

RECORD OF PROCEEDINGS

CITY OF DURANGO  
RENEWAL PARTNERSHIP  
VIRTUAL MEETING  
1235 CAMINO DEL RIO, DURANGO, COLORADO  
MONDAY, MAY 10, 2021  
MINUTES

1. **CALL TO ORDER :** Chair Kim Baxter called the meeting to order at 4:31 p.m.
2. **ROLL CALL :** In Attendance: Community Development Director Kevin Hall; Scott Shine, Planning Manager; Alex Rugoff, Business Development Coordinator; Mayor Kim Baxter; Mayor Pro-Tem Barbara Noseworthy; Councilor and new Board member, Olivier Bosmans; Councilor and new Board Member, Jessika Buell; Business Improvement District Board Member, John Mahoney; La Plata County Assessor, Carrie Woodson, La Plata County Deputy Manager Mike Segrest, and Finance Director Cynthia Sneed.
- Commissioner Andrea Parmenter entered the meeting during Public Comment.
3. **APPROVAL OF MINUTES :** 3.1. Approval of Minutes of April 12, 2021  
**The Minutes of April 12, 2021 were approved as presented.**
4. **PUBLIC COMMENTS** 4.1. **None.**
5. **REPORTS :** 5.1. New Board Members and Positions

Scott Shine introduced the new Commissioners present at the meeting, Councilor Olivier Bosmans and Councilor Jessika Buell. Mr. Shine explained that in the Bylaws the Mayor and Mayor Pro-Tem are automatically appointed as Chair and Vice Chair for the Durango Renewal Partnership Board. Mayor Baxter is now serving as Chair and Mayor Pro-Tem Noseworthy will now serve as Vice Chair. The URA Board introduced themselves individually to the new members and explained their roles.

Mr. Shine continued to explain that the State Statute has a specific composition for the URA Board, including the five Council members, a County representative that is appointed by the Board of County Commissioners, a representative from a special district board, a member of the board from the Board of Education, and then a mayoral appointee.

Ms. Woodson stated she had reapplied for the URA Board. Mr. Shine explained the URA Board has staggered terms and Ms. Woodson had only a 1-year term. He went on to explain that Council will interview applicants in the next coming weeks, and as far as he knew there were no other applicants to replace Ms. Woodson.

5.2. Developer and Community Outreach

Mr. Rugoff shared his screen which included a presentation. He stated there has been a major increase in development inquiries in the past two to three months since the Board has adopted the MidTown Plan. He explained a lot of the reason would be their relationship with Downtown Colorado Inc and their network of developers and real estate agencies to spread the word about what has been going on in Durango. Mr. Rugoff and Mr. Shine have been

meeting with several developers (23) and on the URA goals and objectives are and explaining the MidTown area. Mr. Rugoff went on to explain that there has been an increase in interest and specifically, there are 2 projects, which the developer either owns the land or is under contract to purchase with the land interested in workforce housing or mixed use /multifamily housing. Mr. Rugoff said that with the square footage provided from these projects they can work with Mr. Arnold from SEH to see how much tax increment could be generated and what the money collected from the tax could be used for. Mr. Rugoff asked the Board if they had any questions or feedback.

Mr. Shine added that what they wanted to convey they are trying to set up the clear performance indicators clear metrics to show success. The work being conducted is supposed to be qualitative, relational, and outreach to get the word out to find a partner. He stated that there is a lot of opportunity in the housing market right now, and the importance is getting the message. Staff has been gauging other organizations to see whether the project or organization fits the need of what the Board and community wants.

Ms. Parmenter asked to confirm the 2 projects that have been interested are outside of the MidTown Area Plan. She asked if it made sense to have projects in several different areas other than the distinct districts the URA has already talked about.

Mr. Shine explained the URA area covers the entirety of Durango city limits. The entity can do work anywhere within city limits and represent how beneficial staff is involved with the Community Development Department because it makes them aware of current and incoming projects that relate to the URA Board.

### **5.3. Potential Project TIF Evaluation and Board Input**

Mr. Arnold from SEH introduced himself to the new board members, then went into presenting a case study specific to 1 of the 2 projects Mr. Shine and Mr. Rugoff mentioned. He explained the property on North Main would be a multifamily development. To be eligible for Renewal activity this property is not within the MidTown Area. Therefore, the property would need to complete a conditions survey to determine blighting factors, an impact report, and a draft of an urban renewal plan. The TIF Case Study was presented. Examples of new multifamily projects in Durango would be the Confluence Apartments and Rocket Pointe Apartments. Mr. Arnold said the proposed project on 7 acres in the North Main Character District. The property is currently vacant and commercially assessed. Create a multifamily apartment housing, 162 housing units and estimated 129 thousand sq feet. The factors that determine the TIF projections would be the value of the land, estimate of building improvement value, and how would these values change. The current value of the property is 1.9 million. The assessed value 566 thousand dollars. Estimated value after residential assessed after construction is 7.15 percent residential assessment ratio, which hurts the TIF projections because of the change in the assessment ratio.

