

RECORD OF PROCEEDINGS

CITY OF DURANGO
RENEWAL PARTNERSHIP
VIRTUAL MEETING
1235 CAMINO DEL RIO, DURANGO, COLORADO
TUESDAY, OCTOBER 20, 2020
MINUTES

1. **CALL TO ORDER :** Chair 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; Councilor Melissa Youssef ; Business Improvement District Board Member, John Mahoney; 9-R Board of Education representative, Andrea Parmenter; and La Plata County Assessor, Carrie Woodson, and La Plata County Manager Mike Segrest was absent.
3. **APPROVAL OF MINUTES :**
 - 3.1. **Approval of Minutes of September 15, 2020**

Motion Commissioner Bettin, second Commissioner Baxter to approve the September 15, 2020 Minutes as presented. Motion passed with an 8 to 0 vote. Commissioner Segrest abstained, because he was not present at the September 15, 2020 meeting.
4. **PUBLIC COMMENTS** 4.1. None.
5. **REPORTS :**
 - 5.1. **MidTown Final Boundary, Baseline Data, and Plan Overview**

Scott Shine acknowledged all of the staff and other participants that have been helping create the URA for MidTown and all of its components. He commented that they have been particularly diligent in determining how to reach out to the property owners within the plan area to make sure they are aware of the plan and make it exciting for them to be engaged in the process. It is important for the plan and staff to be approachable and transparent from the start to make sure that people who will be affected by the plan are informed.

Mr. Shine presented maps of the plan boundary which now includes properties at the southern end such as the Crossroads building, a vacant lot, old storefronts and a parking lot. The boundary extends across Main to the old Main Post Office and the parcel that formerly housed the Schlutter building. This boundary will provide a specific list of parcels, property owners, and addresses for use in providing the required notices and doing an analysis of current property values, and potential for growth.

John Mahoney asked if the old Main Post Office has an historic designation. Mr. Shine stated it is in the Main Avenue Historic District. He said he is not sure if the building is landmarked or not. In any case, it will be subject to the City's Historic Preservation Standards if it is redeveloped. La Plata County Manager Mike Segrest informed the Board that the building is not landmarked. Dean Brookie commented that there may be some façade easements attached to the property.

Melissa Youssef commented that the boundary includes Buckley Park, and the community has expressed their strong support

for maintaining that area as open, green space. Scott Shine explained that with the park being part of the 9-R building it was thought to be beneficial to have URA tools available, such as URA incentives, or a TIF agreement, to facilitate the transfer of the park property to the City. He acknowledged that there are other options to secure the park, but it is important to have the URA in place to give the City leverage to acquire the dedication through partnership with any potential developer of the 9-R property.

Mr. Shine explained that another important component of the plan is a method of tracking changes in the plan area over time. He said having baseline data prior to implementation and then having indicators to determine how effective the plan is will be important going forward.

Alex Rugoff introduced Andy Arnold with SEH, the URA consultant, who has taken the lead on drafting the condition survey for the plan. He has also been collecting the baseline data that will help staff and the Board evaluate new proposals and look back on successes. Mr. Arnold has developed metrics that identify which parcels and properties within the plan area are most in need of redevelopment. He has also evaluated how much tax revenue is generated from this URA as a proportion of property taxes from both the City and the County.

Andy Arnold presented a draft of the Condition Survey, which is the first step in identifying blighting factors that may exist throughout the MidTown area. He noted the plan area is about 50 acres, covers 227 parcels, and five zoning districts. Mr. Arnold stated that the total assessed value within the entire MidTown plan area as derived from the County GIS is \$43,683,440.00. This figure is an important factor in creating a development incentive model, and determining how much tax increment can be generated throughout the entire MidTown survey boundary, and specifically on individual parcels.

La Plata County Assessor, Carrie Woodson, asked if this value included exempt property. Mr. Arnold stated that those values wouldn't be included for tax increment purposes. Scott Shine stated that this value only includes actual, taxable property. Ms. Woodson stated it will be an important factor in a case such as the 9-R building or the old Main Post Office if the change from exempt to taxable.

Mr. Arnold continued to review the current assessed value statistics, and percent of the City total. He noted that every state has different rules for tax increment allocations, which is a barometer to determine if the borders for a URA are being overextended. The percent of City total for this area is 7.35%. There are two taxing districts present within the plan area. The total of taxes that would be collected within the MidTown area would be approximately 34% of those taxing districts.

