
REVIEW OF THE NIWOT TOWN BUDGET PROPOSED FOR INCORPORATION

Date: September 21, 2026

To: Niwot Incorporation Committee

From: THK Associates, Inc., E. Peter Elzi, Jr.

Re: Independent Review of the Proposed Town of Niwot Budget for Incorporation

The following Memorandum was prepared by E. Peter Elzi, Jr. Director of Economics for THK Associates, Inc. Mr. Elzi holds a degree in Real Estate and Construction Management from the University of Denver and is a Colorado State Certified General Appraiser. Mr. Elzi has been with THK Associates, Inc. for 46 years. During that time, he has performed numerous Fiscal Impact and financial projection analyses for municipal and private clients. Fiscal Impacts analyses involve reviewing a Municipal or county budget, assessing a proposed project's impact on the financial structure of the municipality or county, and assessing the overall financial impacts of a proposed project. Other relevant experience includes financial analysis for municipal financing of infrastructure that includes estimates of property absorption, property values, and retail sales implications to estimate the bonding capacity that would result from a specific project. Municipal bond clients include DA Davidson, Piper Sandler, Stifel, and UMB Bank. Mr. Elzi is uniquely qualified to have performed this assignment.

THK was engaged to conduct an independent review of the Niwot Incorporation Committee's pro forma municipal budget. After examining every material assumption, revenue projection, expenditure line, and contingency, we found the assumptions reasonable, thoroughly researched, and well documented. The resulting model is consistent with an accurate, conservative operating budget for a newly formed Colorado municipality and aligns with practices we have seen across comparable communities. Based on our extensive experience in municipal finance consulting, we conclude that the Committee's pro forma provides a sound and reliable fiscal foundation for home-rule incorporation.

Mr. Elzi nor THK Associates, Inc. prepared the pro forma and was not asked to advocate for incorporation and was free to identify overstatements.

Respectfully Submitted:



THK Associates, Inc.
E. Peter Elzi, Jr., Director of Economics
Colorado State Certified General Appraiser

The purpose of this memorandum is to provide an independent review of the accuracy and reasonableness of the Niwot Town Budget proposed for incorporation. Niwot is currently an unincorporated community in Boulder County, Colorado. Niwot sits along the Diagonal Highway (CO-119) between Boulder and Longmont, roughly eight miles northeast of downtown Boulder. Per the incorporation committee, the proposed incorporation boundary encompasses approximately four square miles and 1,888 residential and commercial properties across dozens of subdivisions. The town has a present population of approximately 4,328 residents.

Municipal incorporation would create a local government elected by and accountable to Niwot residents, with authority over the local decisions that shape daily life in Niwot. Decisions about Niwot's roads, land use, building codes, infrastructure maintenance, and public safety are currently made by Boulder County Commissioners. The Niwot Incorporation Committee (NIC) was formed to investigate incorporation to give Niwot control over its own land use and economic development, downtown business vitality, governance and accountability and finance mechanisms. As part of this process a detailed pro forma was developed that addresses the proposed tax structure, funds and fees necessary to support these core municipal services, and the related costs and expenses associated with the municipal operations.

The two primary household taxes proposed are the **2.5% sales tax** and the **4-mill property tax levy**. The full budget model also includes the following additional revenue sources that apply to Colorado municipalities under existing law:

- 2.5% municipal use tax
- 3% municipal retail marijuana tax
- State-shared and formula revenues (Highway Users Tax, Specific Ownership Tax, Road & Bridge, and Conservation Trust Fund)

The following is a comprehensive review of the proposed budget, by major item/category, including revenues and the related expenses.

