

July 19, 2019

Planning and Community Development Department
El Paso County
2880 International Circle
Colorado Springs, Colorado 80910
Attn: Nina Ruiz

Re: Cover Letter to Application for Special Use Permit

Ms. Ruiz:

We represent Copart, Inc., a Delaware corporation, and its affiliates (collectively, “Copart”) with respect to its acquisition and proposed development of a vehicle auction facility on approximately 80 acres of vacant land located in El Paso, Colorado (the “County”), which is referred to as parcel number 55041 01 001 (the “Property”). This letter is provided to aid the County in reviewing and approving the attached Special Use application.

BACKGROUND

Copart owns and operates vehicle auction facilities nationwide, including four in Colorado, one of which is located on Winters Drive in the City of Colorado Springs. A typical facility consists of an office building, customer parking, a shipping and receiving area, and a short-term storage area for vehicles, trailers, watercraft, and industrial and construction equipment that will be sold at online auction. These assets are typically not owned by Copart, and more often Copart is providing asset management and liquidation services to institutional, commercial, and other private parties who own the assets. Copart only liquidates “intact” assets, meaning that it does not dismantle or crush the assets or sell them for parts, unlike a junkyard, or vehicle dismantling yard.

The assets are listed for sale through Copart’s website where registered Copart members (primarily licensed dealers, dismantlers, rebuilders, and exporters, but also in some cases end users) bid on the assets, the majority of which are sold wholesale. Importantly, there are no live auctions on-site. If desired, buyers can inspect the assets at the facility, and the winning bidder arranges for pickup and transportation of their newly online-purchased assets.

Copart plays an important role in the liquidation of many vehicles and similar assets, especially in areas that are susceptible to insurance catastrophe events such as floods or hail storms. Often, these communities lack suitable permanent location to store the many vehicles that are totaled after such events, and do not have liquidation specialists such as Copart in proximity to handle the sudden influx in vehicles subject to liquidation. Copart’s facilities provide a necessary repository for these assets until they can be efficiently disbursed to buyers around the country and the globe, usually within 50-60 days.

Copart envisions developing a typical regional liquidation facility on the Property, as depicted on the Special Use Map and Plot Plan attached to the Special Use application (the “**Liquidation Center**”). Copart anticipates submitting a site development plan in the near future, which will depict the Liquidation Center in greater detail.

ANALYSIS

The Property is currently zoned I-2: Limited Industrial. The County has advised that the Liquidation Center will be classified as either “automobile and trailer sales” and “heavy equipment rental, sales or storage,” as such uses are defined in the County’s Land Development Code (the “**Code**”). These uses are allowed under I-2 zoning upon approval as a Special Use. Section 5.3.2(C) of the Code provides specific criteria for approval of a Special Use, and the Liquidation Center satisfies each of these criteria, as explained below.

I. **Criteria for Approval of a Special Use**

1. The special use is generally consistent with the applicable Master Plan.

The County adopted the Policy Plan in 1998 (the “**Policy Plan**”), which functions as the “overall policy element of the county master plan” and provides “guidance, direction and expectations concerning broader land use planning issues including growth management, compatibility, land use equity, property rights, and service standards.” While informative, the Policy Plan is “considered advisory and not legally binding upon the land use decisions of the County.” Further, applicable policies in the Policy Plan “should be considered and applied comprehensively rather than singularly” and the Policy Plan recognizes that because “[m]ost development proposals will naturally be consistent with some policies while inconsistent with others . . . [t]he appropriate approach is to evaluate all of the relevant policies and then make a land use decision with respect to overall consistency based upon a preponderance of the policies within this Policy Plan.”

The Liquidation Center is generally consistent with the goals and policies described within the Policy Plan, including the following:

- a. Policy 5.1.3 provides that the County should “[e]ncourage economic development strategies tailored to the unique conditions of particular subareas of the County.”

Policy 5.1.5 states that the County should “[p]romote quality and diverse economic development that is consistent with adopted plans, emphasizing both the creation and retention of jobs that meet the needs of citizens of the County at all skill levels.”

Pursuant to Policy 5.1.6, the County is encouraged to “[p]romote economic development alternatives, such as locating in industrial parks, which place the lowest strain on available infrastructure.”