Ms. Woodson explained that vacant land and commercial land is assessed the same, not that the parcel is assessed as commercial property.

Mr. Arnold thanked Ms. Woodson and continued to explain that in this case the estimated building improvement value was provided by

the developer given the cost per square foot 25 million dollars because the property would change to a residential assessment and the assessed building improvement value of 1.8 million.

Mr. Arnold continued to explain the TIF agreement based on MidTown and the difference in this case study is that the BID is not present on this property. It could be but it was not included in the case. Essentially all the property taxes are based off just under 20 mils and they are assuming there is now sales tax on the property. The case also assumes that it will take about 2 years to complete the development, so the model shown presents phasing to not assume the TIF would be collected immediately.

Mr. Arnold summarized when you just focus on the tax increment generation, they are over 25 years this particular property would generate over 651 thousand dollars accumulate tax increment. He explained that the 651 thousand dollars is not the present value to use and incentivize. The Board would have to figure out from these projected numbers what the amount would be to incentivize today to help with funding gaps, help with public improvements, or even dedication of affordable units, etc.

Mr. Arnold explained the model can build in interest rates and debt coverage ratios. Those terms would be based on the URA Board and what a lender would be comfortable offering. Considering basic interest rates and other potential fees that could be associated, 250 thousand dollars would be what is left, and conversations would start on what that money would be used for.

Ms. Woodson asked if there are “hard costs” and “soft costs”. She said there are some things that can be done that do not cost money like helping them move forward faster with planning, and some items that do cost money like streets, curb, and gutter. She asked if that 250 thousand would represent both hard costs and soft costs.

As far as Mr. Arnold understand typically yes it would. He said that it would not always be the case. Mr. Shine added that the money could go to pay down Sewer and water fees, or major street impact fees, but as far as a streamlined process or flexible design standards he stated that could fall outside of the direct cash contribution.

Ms. Woodson went on to ask if the someone is doing a project with the DRP would impact fees be waved. Mr. Shine said no they would not be automatically waved. Particularly water, sewer, and major street impact fees would be correlated through an impact study. In general, the city does not waive those fees but there are other ways to figure out how to cover those costs, like paying them down.

Mr. Arnold finished his presentation explaining how transferring the money would look like. He provided options for reimbursement and went over each one quickly and which one would be best to go for with the case study.

Mr. Segrest asked if this particular project was a for-rent project. Mr. Shine said the project is for-rent and so far, is planning to be advertised for market-rate. He said the desire would be to get a handful of units to be designated as affordable.

Mr. Segrest asked if this project would fall under the Fair Share requirement. Mr. Shine explained the project is only for sale.

Chair Baxter interjected that Council will be looking at the Fair Share requirements to include rentals because rentals are a significant part of Durango's workforce housing.

Mr. Segrest asked if there were more details on the project in the case study. Mr. Arnold explained that this is simply for incentive discussions, there is no guarantee this project would be incentivized by the DRP standpoint. There was discussion on whether given the numbers the project would be incentivized and beneficial for the DRP to become involved in.

Chair Baxter asked to Ms. Woodson with La Plata County if there was a future of seeing residential assessment rates change. Ms. Woodson explained the assessment rates are set by the state and the County is not allowed to change those by state statute. Ms. Woodson continued to say it would probably be several years of studies from the State of Colorado to see how the assessment rates could change.

Mr. Mahoney asked in the event there is several workforce units in the project would it lower the project value. Mr. Arnold explained that the process is only to try and get an idea of what could be generated over 25 years. Ms. Woodson also explained that what is important is to think of what the Board can offer.

Mr. Segrest said since there would be some negotiation on the TIF agreement if this project moves forward without the Board's involvement the land value could offset any increase. He said there is a case to be made if the increment is not from base value because of reevaluation. Mr. Shine agreed and went on to say if the Board appealed to their partners there is a possibility to bring more to the table to reach the outcome the Board would want to see.

There was discussion on different scenarios where the base value would change and therefore change the tax increment. There was also discussion on how partners of the Board would be able to help offer more to projects for a more ideal outcome in terms of affordable housing.

Commissioner Bosmans asked for more clarification on the number values on the example. Mr. Arnold explained that the example is only a preliminary look into what could come from being involved in a project like this and how a number of these values could change and become more exact.

