposed development, consistent with the Colorado Springs Comprehensive Plan.

Per Article 7.2.702 of the UDC, a PDZ district is only permitted where the proposed design could not be developed using conventional zone districts or UDC standards. SCRP provides a unique opportunity to attract very large-scale rail-based industrial uses that would not be appropriate elsewhere in the City. The most intense industrial zone in the UDC is General Industrial (GI) and the permitted uses in this zone may not accommodate future uses that could be attracted to SCRP due to its size, location and rail service. There is an existing gravel extraction operation on the property that will remain operational for less than 10 years. This ongoing mining operation can be incorporated as an allowed use in a PDZ zoning. While the predominant uses of SCRP will be heavy industrial, there may also be some lighter industrial uses or commercial service uses that may not be allowed in the GI zone but would be complementary to the SCRP industrial focus. It is also proposed to include a small commercial center adjacent to Charter Oak Ranch Road to service Gate 19 traffic to Fort Carson. While there are conventional zones that can accommodate these uses, the need to define precise boundaries for these zones at this stage would result in rigid zone district boundaries that do not allow the flexibility required to ensure the long-term success of SCRP.

UDC subsection 7.2.704.1.A. requires that the land use types and mix, intensity, and density (maximum gross residential density and maximum square footage for nonresidential land uses) and the maximum building heights of the development are defined by and through the establishment of the PDZ district. Specifically allowed land uses and development standards will be determined by the Land Use Plan. A detailed description of the Land Use Plan is provided below. Per the Land Use Plan, the estimated

square footage of buildings within the project is 5,635,154 SF based upon acreages by use type and application of standard Floor Area Ratios. It must be emphasized that this is an estimate (only) based upon prior inquiries for rail served sites and has been used to estimate job creation and is the basis for traffic analysis. To maintain flexibility within the SCRP PDZ District, the proposed maximum non-residential square footage for SCRP is 7,000,000 SF. It is acknowledged that the Traffic Impact Study (TIS) is based on the estimated figure, rather than the maximum, and a note has been added to the Land Use Plan that an update to the TIS may be necessary if square footage exceeds that analyzed in the study.

The proposed maximum height is 120 feet, which exceeds the 80-foot maximum height limitation in the GI zone, but is consistent with the height overlays allowed in other developments within the City. While most industrial uses have low profile buildings with large footprints, there may be a requirement for taller components associated with certain manufacturers of large equipment, particularly given the rail-based nature of SCRP. In the context of the adjacent power plant, this height allowance will be generally in character with the surrounding area. Height bonuses may apply per UDC Subsection 7.4.202.C.1 where conditions are met.

#### **COMPLIANCE WITH ZONING MAP AMENDMENT APPROVAL CRITERIA IN ARTICLE 7.5.704.D OF THE UDC**

Article 7.5.704.D of the City's UDC sets out the City's criteria for approving a Zoning Map Amendment (Rezoning). As noted above, it is a requirement of annexation to rezone the annexing property to an appropriate City zoning. An analysis of SCRP's compliance with the rezoning criteria is set out below:

***1. The proposed rezoning is consistent with the goals and policies of the Colorado Springs Comprehensive Plan, with other plans and policies adopted by the City Council; and with the purpose statement of the proposed zone district(s).***

The SCRP property is currently within El Paso County (EPC) and is identified in the El Paso County Master Plan as a Potential Area for Annexation. The EPC Master Plan acknowledges that the incorporated municipalities will need to annex parts of the unincorporated County to accommodate new development and that the County should continue to coordinate with the individual cities and towns as they plan for growth. The EPC Master Plan also identifies SCRP as an Employment Priority Development Area that should be prioritized first for new employment development to maintain a diverse economy with significant employers in a wide range of sectors. The proposed "Railyard by Fort Carson" is identified in the El Paso County Master Plan as having the potential to promote vertical integration with the creation of supporting businesses such as manufacturing, warehousing, and roadway distribution due to the proximity to I-25. Depending on scale, these types of businesses could have consequential effects on new employment opportunities for County residents.