1. Proposed Municipal Property Tax – 4 Mills

The 4.0-mill property levy funds roads, land use, administration, and public safety contracting. The 4-mill levy is very modest by comparable municipal measures. The total current mill levy in Niwot is 98.461 mills, so a 4-mill increase is only an increase of slightly over 4%. Other Boulder County communities have the following Mill Levies:

Community	2026 Mill Levy
Niwot (proposed)	4.00
Boulder	11.648
Erie	13.337
Longmont	13.42
Superior	13.627
Louisville	6.559

Understanding the current population, households and housing units in Niwot, as well as total amount of commercial space, allows THK to estimate the total market and assessed value of property in Niwot, and confirm the figures used in the proposed town budget. NIC estimated that there are 1,742 residential units, 95 commercial buildings and 51 exempt properties within the proposed Niwot boundaries. This data was taken from the full list of Niwot properties assessed at the Boulder County Assessor's Office, making the figures valid. The 1,742 residential properties are assessed at a market value of \$2.21 billion, or \$1,271,636 per unit, and the commercial properties are assessed at \$220.7 million, which support the estimated tax revenues in the proposed budget.

The current state assessment rates for commercial and residential properties (25% for most commercial property and 6.7% for residential property) have been properly applied, and the mill levy revenue properly calculated. And the projected market value growth rates, 4.4% for residential property and 2.4% for commercial property, are in line, and slightly below historic growth rates.

2. Proposed Sales Tax – 2.5%

The proposed 2.5% sales tax rate is lower than Boulder, Longmont, Louisville, Erie and most Front Range municipalities. Below are comparative examples. The combined rate of 7.84% includes the state sales tax (2.9%), the Boulder County sales rate (1.335%) and RTD and SCFD tax Rates (1.1%).

Community	Local Sales Tax Rate	Combined Sales Tax Rate
Niwot (proposed)	2.50%	7.84%
Erie	3.50%	8.84%
Longmont	3.53%	8.87%
Louisville	3.78%	9.11%
Boulder	3.86%	9.20%
Lafayette	3.87%	9.21%
Lyons	4.00%	9.34%

NIC has estimated current retail sales in Niwot to be approximately \$80 million. This is based on sales in the Local Improvement District of approximately \$25 million and another \$55 million in Non-local/remote taxable sales. These remote sales include the strong prevalence of online shopping, which is subject to local tax rates, which Niwot currently does not have.

THK has cross-checked these sales estimated an analysis of household retail expenditure patterns as well as an estimate of retail sales per square foot.

THK estimated the current supply and demand for retail space in Niwot. Per CoStar, there is currently 128,772 square feet of existing retail space in Niwot in 20 properties. With a 2026 population of 4,328, this equates to 30 square feet of space per person, below a typical community average of around 45 feet per person. This does indicate some leakage, where

consumers living within a specific trade area, such as a city or neighborhood, spend more on goods and services outside that area that local businesses are able to capture.

Location	Total Retail Space	2026 Population	Retail SqFt per Person	2026 Households
Town of Nwot	128,772	4,328	30	1,672

THK's estimate of retail sales in Niwot is based on household income and expenditure patterns. Niwot has a very high median household income of \$160,243. After accounting for various expenses such as taxes, housing, transportation and education, the total available for retail is \$58,989. With 1,672 households, this amounts to \$98,630,368 in total retail sales. Accounting for some leakage, THK estimates the retail sales in Niwot to be \$78.9 million, or just slightly below the NIC estimate of \$80 million. With an appropriate annual growth rate of 3.0%, THK's estimate of sales tax revenue in 2028 is \$2.07 million.

Estimated Household Expenditure Patterns and Retail Sales in the Town of Nwot, 2026

