

# CITY COUNCIL COMMUNICATION



**MEETING DATE:** October 10, 2023

**ITEM NUMBER:** 9.E

**SECOND READING:**

{{customfields.ResoOrdNumber}}

**TYPE OF ITEM:** Consent

**PRESENTED BY:**

Jim Golden, Finance Administration, [Jim.Golden@longmontcolorado.gov](mailto:Jim.Golden@longmontcolorado.gov)

Kimberlee McKee, LDDA Executive Director, [kimberlee.mckee@longmontcolorado.gov](mailto:kimberlee.mckee@longmontcolorado.gov)

**SUBJECT/AGENDA TITLE:**

A Bill For An Ordinance Extending The Period During Which The Longmont Downtown Development Authority May Allocate And Collect In The Downtown Development Authority Tax Increment Fund A Portion Of Property Taxes

**EXECUTIVE SUMMARY:**

In the 2023 legislative session, the Colorado General Assembly passed SB23-175 regarding the financing of Downtown Development Authority Projects. The bill creates the option for additional 20 year extensions after the expiration of the first 20 year extension. The LDDA first 20 year extension ends in 2033. At its August Board Meeting, the LDDA Board voted to request that the Longmont City Council extend its access to TIF beyond 2033 by authorizing an additional 20 year extension. The extension does not increase or change any mill rate or property tax commitments of the property owner. It authorizes an allocation of the normally assessed property tax within properties downtown to be used to invest in projects and programs within the Downtown District. TIF access is an important tool for implementing the LDDA Master Plan of Development and is a primary source of funding for the LDDA. This ordinance would authorize the additional extension beyond 2033. While that is ten years off, the approval of the extension will be helpful in the ability for the LDDA to do long term financial planning and to be able to commit TIF funds to significant projects.

**COUNCIL OPTIONS:**

1. Approve the ordinance
2. Do not approve the ordinance

**RECOMMENDED OPTIONS:**

Approve the ordinance

**FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION:**

In 2023 the amount of tax increment revenue that will be received by the LDDA is expected to be about \$1.65 million. While a projection for 2024 is not yet available, it is expected to

see significant growth over 2023. This is an annual source of funding that would expire after 2033 but would be continued with the passage of this ordinance.

## **BACKGROUND AND ISSUE ANALYSIS:**

In the state of Colorado, the state statutes allow for the creation of downtown development authorities and the statutes also govern the powers of such authorities. The section of the statutes that pertain to downtown development authorities is Section 31 Article 25 Part 8. Those sections also address the use of tax increment financing by DDA's. One of the powers or responsibilities assigned to a DDA in state statute is to:

*Plan and propose, within the downtown development area, plans of development for public facilities and other improvements to public or private property of all kinds, including removal, site preparation, renovation, repair, remodeling, reconstruction, or other changes in existing buildings which may be necessary or appropriate to the execution of any such plan which in the opinion of the board will aid and improve the downtown development area.*

The Longmont DDA first created a plan of development upon being formed in 1982. The Authority's Plan of Development, adopted by the City Council in June of 1983, describes a series of objectives designed: to promote the health, safety, prosperity, security and general welfare of the District; to strengthen the economic vitality of the downtown area by preventing the deterioration of property values and structures and by eliminating blighted conditions; and to prepare and implement plans for the economic and physical revitalization of the DDA. The LDDA updated the Master Plan of Development in 1987; in 1995; and most recently in 2017.

In adopting the LDDA Plan of Development in 1983 the City Council adopted the use of tax increment financing as authorized in the Colorado State Statutes:

*That portion of said property taxes...in excess of such amount shall be allocated to and, when collected, paid into a special fund of the municipality for the payment of the principal of, the interest on, and any premiums due in connection with the bonds of, loans or advances to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, the municipality for financing or refinancing, in whole or in part, a development project within the boundaries of the plan of development area.*

The Plan established a base property valuation for the overall District as of December 1982 and beginning in 1983, the incremental property tax generated by the various mill levies on those properties above the 1982 base level is earmarked as LDDA TIF revenue and deposited in the LDDA TIF Fund.