The City's Comprehensive Plan, PlanCOS, is structured around six vision themes that are depicted on Framework Maps. As the SCRP property is not currently within the City, there are no specific mapped areas within PlanCOS that apply directly to the site. However, there are several policy directions that are applicable and support the proposed annexation and rezoning of the property for the uses identified on the Land Use Plan.

Fort Carson is identified as a cornerstone institution in PlanCOS with a goal to support, reinforce, and expand these institutions and to connect and integrate them within the larger community. PlanCOS notes that the military is the largest direct and indirect contributor to the City's economy and that the City needs to grow and develop in a way that complements the major military role in the community. The following specific goals, policies and strategies within the Thriving Economy Chapter of PlanCOS would be advanced by the successful annexation and development of SCRP:

- Goal TE-1: Build on our quality of place and existing competitive advantages.
  - Policy TE-1.A: Preserve and strengthen key economic sectors and strive to grow medium and high-wage jobs in targeted industry clusters.
  - Strategy TE-1.A-1: Provide an adequate supply of varied, development-ready sites that are appropriate for new investments in existing industry and targeted clusters.
  - Strategy TE-1.A-2: Prioritize growth in regional targeted industry clusters – sports medicine and related health services; professional, scientific and technical services; and aviation and specialty manufacturing – when allocating available economic development incentives.
  - Strategy TE-1.A-5: Target, create, and promote incentives for businesses and industries that foster growth and retention of jobs offering wages higher than the county average.
- Goal TE-2: Diversify the local economy by fostering a range of business types and sizes.
  - Strategy TE-2.A-1: Identify, accommodate, and provide supportive zoning for key sites for industrial uses with good multimodal access to highways, railroads, and the Airport.
  - Strategy TE-2.B-3: Retain or modify plans and regulations to allow for a complementary mix of industrial and commercial uses, workforce training, and business services in locations identified for commercial and business development.
  - Strategy TE-2.D-1: Support the city's Cornerstone Institutions (Typology 1), manufacturing core, and other industries with continued quality infrastructure that meets the city's needs.
- Goal TE-3: Continue and initiate regional coordination and partnerships focused on economic development and shared fiscal sustainability.
  - Policy TE-3.A: Foster cross-jurisdictional collaboration and planning with other public agencies...
  - Strategy TE-3.A-1: Consider regional and statewide market conditions and development trends when creating new land use regulations.
  - Strategy TE-3.A-2: Coordinate land use decisions of major economic impact with Colorado Springs Utilities and applicable economic organizations.
  - Strategy TE-3.A-3: Pursue intergovernmental agreements focused on mutually supportive fiscal sustainability.
  - Strategy TE-3.A-4: Coordinate with relevant agencies and other community partners in the identification, refinement, alignment and marketing of federal, state and locally



designated opportunity zones and other investment areas in order to maximize their overall use and benefit to the City and region.

- Policy TE-3.B: Coordinate and partner with regional military installations.
- Strategy TE-3.B-2: Coordinate among military installations and other partners on public improvements and facilities that serve the city and installations.
- Strategy TE-3.B-4: Encourage new land uses and business opportunities that help attract and integrate former service members and their families into the Colorado Springs community.
- Strategy TE-3.B-5: Ensure development adjacent to military installations is consistent with their long-term and operational goals.

Each of these objectives are directly or indirectly advanced by the successful annexation and development of SCRP.

SCRP is the product of a public-private partnership initiated for economic development and to assist Fort Carson. In addition to providing a second and more secure rail access to Fort Carson, the rail park will employ soldiers who leave military service, which are estimated at 400 per month from Fort Carson alone, thus helping our veterans to integrate into and remain in our community.

**2. *The rezoning will not be detrimental to the public interest, health, safety, convenience, or general welfare.***

The rezoning of SCRP to PDZ provides a unique opportunity to bring significant manufacturing employment to the region that will have a substantial benefit to the public interest and general welfare of the community. All industrial uses will be subject to local and State regulations relating to air and water pollution, noise, emissions, materials and waste handling, etc. and will not create a public safety issue. Fort Carson abuts the site on three sides and to the east are two power plants, which are ideal neighbors to the proposed rail park. There are no residential subdivisions west of I-25 in this part of the City or County and the nearest residential home is over 1.5 miles away on the east side of I-25.

