

RECORD OF PROCEEDINGS

CITY OF DURANGO
DURANGO RENEWAL PARTNERSHIP
VIRTUAL MEETING
DURANGO, COLORADO
TUESDAY, DECEMBER 15, 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 Manager Mike Segrest

La Plata County Assessor, Carrie Woodson was absent.

3. **APPROVAL OF MINUTES :**

3.1. **Approval of Minutes of October 20, 2020**

The Minutes of October 20, 2020 were approved as presented.

4. **PUBLIC COMMENTS**

4.1. None.

5. **REPORTS :**

5.1. **Outcomes From Public Outreach**

Alex Rugoff reported on the feedback from the public outreach. A notice was sent out to all 156 property owners in the MidTown area to let them now that the City is beginning the URA process for MidTown. In addition, staff sent out a walking tour and survey created in partnership with Downtown Colorado, Inc. (DCI). The survey sought feedback from the property owners on issues such as design standards, transit improvements, safety issues, multi-model options, and what their priorities are for redevelopment of the area. Staff received 24 responses in November. The majority of respondents favor 3 to 4 story, mixed-use, walkable development, expressed need for more housing in the area, and preservation of Buckley Park, and connecting the River Trail to downtown. Transit improvements at Third Avenue and 15th Street were also a major issue voiced by respondents.

In addition to the notice and survey/walking tour, staff held an outreach meeting on Thursday, November 12, 2020. The meeting targeted MidTown business and property owners. There were approximately 40 attendees at the meeting. There were 30 respondents who were all 100% in support of moving forward with an URA Plan for MidTown. Again, housing was a major issue for attendees. In addition, streetscaping, infrastructure improvements, small business grants, and façade improvements were also discussed.

Mr. Rugoff informed the Board that staff will be holding another outreach meeting in January. Staff would like to get more input from the development community, affordable housing experts, and a broader group of Durango residents.

Mr. Rugoff said that staff is reaching out to community organizations as well, including the Durango Association of Realtors and Durango Chamber of Commerce. Also, the Durango Herald

published an article on the MidTown URA.

5.2. MidTown Draft Plan Overview and Discussion

Scott Shine gave an overview of the draft plan for the MidTown URA. On the advice of legal counsel, the plan is intentionally general in nature in order to not cut off any potential opportunities. The plan is in line with State statute requirements, identifies blighted conditions, and includes a wide variety of strategies and priorities to use urban renewal incentives to accomplish. Staff plans to present the final draft at the January meeting.

5.3. MidTown Plan Timeline and Key Dates

Alex Rugoff gave an overview of next steps and timeline. SEH will complete the condition survey and impact report. Once staff has the impact report, it will be shared with the other taxing entities and the City will begin having conversations regarding the extent of their contribution. Staff will also continue to do outreach. Once staff has the legal description for the URA they can finalize the plan. Legal counsel has reviewed the draft plan, and staff hopes to have the final plan for the Commission to review and recommendation in January. Then it is sent to the Planning Commission for review to ensure it conforms to the City's Comprehensive Plan. After Planning Commission review and recommendation the plan will be presented to City Council for public hearing and possible adoption by resolution.

Once the plan has been adopted the tax increment baseline will be established. Thereafter, projects that generate additional tax revenue will count towards TIF.

Mr. Rugoff commented that staff understands that the URA has major implications for a 25 year period, so they are proceeding cautiously to ensure everything is done properly. Staff hopes to have everything ready for Council consideration and possible adoption by March or April.

Barbara Noseworthy said she hasn't heard any discussion regarding public/private partnerships as a way to incentivize that kind of development. That would be helpful for the Council as they are reviewing the budget and the opportunity fund. She would like to hear some recommendations for ways to attract businesses and developers to participate with the City. Whether that is sidewalk or street improvements, or other ways of working together that involve financial or land components.

Mr. Rugoff commented that staff will be discussing publicly owned lands and how the City can create some public/private partnerships for development on those sites. He said that during the outreach staff has had conversations with developers about how to structure a TIF deal. It would generally be through a reimbursement agreement where the developer would obtain outside financing and then be reimbursed through the tax increment that their project creates. Staff is developing formal development agreements that would provide a roadmap for anyone wanting to do any type of improvements and how to create a public/private partnership. Staff will be working with DCI on analysis criteria to evaluate proposed projects.

Ms. Noseworthy asked how the Code Alignment project that is underway syncs with this URA process, especially with issues related to parking. Scott Shine explained that the Code Alignment group has

just finished a proposal that will go to Planning Commission in January and Council in February that addresses right-sizing the City's multi-family parking requirement and some other aspects of the parking code. That will provide opportunities for multi-family developments to create more units instead of having to set aside as much space for parking. The group found that the City's parking requirements were excessive based on what other communities of similar size are doing.