Policy 5.1.12 is to “[d]iscourage or prevent land uses which threaten the long-term operating viability of critical infrastructure, such as the airport and industrial areas which must grow to accommodate new primary jobs for the County’s growing population.”

RESPONSE:

This subarea of the County and incorporated Colorado Springs are designated for industrial uses of varying intensity. Indeed, the Property is surrounded by existing industrial uses and properties zoned for future industrial use, either under the Code or as M-2 (Heavy Industrial) or PIP-2 (Planned Industrial Park) under the Colorado Springs zoning code. The Liquidation Center is precisely the type of use intended in this subarea of the County, and likely will be surrounded by like or more intense industrial uses as the area develops. Approval of the proposed Special Use will further the County’s strategy of consolidating industrial uses with similar uses in this subarea of the County. Further, because the Property is centrally located within a major industrial park, it will use the previously masterplanned infrastructure that existing and planned industrial uses will use, which will minimize the strain on County infrastructure caused by such industrial uses. In fact, Copart will create minimal impact on the current utility and public works infrastructure due to low use of water and wastewater services and roadway infrastructure.

Further, development of the Liquidation Center will create jobs for citizens of the County that possess a range of skill levels, and will help diversify the workforce within the County. Copart typically employs between 26-31 full-time employees at each facility, with jobs such as General Manager, Assistant Manager, Forklift Driver, and Non-Exempt Yard Personnel. It should be noted that, while Copart is a worldwide employer of business professionals, operational managers, operational workforce, and computer technology professionals, Copart considers each of its facilities as an employment center that offers many opportunities for furthering careers of all employees through training, promotion, education, and position placement throughout our business locations.

Finally, Policy 5.1.12 recognizes that the County has made a public policy decision to locate industrial uses in specific areas within the County, that industrial uses are vital to the County’s overall economic health, and that it is important for the County to preserve these areas for industrial development. Development of the Liquidation Center furthers this policy by fulfilling the County’s intentions to promote industrial development in appropriate areas.

Therefore, approval of the Special Use for the Liquidation Center will help achieve these policies from the Policy Plan.

- b. Goal 6.1.b provides that the County should “[s]upport growth and development in the unincorporated County in a manner which reasonably limits long term public costs, provides for the development of supporting infrastructure, preserves environmental quality, provides economic opportunities, and otherwise enhance[s] the quality of life.”

Policy 6.1.10 is to “[e]nsure that new development will not create a disproportionately high demand on public services and facilities by virtue of its location, design or timing.”

Policy 6.1.11 encourages the County to “[p]lan and implement land development so that it will be functionally and aesthetically integrated within the context of adjoining properties and uses.”

RESPONSE:

Similar to the policies described in (a) above, these policies focus on the concentration of industrial uses to limit their impacts on public costs, preserve the environment, and ensure their compatibility with adjacent properties.

The Liquidation Center will be located in a part of the County designated for industrial uses. It will not create a disproportionately high demand on public services or facilities. Given the current zoning, the County clearly anticipates industrial uses in this area. The Liquidation Center will have no greater impact on public facilities than any other industrial use. Indeed, other industrial uses allowed by right in I-2 zoning, such as dry cleaning plants, manufacturing facilities, freight terminals, food processing facilities, and garbage service facilities, will have a much greater impact on the local environment and public infrastructure because they will generate more waste, hazardous materials, and traffic, and present greater risks of fires, explosions, and other accidents compared to the proposed Liquidation Center. As previously noted, the Liquidation Center will create minimal impact on utility and public works infrastructure due to Copart’s low use of water and wastewater services and roadway infrastructure.

Finally, locating the Liquidation Center in this industrial park means it will be integrated within the functional and aesthetic context of adjoining uses. As depicted on the Plot Plan, the Liquidation Center will consist of a small office building at the north end of the Property, with 57 parking spaces for employees and patrons, and the rest of the Property will be vehicle storage areas. This fits the general industrial aesthetic that has developed, and will continue to develop, in the area.

For the above reasons, approval of the Special Use for the Liquidation Center will further these goals and policies from the Policy Plan.

- c. Policy 6.2.8: Clearly defined boundaries should be established for large institutional, industrial, and commercial areas and used in order to protect the integrity of established and developing neighborhoods.

Policy 6.3.4: Commercial, office, industrial and, residential development should be compatible with surrounding land uses in terms of scale, intensity and potential impacts.