**3. *The location of the lands in the zoning map area being amended are appropriate for the purposes of the proposed zone district(s).***

The Southern Colorado Rail Park lies between Fort Carson to the north, east and south, and the Nixon powerplant, a quarry and I-25 to the east. Fort Carson abuts the site on three sides and adjacent to the SCRP property are live-fire gunnery ranges and an active military airfield for the Combat Air Brigade (helicopters). To the east are two electric generation power plants and one of the plants is rail served. Within the property is the 650-acre Schmidt Construction quarry, which will continue to operate for no more than 10 years while the rail spur and industrial park is implemented.

The proposed use of a rail-served industrial park on the subject property is an appropriate land use given the intensity of the adjacent uses. This is perhaps the most suitable location in the entire City and County for industrial development of this scale. In addition, both the new rail spur and associated industrial uses will provide direct support and benefit to Fort Carson's mission, as well as providing substantial economic and job growth opportunities for the area.

- 4. *If the application proposes to rezone a small area of land, the application demonstrates that the size, scale, height density, and multimodal traffic impacts of the proposed rezoning are compatible with surrounding development or can be made compatible with surrounding development through approval conditions.***

Not applicable. The applicant is proposing to rezone a 3,100-acre property. As noted above, the proposed rail park and associated industrial uses are compatible with the surrounding land uses.

- 5. *If the application proposes to rezone a relatively small area of land, the application demonstrates that the change in zoning will not create significant dislocations of tenants or occupants of the property, or that any impacts are outweighed by other public benefits or progress toward other Colorado Springs Comprehensive Plan goals that would be achieved by approval of the application.***

Not applicable. The applicant is proposing to rezone a 3,100-acre property.

- 6. *If a Land Use Plan or amendment to a Land Use Plan accompanies the application, the Land Use Plan or amendment complies with the applicable criteria in Subsection 7.5.514C.3 (Land Use Plan Criteria).***

A Land Use Plan is submitted with this rezone request. An analysis of compliance with the applicable criteria in UDC Subsection 7.5.514.C.3 is provided below.

- 7. *The application is consistent with any approved Concept Plans in the area for which the map is being amended or includes or is accompanied by a provision that approved Concept Plans that have been classified as implemented do not have to be amended in order to be considered consistent with an amended zoning map.***

There is no applicable City approved Concept Plan for the property. A Sketch Plan was submitted to El Paso County and approved by the Board of County Commissioners on June 4, 2024. The PDZ rezone request and the accompanying Land Use Plan are consistent with the approved Sketch Plan.

- 8. *If the application is for creation of an ADS-O district, the approval criteria applicable to the creation of the text of the ADS-O district in Section 7.2.607D.47.5.702 (Decision) shall also apply to consideration of the zoning map amendment required to create or amend the boundaries of the ADS-O district.***

Not applicable. This rezone request does not include the creation of an ADS-O district.

**9. *If rezoning to a PDZ district, the proposed PDZ district provides significant community amenities or other benefits, as determined by the Manager, that promote the achievement of Colorado Springs Comprehensive Plan goals and would not otherwise be required of the applicant under this UDC or other City or governmental regulations.***

The owner of the SCRP property, Edw. Levy Co., has voluntarily entered into an MOU with local municipalities, including Colorado Springs, to develop this substantial property as a rail-served industrial park with the primary goal of enhancing the security and operations of Fort Carson and providing significant manufacturing employment opportunities for the region. This is a unique and rare opportunity to promote such a significant mega-site to attract major new manufacturing companies to Southern Colorado.

UDC Subsection 7.2.705 requires that PDZ district provide at least two of the following community benefits: high quality design features, community amenities, mix of housing types, and sustainable development practices. These benefits do not translate well to a non-residential/industrial focused PDZ such as proposed for SCRP. However, the intent is to provide a development comprised of high-quality, state of the art advanced manufacturing facilities within an industrial park which is designed to be sustainable, with attractive streetscape throughout and quality building design and landscaping that is appropriate to the industrial character of the rail park. Little Fountain Creek and Rock Creek run through the site which provides an opportunity to create open space and trails to serve as an amenity for employees of SCRP.