Mr. Shine explained that the multi-modal staff is undertaking a Transportation Plan for what they are calling the 14, 15, & 16th area. Staff is encouraging them to rename that plan the MidTown Transportation Plan to solidify that identity for that neighborhood. The multi-modal staff is currently developing the scope of that plan, and Planning staff wants to make sure the outcomes of that effort can inform how the City invests strategically in public improvements so that private investment can join in that effort.

Mr. Shine pointed out that the City has budgeted to do two or three other area plans in 2021, and staff is starting to get feedback from the community about what areas they think should be addressed. He said the Mall/Bodo area has started to rise to the top of the list. The area would include the Mall, World Pay building, and all along the east side of the highway between the highway and the river up to Nature's Oasis. The Bodo area has been changing over the years and as a result there isn't a clear sense of identity for that area. In addition, staff would like to reserve funding to take on a site specific project if one is presented, such as a housing project that isn't in one of these areas.

5.4. Conditions Survey and Impact Report Update

Scott Shine reported that Andy Arnold from SEH did a robust analysis of what the conditions are in the MidTown area, how those conditions stifle redevelopment, and how the URA can be used to spur new investment and new development activity.

Mr. Arnold gave an overview of the survey and impact report. He noted that there are 11 blighting factors that can qualify an area for URA projects and activities. If four or more of these blighting conditions are found, then an urban renewal area can be designated. For MidTown the survey identified seven blighting factors. Mr. Arnold explained that a conditions survey is not intended to analyze any specific property. It is intended to analyze an area in its entirety. The presence of a blighting factor does not mean that any individual's property within the area is blighted. Many of the conditions can be issues such as topography or deteriorating infrastructure in the public domain. The overall purpose of an urban renewal area and an urban renewal authority is to target and alleviate conditions that arrest redevelopment.

Mr. Arnold presented a chart of the blighting conditions that the survey identified in the MidTown area. He also presented photographs of the area they took during their field observations. He said they reviewed key metrics in regard to certain parcels to determine if they are underutilized, if there is a high land to building ratio, are there vacancies, and are any parcels in the floodplain.

Mr. Arnold said that SEH is currently working on the impact study. The study will help determine what the redevelopment impacts could be over the next 25 years and how the redevelopment will

impact the taxing entities. An impact study is key to using property taxes in the project area (tax increment financing). Their methodology is designed to attract development to the MidTown area. They are modeling a series of development scenarios so that they can project accurately what each scenario would generate in tax increment, and how that tax increment would impact the taxing entities within the area.

5.5. TIF Agreements and Taxing Entities Negotiations

Scott Shine explained the relationship between the impact study and development of TIF agreements. If TIF is to be used, the URA must have agreements with all the special districts that will be impacted. The impact report will demonstrate to the taxing entities what the URA expects to generate in new property tax revenue, and how the URA plans to put that funding to use. The impact report will also assist the URA in determining bond funding amounts if that is the type of funding the URA intends to seek.

Mr. Shine explained that when the MidTown Plan is adopted the base level of revenue is frozen in time, and any new investment or development that creates more property tax revenue is the tax increment financing that can be used by the URA. The base level will adjust with inflation every other year. The County Assessor is responsible for how much money in the MidTown area is attributable to new development activity that the URA played a role in attracting. The agreements will state if and how much a portion of that new revenue will be returned to the taxing entities.

Mr. Shine said that it is important that the URA's message to the taxing entities is clear that this money would not exist were it not for the activity of the URA. The URA is the instrument that is drawing in this new investment. It is not taking away revenue from the special districts. Mr. Shine explained that an administrative fee can be included in the agreements, for instance for the County Assessor's time for tracking the URA funding.

Mr. Shine noted the "economic multiplier effects," for taxing entities where they realize an increase in revenues from the redevelopment activity.

Mr. Shine informed the Commission that counsel has advised that the City have these URA Agreements signed before taking the plan to Council for final adoption. Negotiations will begin in early January.

Andrea Parmenter asked if staff anticipates any negative feedback on the plan. Mr. Shine said that staff does not, because they have worked very hard to communicate the purpose of the URA. Once discussion begins regarding TIF, there may be some misconception that this is money that the URA is taking from the districts, when in fact the URA and the associated revenue generated by redevelopment is creating additional revenue.

Mr. Shine pointed out that TIF is primarily generated by property tax, but sales tax revenue is also available for TIF. He noted that there are some big sales tax generators in the MidTown URA. If sales tax is used, the base would be set at the previous 12 months of sales tax collection in this district. Any growth over that base would go to the URA. The City will have to consider whether or not use of sales tax is in the best interest of the City, especially considering other general fund expenditures. The increment can also be shared, rather

than the entire amount going to the URA.

Barbara Noseworthy asked if Lodgers Tax would be eligible for TIF. Mr. Shine said it can be. The City can commit a certain portion of Lodgers Tax to the URA by separate agreement.