Mr. Shine explained he has been looking at ways to make the Board comfortable taking on debt. He continued to say Mr. Arnold has been helping the Board start with conservative projections. He explained if the Board writes the Agreement in a conservative way and the Board ends up getting more it would create a cushion for the Board.

Mr. Segrest interjected the Board's contribution would be what would make the project happen. He said if there is a scenario where the project could happen without the Board's contribution then the Board would be wasting funds.

Mr. Shine explained that the project will be going through the entitlement process at Planning Commission and City Council meetings for approval. At the point that the project would have more detailed information for the Board to come back and say whether participating with this project would be worthwhile.

Ms. Parmenter asked about soft incentives and whether forming a group of employers who must handle workforce housing who might be interested in committing to renting units from the developer.

Mr. Shine said he does not think the developer in this project is worried about occupancy. He explained that staff would look into it for future projects. Ms. Woodson added that there is comparable data throughout the County to look at rentable units and their costs.

Ms. Noseworthy asked what kind of incentive 1% would be for a developer. She explained that developers could continue their projects without that 1% incentive. She asked for more clarification on a regular incentive amount.

Mr. Shine agreed that the 1% incentive is not ideal to offer. He said staff would be able to do more research on a typical incentive rate from other URA's. He went on to explain that the Board could involve themselves in the project and have the possibility of opening up a number of units for affordable housing that would not have been created but for the Board's involvement in the project.

#### **5.4. Organizational Structure and Finances Update**

Mr. Shine stated that the Board had available in their meeting packet a document created last summer right at the formation of the URA Board. He said the purpose of the document is to clarify how we are setting up the organization how the finances will be managed to start and start to lay out a framework for the Strategic Plan for the organization. Listed were items shaping the relationship with developers, priorities, and characteristics to define the organization. He presented the bylaws and governance talked about early in the formation. Mr. Shine explained that we want to make sure we are setting up the URA Board to be very transparent, to follow all proper accounting procedures and to make sure they are tracking funds properly. Mr. Shine met with Community Development Director Kevin Hall and Finance Director Cynthia Sneed to ensure that the URA Board finances are set up where they should be within the City Budget.

Mr. Shine also stated while working closely with the Finance Department with the city, they are also learning from other municipalities. He stated the budget presentation deadline would be by October 15<sup>th</sup> and the adoption would happen by the end of the year. He stated there will be additional funding based on the property tax base. Mr. Shine stated he wanted feedback from the Board on marketing and communication and what would be most helpful there.

Mr. Shine asked the Board to think about for 2022 the Board will have at least 160 thousand to go towards projects in the MidTown area. How the Board will use those funds either as a matching grant to existing property owners or towards some capital projects to solidify the MidTown district.

Let it be known for the record that Vice Chair Noseworthy took over the meeting as Chair Baxter had to leave.

Vice Chair Noseworthy stated the importance of the estimated dollar value of staff contributions and that the staff time spent is not insignificant. She went on to ask if anyone had questions on the section.

Mr. Segrest stated that there is a close relationship between the Board and the City. He said they might need to provide a formal IGA between the Board and the City, so everyone understands the expectations of the other and transition to being a more self-supported entity for the Board.

Mr. Shine said he looked at the City Airport and had some information from his previous career in Montrose for their DDA. He said they will be looking to see what information must be provided and get that set up.

Ms. Woodson stated that there would be an increased on the County Assessor's staff and there should be compensation to the County for the Assessor's to calculate all the TIF Agreements.

Mr. Segrest agreed with Commissioner Woodson and Noseworthy that the staff time between the city and county is extensive. Once the Board utilizes outside consultants or legal assistance he stated this would minimize staff time.

**5.5. Strategic Plan & Performance Indicators Review**

This item was continued to the June meeting.

Mr. Shine announced that Mr. Rugoff and he will be participating in the Wednesday morning session called Cultivating Economic Development Health for National Economic Development Week for Downtown Colorado Inc and the Economic Development Council of Colorado. He said he will be speaking on behalf of the City and URA Board and said he would forward the meeting information to the Board if anyone would be interested in participating.

Mr. Rugoff announced to the Board this will be his second to last meeting with the Board as he will be continuing his education at University of Colorado.

**NEW BUSINESS**

**6.1 None.**

**7. ADJOURNMENT:**

There being no further business the meeting was adjourned at 6:03 p.m.

Digitally signed by Kim Baxter  
Date: 2021.06.21 08:47:59 -08'00'  
Kim Baxter, Chair

Digitally signed by Alex Rugoff  
DN: cn=Alex Rugoff, o=City of Durango, ou=Community Development, email=Alex.Rugoff@durangopgh.org, c=US  
Date: 2021.06.23 11:17:06 -08'00'  
Alex Rugoff, Business Development & Redevelopment Specialist