**10. *Complies with the additional standards of the base zone district where the property is located (see Article 7.2 (Zone Districts)) or in an overlay district that applies to the property (see Part 7.2.6 (Overlay Districts)).***

The proposed PDZ Zone District and accompanying Land Use Plan determine the zoning and development standards for this project. There is no base district applicable to this property.

## **LAND USE PLAN REQUEST**

The SCRP Land Use Plan covers the entire 3,100 acres of the SCRP project. As noted above, there are 6 out-parcels in the center of the property, totaling approximately 40 acres, that are not included in the subject property. The Sketch Plan addresses, and the future development of SCRP will continue to address, access for those out-parcels. The Land Use Plan includes the general alignment of the proposed railroad spur through the property to service Fort Carson, together with an internal rail loop to provide train storage and expand the area for rail access.

Approximately 650 acres of the property is currently an active gravel mine, operated by Schmidt Construction Company. It is anticipated that the mining operation will continue until all aggregate has been extracted from the property, which will take about 8-10 years. Once the mining area is reclaimed it will be available for development as part of the SCRP. The reclamation of the property is governed by existing State permits and the reclamation obligation is secured by an existing bond in an amount

exceeding \$1,500,000. The continued use of the mining operation is accommodated in the proposed PDZ district.

### **Land Uses**

The Land Use Plan identifies areas for heavy railroad-oriented industry in the southern half of the site that has direct access to the rail spur and rail loop. In the northern portion of the site there is a transition to light industrial and commercial service uses. A 10-acre parcel is identified adjacent to Charter Oak Road and next to Gate 19 into Fort Carson, which is expected to serve day-to-day commercial needs of Fort Carson military personnel, civilian employees, dependents, and visitors, as well as employees and visitors of the Rail Park.

As noted with the PDZ zoning, while areas of potential land use are identified on the Land Use Plan it is intended to provide maximum flexibility in the use options for the site and the location of those uses within this large 3,100-acre property. The Land Use Plan is intended as a broad concept for the property to define opportunities and constraints. Land use areas may change in size and location within the overall parameters of the Land Use Plan. Access and road locations are also conceptual and subject to further design review and approval by CDOT or the City.

### **Floorspace and Employment Assumptions**

Estimates of Floor Area Ratios (FARs) have been extrapolated by comparison with similar rail-oriented activities and other industrial and commercial uses in the region. Generally, the FARs for rail-oriented industrial uses are very low as the properties tend to be used primarily for external storage with limited need for buildings.

**DUAL-SERVICE RAIL PARK OF SOUTHERN COLORADO: LAND USE MATRIX**

	TIMELINE	PROPOSED LAND USES	ACREAGE	ADJUSTED ACREAGE <sup>1</sup>	APPROX. FAR	APPROX. SQ.FT.	SQ.FT./ EMPLOYEE	# EMPLOYEES
PHASE 1	2025	Rail Spur and Easement	37	n/a	n/a	n/a	n/a	n/a
		<b>PHASE 1 TOTAL</b>	<b>37</b>					
PHASE 2	2030	Commercial	11	9	0.2	74,575	150	497
		Commercial Services	20	16	0.15	106,635	400	267
		Light Industrial	274	219	0.1	954,835	880	1085
		Heavy/Rail-Served Industrial	498	398	0.0388	672,941	880	765
		<b>PHASE 2 TOTAL</b>	<b>803</b>					
PHASE 3	2035	Heavy/Rail-Served Industrial	928	742	0.0388	1,254,210	880	1425
		<b>PHASE 3 TOTAL</b>	<b>928</b>					
PHASE 4	2040	Commercial Services	109	87	0.15	568,197	400	1420
		Light Industrial	575	460	0.1	2,003,760	880	2277
		<b>PHASE 4 TOTAL</b>	<b>684</b>					
		<b>TOTAL</b>	<b>2451</b>	<b>2206</b>		<b>5,635,153</b>		<b>7,736</b>
		Low Impact	101	n/a	n/a	n/a	n/a	n/a
		Drainage/Open Space	234	n/a	n/a	n/a	n/a	n/a
		No-Build Steep Slopes	190	n/a	n/a	n/a	n/a	n/a
		Right-of-Way	121	n/a	n/a	n/a	n/a	n/a
		Misc.	12	n/a	n/a	n/a	n/a	n/a
		<b>TOTAL ACREAGE</b>	<b>3109</b>					