Mike Segrest commented that the City will need to take a look at the base that they might be starting from, especially given the impacts on the economy from COVID. He suggested that the City needs to decide what its contribution will be before starting talks with the other entities, because that will be the first question those entities ask.

Dean Brookie commented that he is encouraged that there is a mechanism to negotiate how much sales tax the City might commit to, and that it is based on a certain point in time. He said he agrees that the City needs to decide what its contribution will be prior to approaching the other entities. Mr. Shine noted that the City does have a mil levy that can be considered for TIF as well.

5.6. Housing Strategy Update

Scott Smith introduced Jessie Silverstein from Development Research Partners (DRP), who will assist the City in developing a housing strategy utilizing DOLA Grant funding. Mr. Silverstein will also help the City assess publicly owned property for development potential.

Mr. Silverstein informed the Board about his experience and the expertise of his company, which focuses on community and local economics, demographic research, fiscal and economic impact analysis, and real estate and public financing economics. He said he has extensive experience working with market and fiscal impact analysis to find the nexus between private investment and the appropriate amount of public investment. He said his role will be to assist the City in developing a housing strategy, and to provide some framework and guidance for the URA.

Mr. Silverstein explained he will develop a roadmap for evaluating market feasibility, gap analysis, infrastructure needs, and public/private partnership opportunities. His firm will create a matrix to be used in evaluating development proposals, assist with developing marketing materials, assist in identifying capable, experienced developers, and provide support in evaluating development proposals from a real estate development perspective.

Scott Shine explained the first piece of the workplan is a general guide which is a framework to assess redevelopment potential and provides a step-by-step process a community can go through to direct redevelopment. The second piece is the role DRP will play in walking the URA through the first few steps of the workplan with four public properties staff has identified for potential public/private partnerships.

Mr. Shine presented the four City parcels. Two are public parking lots on Second Avenue. He spoke about ways to retain the supply of public parking through deed restrictions or lease agreements while allowing the airspace above those lots to be developed into affordable housing. Second Avenue is zoned for very high density, and bigger buildings. The other two properties are East Third Avenue across from the library, and properties on Florida Road and East

Animas Road, which were originally acquired for a Jenkins Ranch Road connection. Mr. Shine explained that DRP will assess what the legal and economic framework of the parcels are and then bring in outside, experience about how to write requests for proposals to draw interest in from the development community on these properties.

Kim Baxter asked if there is still the option to connect to Jenkins Ranch Road from Florida Road with one of these properties. Kevin Hall commented that the plans that are in place still recognize the need for connectivity, but given the development pattern of Jenkins Ranch Road it is unlikely that there will be a full collector going down to Florida Rd. It is still in the plan and there are issues coming in the future with capacity of Geoglein Gulch connecting 8th Avenue over to Florida.

Mr. Silverstein spoke about the Guide to Redevelopment and stated it is a compilation of best practices that he has developed over the last two decades of experience working with development agencies. He referred the Commission to the four processes contained in the guide. He said they are detailed action items and strategic approaches to accomplishing each of the processes.

Dean Brookie commented that redevelopment of these properties could happen with or without the URA, which might include offering the properties to tax credit developers or other entities. Mr. Shine commented that there is the opportunity to layer the various incentives, and the URA would be one potential layer to incentivize redevelopment in the area.

Barbara Noseworthy asked if staff sees an effort to monetize air rights, particularly for downtown property owners who then might partner with a developer to create something on a second or third story. For instance, taking a downtown building and adding a second or third floor with a different developer who is purchasing the air rights and creating housing. Mr. Silverstein said that hypothetical is more of a multi-use development. Air rights speak more to allowable density and height restrictions. Ms. Noseworthy commented that it could be seen as a tool to help encourage development of underutilized spaces, particularly if there is a suggestion of adding three to four floors where there is currently only one floor. Mr. Silverstein commented that the more units you can building on the same square footage, the more return there is to the developer, which would help them realize return on investment. However, it may be a matter of public policy of what the community wants the town to look like.

Andy Arnold said he is very familiar with transferrable development rights, but for Durango this process would require a complicated mechanism to accomplish.

6. NEW BUSINESS

Mr. Shine asked if the Commission is interested in changing the day and time of their meeting, since there is another meeting immediately after this one making for a long day for most Commissioners. He said Andrea Parmenter has stated she would like to consider another day due to her scheduling conflicts. Dean Brookie acknowledged the conflicts for Councilors as well. He suggested taking a google poll to see what date/time works for most of the group.

7. ADJOURNMENT:

There being no further business the meeting was adjourned at 6:00 p.m.

RECORD OF PROCEEDINGS



Dean Brookie, Chairman

Alex Rugoff

Digitally signed by Alex Rugoff
DN: cn=Alex Rugoff, ou=City of Durango,
ou=Community Development,
email=Alex.Rugoff@durangogov.org,
c=US
Date: 2021.04.09 10:03:32 -0600

Alex Rugoff, Business Development &
Redevelopment Specialist