

RECORD OF PROCEEDINGS

CITY OF DURANGO
RENEWAL PARTNERSHIP
VIRTUAL MEETING
1235 CAMINO DEL RIO, DURANGO, COLORADO
TUESDAY, JULY 21, 2020
4:30 PM
MINUTES

1. **CALL TO ORDER :** Board Member Dean Brookie called the meeting to order at 4:31 p.m.

2. **ROLL CALL :** In Attendance: Assistant City Manager Kevin Hall; Nicol Killian, Assistant Community Development Director; Scott Shine, Community Development Manager; Alex Rugoff, Business Development Coordinator; Mayor Dean Brookie; Mayor Pro-Tem Kim Baxter; Councilor Barbara Noseworthy; Councilor Chris Bettin; La Plata County Manager Mike Segrest; Business Improvement District Board Member, John Mahoney; and 9-R Board of Education representative, Andrea Parmenter; and La Plata County Assessor, Carrie Woodson

Councilor Melissa Youssef was absent

3. **APPROVAL OF MINUTES :**

3.1. **Approval of Minutes of June 16, 2020**

Motion by Kim Baxter, second by Barbara Noseworthy to approve the June 16, 2020 Minutes as presented. Motion passed with an 8 to 0 vote.

4. **PUBLIC COMMENTS**

4.1. **None.**

5. **REPORTS :**

5.1. **URA Case Study Presentation & Discussion.**

Scott Shine introduced Steve Art, Wheat Ridge URA Executive Director, who gave a presentation on URA projects that he has overseen in Wheat Ridge, Colorado and spoke about how they managed the negotiations with developers, offering incentives, and what the process was like. Mr. Shine commented that the City of Durango would benefit from using Wheat Ridge's arrangement with their URA as a model.

Mr. Art gave the Board information about his background and noted that he has been with the City of Wheat Ridge for about ten years. He was originally from California where he was the head of the redevelopment agency for twelve years. That agency is similar to URAs in the state of Colorado.

Mr. Art reviewed the basics of URAs noting that they were created to remediate blighting conditions through redevelopment. He commented on the negative connotation of the use of the term "blight," and explained the term is used to signify that there are blighting conditions within a specific area rather than referring to a specific building. He noted the twelve blighting conditions and stated that at least five must be present to form an urban renewal plan area. He reviewed terminology used in the urban renewal process and the distinctions between the terms projects and plans. The project is the Urban Renewal Plan adopted by the City, and within that project there are a variety of activities and undertakings.

Mr. Art explained the concept of tax increment financing that is encompassed by base and increment. The base is the current

property tax that is being paid before any activities or undertakings take place. Once the activity or undertaking is commenced, the property tax is increased and that constitutes the increment. The increment is the funding that will flow to the URA and allows for additional activities and undertakings. Tax Increment Financing is the mechanism that advances the purposes of the URA.

Mr. Art reviewed the definitions of Redevelopment Agreements and Development Agreements, which lays out the purposes of the plan and exactly what is going to occur under that activity or undertaking.

Mr. Art explained that URA funds can only be used for public improvements, and a proposal must prove that "but for" the URA funding the activity or undertaking would not be possible. Mr. Art explained how the TIF clock works for plans and projects. The development has a 25-year period to receive tax increment funding from a particular activity. After that time, the tax dollars would start flowing back to the various taxing entities. The time period can be shortened, but the advantage of the full 25 years is that the URA can use those funds to leverage other activities and undertakings. Mr. Art explained that the other option for starting the TIF clock is to approve a plan area and wait to start the TIF clock until you have an individual activity which requires you to make a substantial modification to the urban renewal plan. This approach is more challenging after recent changes to urban renewal law.

Mr. Art reviewed a variety of case studies as examples of activities and undertakings and the process. He emphasized the importance of being flexible and that each proposed activity and undertaking will be different. He summarized the roles of the URA board versus that of City Council and City staff in the process.