**NOTES**

1. Reduced 20% for internal local roads and on-site detention

Estimates of the number of employees have also been extrapolated from data provided by both the Colorado Springs Chamber and EDC (“CSCEDC”) and the City of Fountain on business prospects that are seeking rail-oriented sites and an “IMPLAN” analysis undertaken by the CSCEDC. The employment data has been used as the basis for the Traffic Impact Analysis as a more accurate method of evaluating trips for this type of use, rather than the traditional use of building square footage.

### **Phasing**

The first phase of the project is to design and construct the rail spur through the center of the rail park. The second phase will be the implementation of the commercial development off Charter Oak Ranch Road and the industrial uses adjacent to the railroad via a new minor arterial street off Charter Oak Ranch Road. Phase 3 will be dependent upon the final design of the proposed extension of Powers Blvd east of I-25, which will determine the location of the Powers and I-25 intersection. The final phase of development is subject to the closure and reclamation of the current gravel extraction operations. This will complete the rail park development. The development will be phased as follows:

	START	ACRES	USE
PHASE 1	2025	36.8	Design and Construction of Rail Spur
PHASE 2	2027	906.4	Commercial development adjacent to Charter Oak Road. Heavy/light industrial development adjacent to rail spur.
PHASE 3	2035	949.3	Road connection to I-25. Industrial development in the southern portion of the park
PHASE 4	2035	719.9	Reclamation of the gravel extraction operation in northeast portion of park/completion of commercial and light industrial development

### **Access and Traffic**

An arterial road connection through the property is proposed that will ultimately connect Fort Carson and Charter Oak Ranch Road to the north with a new intersection of Powers Boulevard to I-25 to the south. Internally there will be industrial collectors and local roads that will provide access to the proposed industrial and commercial areas of the site.

A Traffic Impact Study (TIS) prepared by Wilson & Company is included with the Land Use Plan submittal. The TIS assumes that initial access will be via Charter Oak Ranch Road only to support the initial phases of development. The new I-25/Powers intersection is a long-term project and, while it is anticipated to be in place by the time of the full build out of the rail park, the analysis of the intersection is deferred to a future interstate access request.

The TIS concludes that the Charter Oak Ranch Road access can support the development of Phases 1 and 2 of the development. With the build-out of Phase 3, intersections in the study area could begin to exhibit poor levels of service and it is likely that the planned future connection to I-25 will be needed prior to the completion of Phase 3. In view of the high-level assumptions used at this initial Land Use

Plan stage, the TIS recommends that the need for the I-25 connection should be evaluated as development progresses, which is consistent with the CDOT review letter. The TIS concludes that the proposed functional classifications of the internal roadways are appropriate based upon projected build-out daily traffic volumes, connectivity and expected use.

The TIS is based upon the estimated non-residential square footage of 5,635,154 SF. If development is proposed in excess of this estimate, an update to the Master TIS may be required.

### **Utilities**

Preliminary information from Colorado Springs Utilities indicates that there is an available water surplus to serve the SCRP development based upon initial water demand estimates. The property owner and developer is committed to controlling the type of industrial uses that develop within SCRP, with the intention of being a steward of water use to ensure continued sustainability of the development.

Subject to system upgrades already in progress, Colorado Springs Utilities has indicated that the water and wastewater facilities of the City are expected to be sufficient to serve all present users as well as the projected needs for SCRP.

The proximity of Colorado Springs Utility's Nixon Power Plant provides a nexus for City utility services that can readily be extended to serve the property.