RESPONSE:

As discussed at length above, the Liquidation Center is within a part of the County zoned for industrial uses and currently occupied by industrial users. The nearest neighborhood is more than 2,100 feet to the east and the properties between the Property and the neighborhood are all zoned I-2 under the Code or PIP-2 (Planned Industrial Park) under the Colorado Springs zoning code. The low-intensity use of the Liquidation Center will not impact the distant existing or future residential neighborhoods more than – and likely far less than – other uses allowed by right under I-2 or PIP-2 zoning.

Further, the intensity of the Liquidation Center will likely be far lower than the existing and future industrial uses developed in proximity. A Nustar petroleum facility is located west of the Property along Drennan Road with 7 tanks totaling 324,000 barrels of gasoline, diesel, and jet fuel and ethanol along with a 4-bay truck loading rack and automated bottom loading vapor combustor. This facility is a more intense industrial use than the proposed Liquidation Center, which will consist primarily of a small office building and storage lots with no manufacturing or other industrial processing of any kind. Existing nearby uses to the southeast and south of the proposed Liquidation Center include a U.S. Government military equipment storage yard, and a local school district bus storage and maintenance facility.

Therefore, approval of the Special Use will further these policies from the Policy Plan.

- d. Goal 7.1 Reasonably accommodate unique and special uses which provide value to the greater community and which can be made consistent with surrounding uses.

The Liquidation Center is not a typical, intensive industrial use. In fact, the County at first classified the use as Automobile and Boat Storage Yard, which is an allowed use by right in I-2 zoning. However, after reviewing the use in more detail, the County subsequently determined that the Liquidation Center is more akin to Automobile and Trailer Sales Area; thus, the Special Use application. The point is that the Liquidation Center

is a rather unique use that often does not fit into typical industrial categories, as defined by zoning codes.

Given its relatively unique nature, not every community has a liquidation facility. In the event of a flood, hail storm, or other catastrophic event that impacts hundreds or thousands of cars in such a community, it can be difficult to store and ultimately relocate those cars because there is no centralized facility capable of handling the requisite volume. While admittedly not as vital as a hospital or other life-safety facility, the Liquidation Center fills a need that allows local markets to store and liquidate cars and other vehicles safely, conveniently, and efficiently. Even in the absence of natural disasters or major recalls, the Liquidation Center will provide a unique and necessary service for El Paso County to facilitate orderly liquidations.

Therefore, approval of the Special Use to allow for the Liquidation Center helps accomplish this goal from the Policy Plan.

Whereas the Policy Plan provides County-wide guidance, it states that individual Small Area Plans “should be relied upon for specific land use guidance or detailed direction[.]” The County’s Small Area Plan Boundary Map shows that the Property is located within the Proposed Fountain Valley small area; however, the County has not yet adopted a Small Area Plan for that area.

For the above reasons, approval of the Special Use to allow for the Liquidation Center is generally consistent with the County’s Master Plan.

2. The special use will be in harmony with the character of the neighborhood, and will generally be compatible with the existing and allowable land uses in the surrounding area.

As mentioned above, the Property is surrounded by properties zoned I-2 under the Code or M-2 or PIP-2 under the Colorado Springs zoning code. A Nustar petroleum facility is located on Drennan Road further to the west, and a transportation center and a U.S. Army Reserve Center are in proximity. The Property is also a considerable distance from residential uses, the nearest of which is more than 2,100 feet east of the Property. In addition to the nearly half-mile of distance, multiple industrial zoned properties, a four-lane highway, and a relatively dense tree wall separate the Property from the residential uses to the east. Moreover, Copart’s typical hours of operation are Monday through Friday from 8:00 AM to 5:00PM, when most residents will be at work, school, or otherwise out of the house, and not at night or on weekends except when required to service rare casualty events.