	Median Household			
	Amount	Percent		
Median Gross Income	\$160,243			
Taxes	\$36,055	22.5%	of Gross	
Disposable Income	\$124,188	77.5%	of Gross	
Housing	\$37,256	30.0%	of Disposable	
Transportation	\$12,419	10.0%	of Disposable	
Savings / Pensions	\$3,105	2.5%	of Disposable	
Medical / Insurance	\$9,314	7.5%	of Disposable	
Education	\$3,105	2.5%	of Disposable	
Total Available for Retail	\$58,989	47.5%	of Disposable	
Store Type		Percent of Total	Percent E-Trade	Brick & Motor
Automotive Repair, Minor	\$5,899	10.0%	2.0%	\$5,781
General Retail, 10,000 square feet or less	\$5,899	10.0%	12.5%	\$5,162
General Retail, more than 10,000 square feet	\$23,006	39.0%	30.0%	\$16,104
Building Materials and Supply Store	\$1,475	2.5%	5.0%	\$1,401
Automotive Fuel Sales	\$3,539	6.0%	2.5%	\$3,451
Personal Services, general	\$2,949	5.0%	5.0%	\$2,802
Recreation and Entertainment	\$2,949	5.0%	7.5%	\$2,728
Restaurant, Food and Beverage Services, Bar and Lounge, and Microbrewery, Cidery, Distillery, or Winery	\$10,323	17.5%	20.0%	\$8,259
Drive-Through Facility and Food and Beverage Services	\$2,949	5.0%	8.7%	\$2,692
Administrative, Professional, and Government Office**	N/A	N/A	N/A	N/A
Total Retail Applicable to Study	\$58,989	100.0%		\$48,380
Existing Nwot Households	1,672			
Total Estimated Retail Sales	\$98,630,368			
Nwot Capture (80%)	\$78,904,294			
Nwot Sales Tax Revenue (2.5%)	\$1,972,607			
2028 Sales Tax Revenue	\$2,072,471			

*Some stores are included in multiple store categories

*Exclusive of Miscellaneous Services

**Dollars Spent Not Applicable for this Retail Use

Source: U.S. Department of Labor, Bureau of Labor Statistics, & THK Associates, Inc.

3. Use Tax – 2.5%

The vast majority of use taxes will be generated from remodeling and renovations to existing improvements versus new construction, as there is a limited amount of developable vacant land in Niwot. The 2.5% use tax and the Use Tax revenues in the proposed Town budget are based on a comparable analysis with the City of Louisville, adjusted for population and household income. The tax is generally based on 50% of the total project valuation. The range of these rates is tightly grouped in the 3.5% to 4.25%.

Community	Use Tax
Niwot (proposed)	2.5%
Thornton	3.75%
Westminster	3.85%
Boulder	3.86%
Broomfield	4.15%
Fort Collins	4.35%
Arvada	3.46%
Denver	3.50%

To achieve the estimated 2028 use tax revenues of \$481,000 in the proposed Town budget the total permitted value of construction in Niwot would have to be just over \$39 million per year. To surmise how construction this would entail, using a \$275 per square foot construction cost, 39 million would deliver just over 140,000 square feet of building space, which is a very modest amount. A smaller municipality (less than 25,000 residents) might reasonably expect the use tax revenues of \$1.0 million to \$5.0 million per year.

As a further check, the average homeowner in Colorado spends \$14,200 on home remodeling and improvement projects annually, according to the U.S. Census. With approximately 1,430 owner-occupied units in Niwot, this equates to just over \$20 million. The use tax revenues for the proposed Town budget appear reasonable.

The use tax includes a vehicle use tax, which makes the use tax estimate conservative.

4. Retail Marijuana Tax – 3%

The Retail Marijuana Tax revenue of \$50,000, based on a 3% tax, beginning in 2028 appears to be justified, given the modeling of the one existing outlet, and the comparable per store revenue average of other Boulder County marijuana outlets.

5. Highway Users Tax Fund

Colorado distributes Highway Users Tax Fund receipts to municipalities under a statutory formula that weights registered vehicles more heavily than road mileage (80 / 20, as described by the Colorado Municipal League). The model uses 25 centerline miles and 4,500 registered vehicles. The vehicle count sits above a simple Boulder County per-capita check (approximately 0.72

registered vehicles per resident in 2025, which would imply closer to 3,100–3,200 vehicles at Niwot’s population, or roughly 1.9 per household). Even so, the implied yield of about \$4,000 per centerline mile is consistent with the formula and is slightly conservative as a planning figure. A lower vehicle count would reduce this line modestly; it would not change the feasibility conclusion.

6. Road & Bridge Fund

The road and bridge fund revenues of just over \$32,000 in the proposed Town budget are directly related to Niwot’s share of Boulder County’s 0.167 mill levy for roads and bridges. This share is based directly on the assessed value of Niwot versus the total Boulder County assessed value.