### **COMPLIANCE WITH LAND USE PLAN REVIEW CRITERIA IN ARTICLE 7.5.514.C.3 OF THE UDC**

Per Subsection 7.5.514 C.3 of the City's UDC, if a Land Use Plan is submitted in connection with an application to establish a zone district or to change zone district boundaries, the Land Use Plan shall be reviewed based on the following criteria:

***a. Consistency with the Colorado Springs Comprehensive Plan and other plans and policies adopted by City Council;***

An analysis of the compliance with PlanCOS is provided under the rezoning criteria above. The 2006 Annexation Plan is out of date and the City is currently in the process of creating a new Annexation Plan. Other City plans generally do not include policies or proposals for properties not currently within the City boundary.

***b. Consistency with development standards the zone district in which the property is located, or would be located after a requested zone district change;***

The proposed PDZ Zone District and accompanying Land Use Plan determine the zoning and development standards for this project.

***c. Compatibility with the land uses and development intensities surrounding the property;***

The Southern Colorado Rail Park lies between Fort Carson to the north, east and south, and the Nixon powerplant, a quarry and I-25 to the east. Fort Carson abuts the site on three sides and



adjacent to the SCRP property are live-fire gunnery ranges and an active military airfield for the Combat Air Brigade (helicopters). To the east are two electric generation power plants and one of the plants is rail served. Within the property is the 650-acre Schmidt Construction quarry, which will continue to operate for not more than 10 years while the rail spur and industrial park is implemented.

The proposed use of a rail-served industrial park on the subject property is an appropriate land use given the intensity of the adjacent uses. This is perhaps the most suitable location in the entire City and County for industrial development of this scale. There are no residential subdivisions west of I-25 in this part of the City and the nearest residential home is over 1.5 miles away on the east side of I-25. The site is not visible from I-25. In addition, both the new rail spur and associated industrial uses will provide direct support and benefit to Fort Carson's mission, as well as providing substantial economic and job growth opportunities for the area.

***d. Impacts of the permitted or requested uses, appropriate to the type of development, the neighborhood, and the community;***

SCRP provides a unique opportunity to bring significant manufacturing employment to the region that will have a substantial benefit to the public interest and general welfare of the community. All industrial uses will be subject to local and State regulations relating to air and water pollution, noise, emissions, materials and waste handling, etc. and will not create a public safety issue. Fort Carson abuts the site on three sides and to the east are two power plants, which are ideal neighbors to the proposed rail park. There are no residential subdivisions west of I-25 in this part of the City or County and the nearest residential home is over 1.5 miles away on the east side of I-25.

***e. Adequacy of proposed ingress/egress points and traffic circulation, both on and off the site;***

An arterial road connection through the property is proposed that will ultimately connect Fort Carson and Charter Oak Ranch Road to the north with a new intersection of Powers Boulevard to I-25 to the south. Internally there will be industrial collectors and local roads that will provide access to the proposed industrial and commercial areas of the site.

A Traffic Impact Study (TIS) prepared by Wilson & Company is included with the Land Use Plan submittal. The TIS concludes that the Charter Oak Ranch Road access can support the development of Phases 1 and 2 of the development. With the build-out of Phase 3, intersections in the study area will begin to exhibit poor levels of service and it is likely that the planned future connection to I-25 will be needed prior to the completion of Phase 3. In view of the high-level assumptions used at this initial Land Use Plan stage, the TIS recommends that the need for the I-25 connection should be evaluated as development progresses. The TIS concludes that the proposed functional classification of the internal roadways are appropriate based upon projected build-out daily traffic volumes, connectivity and expected use.

***f. Capacity of the existing streets, utilities, parks, schools, and other public facilities to serve the proposed development;***

The TIS addresses the capacity of existing streets to support the proposed development and indicates that with the build-out of Phase 3, intersections in the study area could begin to exhibit poor levels of service and it is likely that the planned future connection to I-25 will be needed prior to the completion of Phase 3. Preliminary data from Colorado Springs Utilities indicates that there is sufficient capacity with already planned system upgrades and required service extensions to provide utility service to the rail park. As a non-residential development, the proposed rail park does not impact park or school capacity.

***g. Promotion of transitions in height, intensity, or character between proposed non-residential or mixed-use development and nearby low-density residential zone districts.***

There are no residential subdivisions west of I-25 in this part of the City and the nearest residential home is over 1.5 miles away on the east side of I-25.