The Liquidation Center is a low-intensity use that will be compatible with existing and future industrial uses in the area and the residential uses far to the east. The surrounding I-2, M-2, and PIP-2 zoning allow a variety of uses by right that are more intense and arguably less compatible with surrounding non-industrial uses compared to the Liquidation Center, such as bottling works, dry cleaning plants, electronics manufacturing, emergency facilities, food processing, freight

terminals, garbage service facilities, inert material disposal site – minor, lumber yards, medical marijuana infused product manufacturer – both hazardous and nonhazardous, marijuana cultivation centers, sexually oriented businesses, large animal hospitals, construction batch manufacturing, custom manufacturing, light and heavy general industry, junkyards, meatpacking, recycling processing centers, stockyards, transfer stations, vehicle dismantling yards, and landfills. Given the intensity and variety of the foregoing allowed uses, the Liquidation Center may present the least intense use in the area once it is fully developed. It will create relatively little traffic because most cars and other assets are transported on and off property via trucks that carry multiple vehicles at a time, which consolidates vehicle trips. The Liquidation Center will be surrounded by an opaque white perimeter fence that provides security but also buffers views into the facility. Further, Copart is a “dark” facility, with only low-intensity lighting of its building and drive entryway.

Therefore, the proposed Liquidation Center will be in harmony with the character of the neighborhood and compatible with both existing and future uses in the area.

3. The impact of the special use does not overburden or exceed the capacity of public facilities and services, or, in the alternative, the special use application demonstrates that it will provide adequate public facilities in a timely and efficient manner.

The Liquidation Center requires relatively little in the way of public facilities and services. It generates very little traffic because the cars and other vehicles are transported in bulk via truck, and it has only a small burden on other facilities such as utilities when compared to other industrial uses.

Given that the existing roads and other public facilities have been developed with other industrial uses in mind, the addition of the Liquidation Center will not overburden existing capacities. The Liquidation Center will not have any residents and, therefore, will not place any additional burden on parks or schools.

4. The special use will not create unmitigated traffic congestion or traffic hazards in the surrounding area, and has adequate, legal access.

As shown on the Plot Plan, the Liquidation Center will require two access points onto Drennan Road. Copart anticipates that most users will access the Site from the north traveling on Mark Scheffel Drive, then west onto Drennan Road or from the south and west from County Road 21 through the planned industrial park to the west of the Site, then east on Bradley Road, and finally north on Foreign Trade Zone Boulevard. These roads all have capacity to accommodate Copart’s relatively small amount of traffic. Accordingly, the Liquidation Center, with its convenient location and specialized market, will minimize traffic friction, noise, and pollution and promote free traffic flow without excessive interruption.

5. The special use will comply with all applicable local, state, and federal laws and regulations regarding air, water, light, or noise pollution.

Copart operates all of its facilities in compliance with all applicable local, state, and federal laws. Unlike other more intense industrial uses, such as recycling processing centers or manufacturing

facilities that may manufacture or process hazardous materials, the Liquidation Center does not present any acute risks of violating applicable laws. Compared to other uses allowed within this zone district by right, the Liquidation Center presents a very low risk of creating environmental issues. Copart also maintains a vigorous in-house Equipment, Safety and Environmental compliance division that performs detailed training and implementation of preventative and maintenance programs.

6. The special use will not otherwise be detrimental to the public health, safety and welfare of the present or future residents of El Paso County.

The Liquidation Center does not present any risks to the public health, safety, or welfare of the present or future residents of the County. If anything, as explained above, the Liquidation Center is a less-intense industrial use than many of the uses allowed by right on the Property and in the vicinity. Moreover, the Liquidation Center fulfills a community need in that it facilitates the local liquidation marketplace and can absorb increased inventory after insurance casualty events such as floods and hail storms.

Therefore, this criteria of approval for the Special Use application is satisfied.

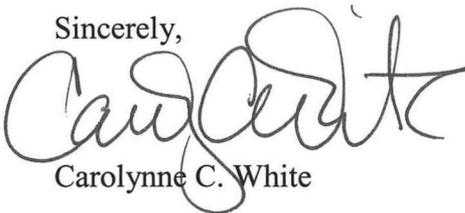
7. The special use conforms or will conform to all other applicable County rules, regulations or ordinances.

Development and operation of the Liquidation Center will conform to all applicable County rules, regulations, and ordinances. Copart places an emphasis on operating safe and lawful facilities.

II. Conclusion

As demonstrated above, the application for approval of a Special Use to allow for the Liquidation Center satisfies all of the criteria for approval in the Code. We hope this letter has been helpful in presenting information about the proposed Liquidation Center and respectfully request approval of Copart's application for Special Use.

Sincerely,



Carolynne C. White