7. Specific Ownership Tax

Specific Ownership Tax (SOT) is paid at vehicle registration and then allocated by the county treasurer among every overlapping taxing jurisdiction in proportion to mill levy. Niwot’s proposed 4 mills would be a small share of the present composite levy so this is inherently a small line. The model’s \$180 blended tax per vehicle and 4,500-vehicle planning count produce about \$35,000 in 2028. Niwot’s household income is well above the state average, so the local fleet is more likely to be more numerous, newer and more valuable than the statewide mix — which would work in the town’s favor. Moving the count into the 3,600–4,200 range changes this line by only a few thousand dollars.

8. Grants/Conservation Trust Fund

Per the Town budget document, grant revenue is based modeled conservatively based on the specific state and federal programs for which a newly incorporated Colorado municipality of Niwot’s size and characteristics would be eligible. Key programs include:

GOCO Community Impact (Great Outdoors Colorado)
CDBG Public Facilities (DOLA/HUD)
CDOT Transportation Alternative Program (TAP)
DOLA Energy/Mineral Impact Assistance Fund (EIAF)
CDOT Safe Routes to School

The proforma model assumes a single, successful mid-range grant application per year, equaling \$270,000. Given the aggregate total of the funds available each year (GOCO alone plans to deliver \$16 million in grant programs annually alone) this assumption is reasonable.

The Conservation Trust Fund has an \$82 million statewide pool for 2026 and is mostly allocated on a per-capita basis. Niwot’s share would equal approximately \$60,000, which is relatively close to the \$72,000 implied in the budget.

9. Utility and Franchise Fees

Municipal utility franchise fees in Colorado are charges levied by local city or town governments on utility providers (like Xcel Energy) for using public rights-of-way to run infrastructure. Many Colorado municipalities set franchise fees around 3% to 4% of gross revenues from utility sales

within city limits, though specific flat fees or per-therm charges also exist. These fees are 3% in Boulder and Superior, generating \$2.1 million and \$310,000 annually, respectively. For Superior, with a population of approximately 13,500 people, this is \$22 per-capita. Applying this to Niwot, it would equal approximately \$95,000 annually. Thus, the \$75,000 in fees in the proposed Town budget is very reasonable.

10. Building Department Permit Fees

The Niwot building services are proposed to be contracted to SAFEbuilt, a Colorado municipal building services contractor that serves 71 municipalities in the state. The proposal calls for SAFEbuilt to retain 85% of building permit fee revenue. The budget estimates \$9,000 in net revenue for the Town in the first year from building permits, with gross revenues of \$60,000, and expenses of \$51,000 (85%) to SAFEbuilt. This is a partial year. Typical building permit fees along the Front Range are in the \$5,000 to \$7,500 range for a \$500,000 new build single-family home. The projected gross revenue increases to \$185,000 in Year 2 of the budget, with the town netting approximately \$27,000. Option 2 in the SAFEbuilt proposal, is benchmarked to the Boulder County fee schedule, proposes a 70/30 revenue split would improve the Town's position further. Either option in the SAFEbuilt proposal assumes a full-service building department and the department is net-positive financially to Niwot, by design. These building department projections are very reasonable and conservative, even considering that actual permit volume is uncertain in a nearly built-out community, and that this line item is very small relative to sales and property taxes.

11. Road Bond Proceeds

The \$16 million in one-time Road Bond proceeds are directly related to the expenses to be incurred for long-time deferred costs for road repairs and maintenance. Aside from the significant annual payment to repay the bond, the expenses for one-time and ongoing maintenance are well documented and substantiated. The Niwot road network suffers from years of neglect as Boulder County has essentially ignored the maintenance in Niwot. Through incorporation and bond issuance, the Town will have the ability to repair the entire system all at once and repay the debt through the new sales tax over 20 years. The bond issuance and proceeds can only go to the repair, reconstruction, improvement and maintenance of the road and transportation infrastructure. The costs also cover street sweeping and snow removal, as well as lights and striping.