## Economic Development Department

**Crystal LaTier, Executive Director**

719-520-6484  
Economic Development Department  
Nine East Vermijo Avenue  
Colorado Springs, CO 80903  
[www.ElPasoCo.com](http://www.ElPasoCo.com)

**Board of County Commissioners**

Holly Williams, District 1  
Carrie Geitner, District 2  
Stan VanderWerf, District 3  
Longinos Gonzalez, Jr., District 4  
Cami Bremer, District 5

September 10, 2024

Mulliken Weiner Berg & Jolivet  
Attention: Joshua Wolff  
102 S Tejon Street, Ste 900  
Colorado Springs, CO 80903

Dear Mr. Wolff,

The following El Paso County parcels that make up the Southern Colorado Rail Park are situated within the geographic boundaries of the Pikes Peak Enterprise Zone:

- Edw C. Levy Co. dba Schmidt Construction Inc.
  - 6600000047
  - 6600000048
  - 6600000004
  - 6600000050
  - 6600000008
  - 6600000011
- Southern Colorado Rail Park LLC
  - 6600000009
  - 6600000049
  - 6600000041
  - 6600000010
  - 6600000040
  - 6600000012
  - 6600000014
  - 6600000030

The Colorado Enterprise Zone (EZ) Program was created by the Colorado Legislature (C.R.S. Title 39, Article 30) to promote a business-friendly environment in economically distressed areas by offering state income tax credits that incentivize businesses to locate and develop in – and non-profit organizations to assist with the needs of – these communities.

### Requirements/Eligibility Rules

Areas with high unemployment rates (25% above state average), low per capita income (25% below state average), and/or slower population growth (less than 25% of state average in rural areas) may be approved for EZ designation by the Colorado Economic Development Commission. Only taxpayers engaged in business that is legal under both state and federal law are eligible to claim EZ income tax credits.

## Program Description

Taxpayers investing in Enterprise Zones can earn a credit on their Colorado income tax by planning and executing specific economic development activities. The following incentives can be earned by businesses located in Enterprise Zones for tax years beginning 1/1/2014 and after.

BUSINESS INCOME TAX CREDITS	TAX CREDIT AMOUNT
Investment Tax Credit (ITC)	3% of equipment purchases
Commercial Vehicle Investment Tax Credit (CVITC)	1.5% of commercial vehicle purchases
Job Training Tax Credit	12% of qualified training expenses
New Employee Credit	\$1,100 per new job
Agricultural Processor New Employee Credit	\$ 500 per new job
Employer Sponsored Health Insurance Credit	\$1,000 per covered employee
R&D Increase Tax Credit	3% of increased R&D expenditures
Vacant Building Rehabilitation Tax Credit	25% of rehab expenditures (hard costs)

ADDITIONAL EZ INCENTIVES	INCENTIVE AMOUNT
Manufacturing/Mining Sales and Use Tax Exemption	Expanded S&U tax exemption in EZ
Contribution Tax Credit	25% cash / 12.5% in-kind on contributions to EZ projects

## Application Process

Each income tax year, a business located in an EZ must apply and be Pre-Certified prior to beginning an activity to earn any of the business tax credits listed in the table above. At the end of the income tax year, a business must Certify for the activities performed.

**EZ Pre-certification and Certification Applications and Program Information:** [oedit.colorado.gov/ez](http://oedit.colorado.gov/ez)

**Pikes Peak EZ Maps and Program Information:** [www.elpasoco.com/economicdevelopment](http://www.elpasoco.com/economicdevelopment)

The attached map denotes the location of each parcel within the boundaries of the Pikes Peak Enterprise Zone. Please contact our office with any EZ Program questions you may have, or if we can be of further assistance to the Southern Colorado Rail Park or Mulliken Weiner Berg & Jolivet team at this time.