Mr. Art also stressed that the objective of any activity or undertaking is not to make money. It is to remediate blight and create a benefit for the community. He outlined the ways to finance activities and undertakings, which can include both property and sales tax revenues. He explained how the Redevelopment Agreement is used to ensure the activity or undertaking will include tax producing businesses if TIF is used. Mr. Art stressed the importance of understanding the City Council's goals and objectives, how proposed activities and undertakings align with those goals and objectives, and the importance of public participation in the process. Mr. Art provided tips on how the URA and the developers can work together as partners in proposed activities and undertakings. He commented that if all proposals can be structured to take tax incremental financing over time, then the risk is assumed by the developer. Mr. Art commented on the importance of working with the county assessor and understanding how they calculate both base and increment.

Board Member John Mahoney asked about who the third-party reviewers are and what happens if a property is sold during the TIF time clock period. Alex Rugoff said that the City has a contract with SEH to help with pro forma and financial review. Mr. Art said the provisions related to the ability to assign the activity is written into the Redevelopment Agreement and approval of assignment is at the discretion of the URA.

Board member Brookie clarified that TIF can be generated by either property or sales taxes or both. Scott Shine explained that the URA Plan spells this out specifically, and each Development

Agreement will identify what sources of tax increment are to be used, at what percentage, and the term of the TIF.

Scott Shine summarized the process and timing of a URA plan and TIF clock by explaining that the plan is written for a corridor or neighborhood, but the TIF clock is not started with the adoption of that plan. The plan serves as a signal from the URA Board to the development community letting them know that an area has been identified for redevelopment. A developer or property owner comes forward with a project, and the project is taken back through the substantial modification process. An impact report and analysis are completed, and the project goes back through the review process. That is what starts the TIF clock for that specific undertaking. Mr. Art said the only downside of this option is that all cooperative agreements with the taxing entities would then have to be renegotiated.

Mr. Shine informed the group and listeners that time does not allow for answers to all the questions that have come in from community members, and Planning Commissioners that have been listening in to this presentation. The presentation will be posted on the City's website at durangogov.org/ura and staff will respond to any written questions that were submitted by attendees. An FAQ section is being developed and will be posted to the website as soon as it is available.

6. NEW BUSINESS

6.1. Review & Consideration of Board Bylaws.

Scott Shine presented a draft of the proposed Bylaws of the Durango Renewal Partnership. He noted the bylaws are the compilation of research of other agencies bylaws and the merging of best practices of each of those communities. The proposed bylaws have been reviewed and approved by the City Attorney.

Alex Rugoff briefly summarized the proposed bylaws, noting the mayor serves as the chair of the board and the mayor pro tem will serve as the vice chair. The bylaws also identify other officers, how and when meetings are conducted, the formation process for committees, and voting procedures. Chair Brookie noted that the bylaws are amendable, which provides flexibility if changes are needed in the future.

Motion by Board Member Brookie second by Board Member Baxter to adopt the Bylaws of the Durango Renewal Partnership as presented. Motion passed with an 8 to 0 vote.

6.2. Organizational Next Steps.

Board member Kim Baxter suggested that City councilors discuss the community vision for the URA at their next retreat. Scott Shine commented that staff has overseen the creation of and are overseeing the implementation of the Comprehensive Plan, which contains valuable information regarding community vision and objectives derived from an extensive community process. The Character District Plans also are also a good source of information on the vision for each of those districts.

Mr. Shine said the next step is to make the board aware of other issues that need to be addressed, such as requirements for budgeting and dates for adoption of a budget. To begin, staff will work with the Finance Department and City Manager to establish processes on how


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funds are arranged and categorized for URA purposes. Mr. Shine said his goal is to provide the board with a memo outlining the structure of the organization and the relationship between the City and the URA. This will help the board to understand what the legal requirements are, the audit standards, and review and accountability requirements.


Mr. Shine informed the group that an Executive Committee can be formed if some of the board members wish to be more involved in these processes.

7. ADJOURNMENT:

The next meeting will be held on August 18, 2020. There being no further business the meeting was adjourned at 6:06 p.m.



Dean Brookie, Chairman



Alex Rugoff, Business Development &
Redevelopment Specialist

Digitally signed by Alex Rugoff
DN: cn=Alex Rugoff, o=City of Durango,
ou=Community Development,
email=Alex.Rugoff@durangogov.org,
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Date: 2021.04.09 10:00:23 -0700