Expenses and General Assumptions

The salaries and expenses, and service contracts associated with the proposed Town management and operations all appear reasonable and justified. Many of the expenses contract agreements. Public safety is to be contracted through the Boulder County Sheriff's office with approximately 2.0 full-time equivalent deputies, while the current unincorporated coverage is 0.67 full-time equivalent deputies. This final cost will be set by intergovernmental agreement. The building department is quoted from SAFEbuilt. The total road expenses combine four components: the one-time \$15.725 million deferred-repair outlay funded by bond proceeds; level debt service of approximately \$1.23 million per year after the 2029 partial year, per the Piper Sandler scenario; ongoing maintenance that includes an explicit set-aside for future capital projects; and snow removal, sweeping, signs, lights, and striping.

Administrative expenses and costs for events, beautification and downtown improvements are also included. The Downtown/Events/Marketing line is an extension of the Local Improvement District's adopted 2026 budget plus a town-wide increment.

The assumed growth rates in the proforma for residential and commercial properties are justifiable at 4.4% and 2.4% respectively. The annual inflation rate for all other categories at 3.0% is also justified and a widely used benchmark.

The proposed budget has been subjected to, and addresses, various potential fiscal shortfalls, by line item, by NIC, and has been tested by sensitivity and stress tests that simulate adverse and volatile economic conditions, including a Monte Carlo stress test. A Monte Carlo stress test is a computerized risk-analysis method that runs hundreds or thousands of randomized future scenarios to see how well a financial plan or trading strategy holds up under volatile conditions. These various tests reflect realistic economic behaviors and downsides. There are also significant contingencies (set 15% of expenses) and reserves in place in the NIC proforma model. The Monte Carlo results showed a less than 4% probability of reserves dropping below zero at any point during the 2028-2040 period.

The proposed budget document has also applied significant benchmarking and comparative analysis with similar sized, neighboring communities, in terms of household income, general fund revenues and public safety spending, and per capita sales tax per resident. In totality, the proposed budget appears, as stated, to demonstrate fiscal feasibility under conservative planning assumptions.

Appendix

THK ASSOCIATES, INC.

THK Associates, Inc, is a market research, landscape architectural, planning and urban design firm that assists public and private clients in making informed and realistic planning decisions. THK serves its' clients throughout the United States, with a broad base of professional skills and a multi-disciplinary team approach. With headquarters in Denver, Colorado, **THK** provides services which start with market feasibility studies, conceptual planning and design, followed by all phases of project implementation and construction supervision.

THK's expertise encompasses all aspects of planning, design and development including community and regional planning; urban design; land development planning; landscape architecture; economic and market research; and communication graphics. The firm is distinguished by its balanced emphasis on the physical, political, social and economic factors of a given project. Each assignment begins with a comprehensive analysis of the client's requirements and follows through with recommendations, emphasizing planning and design excellence, balanced by economic feasibility and preservation of the natural environment.

Since THK was formed in 1969, particular expertise has been developed in working with individuals, private corporations, and public agencies at the local, state and federal levels. **THK** conducts public meetings, community workshops and manages multi-disciplinary teams, successfully meeting construction and development budgets. **THK** Associates, Inc. strives for design solutions that enhance the environment and quality of life for all who use them -- a responsive synthesis of human values and aspirations.

Market and Economic Planning

The most important consideration in the development process is whether a project will be successful in the marketplace. **THK** Associates has a staff of professionals in the Marketing and Economics Division who conduct economic and demographic analyses and financial feasibility studies. The results of these analyses allow a client to test his ideas against the market and provide the designer with an economic basis for land planning decisions. Financial feasibility studies are also developed for specific projects, including pro forma income statements, cash flow analyses and determination of financial rate of return.

For the past decade, **THK** has been nationally recognized as one of the industry's leading authorities in golf course feasibility. **THK** has prepared over 600 studies for various types of golf courses and golf course real estate developments across the country. Our client list has included leading resort developers such as the Pebble Beach Company and Landmark Land Company, as well as many municipalities and public service districts, private real estate developers, country clubs and lending institutions.



As part of the land development process, socioeconomic studies are also undertaken for public agencies and private clients. These include economic base studies, development of public finance models, benefit costs analyses, public facilities cost estimates, fiscal impact studies, demographic analyses and surveys.