Respectfully,



### Sara Lobato

*Economic Development Analyst*

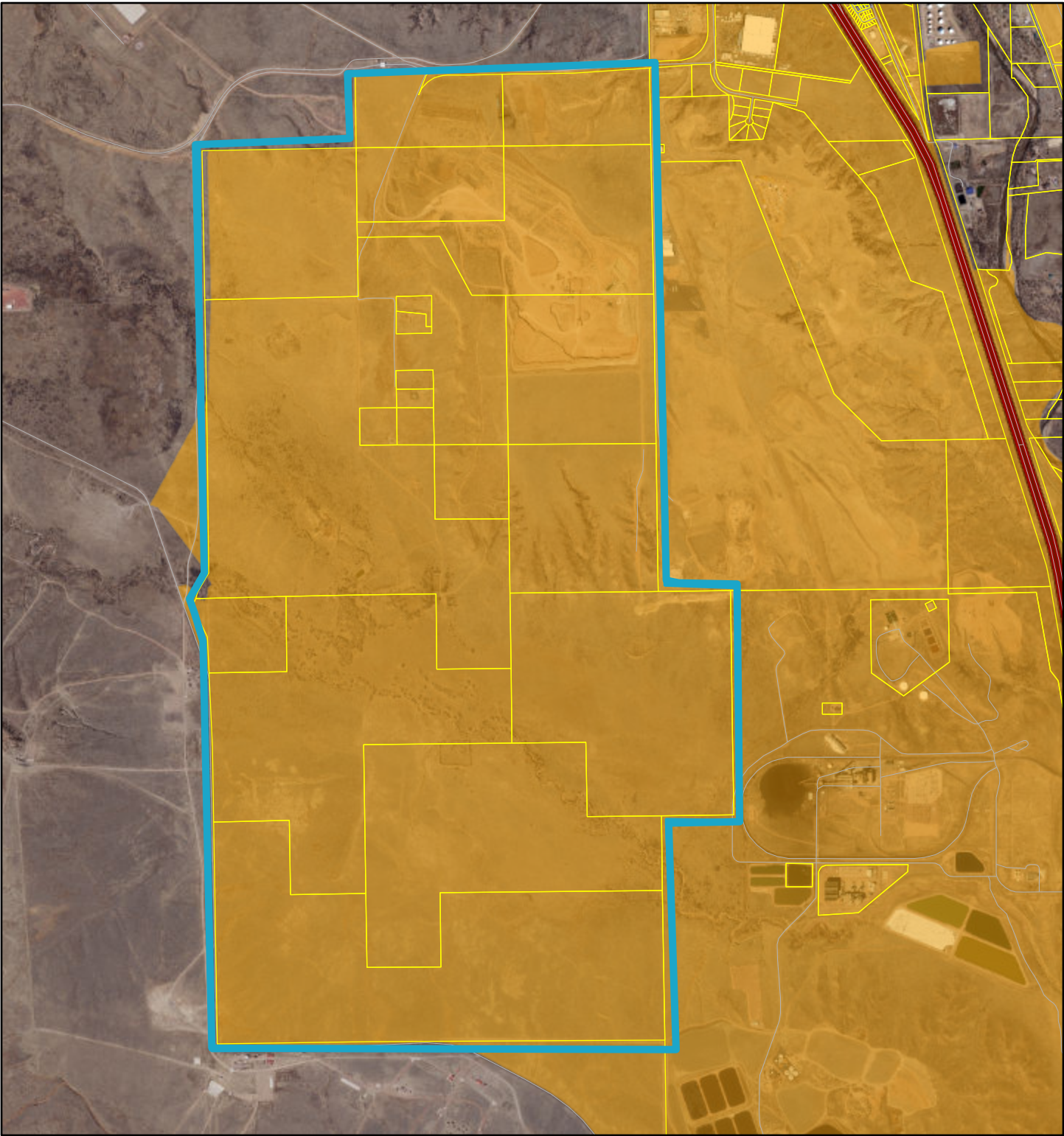
El Paso County Economic Development

9 E. Vermijo Avenue, Colorado Springs, CO 80903

Office: (719) 520-6480

[saralobato@elpasoco.com](mailto:saralobato@elpasoco.com)

# SOUTHERN COLORADO RAIL PARK






9/10/2024, 9:12:23 AM

Areas

-  Override 1
-  Override 2

 Parcels - Parcels (Use w/Aerial)

-  Streets \_ Roads
-  US Interstate Highways

Enterprise Zone  
 1/1/2016