Scott Shine explained that staff will be meeting with the City Finance Department to parse out sales tax data based on the plan boundary. Sales tax TIF can be a component of a development agreement. It will be important to carefully structure that component so that the City General Fund still gets the sales tax revenue it expects, while also using the sales tax increment to stimulate investment in the plan area.

least one and possibly other ongoing opportunities for property owners to provide input on the plan as it moves forward. The first public meeting will be held on November 10th. Mr. Shine noted the challenge of conducting outreach in the era of Covid and the use of virtual meetings. In addition to the November virtual meeting Downtown Colorado Inc. and the City's public information officer have been working with staff to put together a virtual walking tour of the plan area. That way the public will have the opportunity to either take the walking tour themselves, or tour through it on their computers, and give feedback on the plan. This will be Phase 1 of the process.

Phase 2 will focus on developing the plan, incorporating the public feedback and then presenting the plan to the Board for review at the December meeting. Phase 3 of the planning process and public engagement is a final draft of the plan and taking it through the required public hearings pursuant to the State statute. The plan will be presented for public hearing to the Planning Commission in January, and to Council for public hearing in February or early March.

Mr. Shine explained that an important piece of the process that is part of the impact reports is negotiating revenue sharing agreements with all the taxing districts to determine how those revenues will be shared or put to use. He said that staff has some templates that show how other communities have structured these agreements that they will use to formulate the agreements.

6. NEW BUSINESS

6.1. Consultant Scope of Services Breakdown and Budget Information

Mike Russell, with SEH, Consulting, presented a brief overview of his company and the expertise of the many partners within the company structure.

Scott Shine referred the Board to a table provided in the meeting materials outlining the consultants' scope of services and the budget for those services.

Dean Brookie asked what the sub-consultant fees cover. Mr. Shine explained those figures are allocated for legal assistance, analysis/appraisal, and real estate economic assistance.

6.2. In-Kind Support Estimates

Mr. Shine said staff will provide information regarding in-kind estimates detailing how the City is supporting the URA. Staff has calculated what the actual costs are to the City to get the URA organization up and running.

6.3 Check-In on Meeting Schedule

Scott Shine suggested that instead of a November board meeting, the Board might want to attend the November 10th public meeting and allow staff to continue working on the plan for presentation to the Board at their December meeting. The Board agreed to the suggested schedule.

7. ADJOURNMENT:

There being no further business the meeting was adjourned at 5:30 p.m.

5.2. TIF Case Study

Mr. Rugoff informed the group that staff has had a developer approach the City about potential redevelopment of the old radiator shop and burnt building on the corner of 14th Street and Main. His interest was in potentially developing mixed-use housing and commercial space at that location. Mr. Arnold and his team created a tax increment case study to see what this parcel could potentially spin off in tax increment that could be eligible to go back to some redevelopment costs.

Mr. Arnold presented a model of how the TIF is calculated and used to provide incentives to potential developers. The model takes into account the value of the land, how it is currently assessed, number of square feet, and the existing assessment on that building and land so that a base assessed value can be determined. A number of variables are included in determining that base value, such as demolition costs, and percentages of projected future assessments. This data creates a summary of the land value, the improvement value, and the total value (assessed values) that would come from this redeveloped property. The summary would indicate how much in taxes the redevelopment could generate over a period of 25 years. Mr. Arnold mentioned the benefit of commercial versus residential development is that commercial development provides property tax revenue and sales tax revenue. This allows the generation of more TIF over time which can help to incentivize development. However, mixed-use development can help to meet the City's goal of providing more housing while maximizing incentives that the City can offer.

Mr. Arnold acknowledged that developer reimbursement agreements are the preferred model in Colorado. He referred the Board to a summary that indicates how much increment can be created at the development over time and said that can be part of the developer reimbursement agreement. That number is a present value of all of the increment, and could be used for issuing a bond to a developer so that they would have the money in the front end of the project. Mr. Arnold explained how the developer reimbursement agreement works for the developer who would seek a loan from a bank or other financial institution to close those funding gaps and make a project feasible.

Carrie Woodson commented that the model doesn't appear to provide for the change in assessed values over time. The County reassesses values every two years, so over a 25-year note those values would likely change. Mr. Arnold explained that the model will readjust the base values every two years tied to inflation. He said that how the County is going to assess the property that is within an URA, and how the base is adjusted over time will be a negotiation and will be part of the forecast. Ms. Woodson said it will be important that the developer is aware of this fluctuation in valuation.

5.3. MidTown Public Engagement Overview and Timeline

Mr. Shine explained the importance of providing timely information to the public and property owners in the area so that they are hearing directly from the City and there is a clear line of communication with all the ownerships represented in the URA. He referred the Board to the Public Engagement Overview and Timeline, and noted staff's goal is to get a draft plan completed by the second week of December. Within that timeline staff would like to have at


Dean Brookie, Chairman

Alex Rugoff

Alex Rugoff, Business Development &
Redevelopment Specialist