Appraisal and Valuation

THK Associates, Inc. provides valuation services for all property types. We are especially adept at valuing golf course properties and other special realty types. THK has prepared appraisals for over 400 golf properties throughout the nation and Mexico. We also have prepared value estimates for numerous residential communities, typically as an extension of our market research. We have extensive data bases for all property types in Colorado and other markets across the Country. We have monitored these markets for over 40 years. In the last year, we have valued golf courses, vacant land, single-family subdivisions, office buildings, industrial and warehouse buildings, retail/commercial, shopping centers, hotels and individual residential properties. Our staff is licensed in Colorado and has temporary licenses in at least twelve states. We also have associated MAI appraisers when that designation is required by a lender or client.

Expert Witness and Testimony Services

Our team of professionals also provides expert witness and testimony services for litigation support and bankruptcy cases related to real estate and business operations. Many cases have involved “retro-active” value estimates centered around lost profits and lender/developer liability. Our data base and associations developed over the last 40-years gives THK a unique ability to “re-create” market conditions at a specific historical point in time or in the future. Major cases in which we provided expert testimony include damage of value estimates related to Rocky Flats (Jefferson County, Colorado) to surrounding properties; damage estimates related to the failure of Oak Tree Savings and Loan and mitigated damages associated with residential loan portfolios around the nation. THK has also assisted many of our golf clients with expert witness and litigation support.

Land and Development Planning

The land development planning services at **THK** involves a team of planners, economists and landscape architects working together to develop a thorough understanding of client needs. Factors that are incorporated into the process are market and economic influences, physical conditions, political attitudes and environmental constraints. These influences are then synthesized into a design solution for the parcel, with open space and circulation patterns, which best integrates the user into the environment.

THK has experience with many types of land development projects. These have included planning for large multi-use commercial/ residential complexes, resort and golf course oriented communities, low-rise and high-rise multi-family developments, moderate and low income projects, elderly housing, estate and high density single family communities and government/ institutional complexes. Governmental permitting is often an important part of the development process. The firm is familiar with the approval process of local governments, frequently serving as the client's representative. This process could include preparing applications, coordinating agencies to resolve problems, and making presentations to community groups and legislative bodies.

Public Planning

THK has long provided planning services to federal, state and local governments, special districts and institutions. Studies include comprehensive plans for neighborhoods, cities, counties and regions; community facility analysis and subareas of planning such as housing, transportation and growth projections. Many of these planning studies have dealt with the impacts of growth, taking the form of an environmental impact statement that addresses social, economic and environmental concerns. **THK** has also assisted local government agencies in organizing planning services, establishing administrative procedures and the drafting of zoning ordinances and subdivision regulations and guidelines.

Community and urban design, as practiced by **THK**, involves the translation of cultural, social, economic, and land use influences into physical forms. To accomplish this, **THK's** designers and economists formulate development policies which then guide the location, size, aesthetic treatment and building characteristics of the proposed project. These policies are then used to create design solutions that carefully integrate new development into the surrounding area.

Many communities place a high value on the preservation and revitalization of historical areas. **THK** historical preservation services include: the analysis of physical conditions of buildings and areas to determine the feasibility of rehabilitation; market analyses to evaluate re-use potential; and design solutions and strategies for implementation of recommended programs.

Community planning projects often involve working closely with local residents and special interest groups. **THK** has had considerable experience with citizen participation and considers such input to be a vitally important part of community planning.

Landscape Architecture

THK's involvement in landscape architecture includes site analysis and project programming, site master planning, detailed site design, landscape design and horticulture, irrigation planning and design, interior landscape design, construction document

preparation, site inspection and landscape management. These services may be performed for private development projects, as well as for public parks, open space and streetscape designs.

Representative parks and open space projects have included regional and community park planning, neighborhood park and playground design, and planning and design for athletic field complexes, golf courses and open space/trail improvements.

Development projects have included landscape design for individual residences, interior planting design for office and retail projects, and design of plazas and streetscapes, entry features, buffers and greenbelts for single family and multi-family developments, business and industrial parks and mixed-use projects. **THK's** team approach, utilizing landscape architects, planners, graphic designers and economists, assures the creation of aesthetically pleasing, functional and economically designed environments.