While the state statutes allow for tax increment financing by a DDA, they limit the use of those funds to the payment of debt used to finance a development project. Such debt is subject to voter authorization. In March of 1985 the qualified electors of the District authorized the City to issue bonds in an aggregate amount not to exceed \$4,500,000 to finance DDA development projects. That authorization was used up with bond issues in 1986 and 1998 and smaller financing projects in between. In 2005 the LDDA received voter approval of a ballot question that would allow debt to be increased up to \$10,000,000 for DDA development projects pursuant to the LDDA plan of development which projects may include but not be limited to, at the discretion of the Authority, a mixed use parking structure. Between 2005 and 2015 the LDDA and the City approved the use of \$10 million of tax increment financing for the following projects:

Legal expenses for 2005 election	\$ 7,000
St. Stephen's pocket park	142,693
Marketing & promotion of downtown	20,000
Marketing program (2007-2013)	1,000,820
Façade loan program	1,300,000
Alleyscape study	18,750
Master plan of development	75,000
Longs Peak & Main market study	8,666
DR-8 Downtown alley improvements	1,414,360
DR-24 Longmont Theatre	250,000
Arts & Entertainment District	75,000
DR-23 Parking lot improvements	340,167
DR-25 Downtown breezeway improvements	746,400
A&E District programs	1,062,504
Storefronts campaign	150,000
Business retention & recruitment	16,666
BID plan	25,000
Incentive programs	1,100,000
Parking structure @ Roosevelt apartments	2,024,000
DR-19 Streetscape improvements	175,000
Infrastructure replacement funding	47,974
Total uses	\$10,000,000

In November of 2012 LDDA voters approved an additional \$25 million of debt authorization which is likely to cover the use of LDDA TIF revenue through 2033 for which the TIF is currently authorized to continue under state statute. Since receiving the \$25 million authorization the LDDA and the City have approved the use of \$6,546,455 of tax increment financing for projects and efforts such as the following:

PBF-215 Coffman Project	\$ 2,000,000
Incentive programs	400,000
Infrastructure replacement funding	290,090
Project management expenses	200,980
DTR-023 Downtown Parking Lot improvements	30,000
DTR-029 Downtown Alley Planning	25,000
DTR-032 Plaza Rehabilitation	100,000
DTR-033 Wayfinding Gateways	250,000
Arts & Entertainment programs	1,644,396
Clean & safe programs	80,000
Placemaking programs	320,000
Connectivity programs	150,000
Creative District programs	60,000
Economic vitality programs	157,500
Redevelopment programs	25,000
Marketing collaboration programs	30,000
Metrics	29,500
Electric assessment & upgrades	70,000
COVID grants	200,000
Mural/Cultural project	30,000
Alley cameras	200,000
Parking study update	75,000
Parklet maintenance	25,500
Placer AI	12,000
Spoke garage maintenance	50,000
Main St speed mitigation	250,000

Beginning in 2014, the thirty-first year of the LDDA TIF, the base year for the calculation of the increment was 1992 and the LDDA was only entitled to receive 50% of the TIF. The City and the LDDA negotiated with some of the other taxing entities to receive more than 50% of the TIF generated by their respective mill levies. The annual deadline for such negotiations in reference to the next fiscal year is August 1st. The DDA has an agreement with the St. Vrain Valley School District for a portion of their mill levy. That agreement, along with the City's own mill levy, is the only TIF dollars beyond the allowed 50% that the LDDA will receive in 2024. As a result the LDDA TIF revenue in this proposed 2024 budget is projected at \$1,649,454.

In the 2023 legislative session, the Colorado General Assembly passed SB23-175 regarding the financing of Downtown Development Authority Projects. The bill creates the option for additional 20 year extensions after the expiration of the first 20 year extension. The LDDA



first 20 year extension ends in 2033. At its August Board Meeting, the LDDA Board voted to request that the Longmont City Council extend its access to TIF beyond 2033 by authorizing an additional 20 year extension. The extension does not increase or change any mill rate or property tax commitments of the property owner. It authorizes an allocation of the normally assessed property tax within properties downtown to be used to invest in projects and programs within the Downtown District. TIF access is an important tool for implementing the LDDA Master Plan of Development and is a primary source of funding for the LDDA. This ordinance would authorize the additional extension beyond 2033. While that is ten years off, the approval of the extension will be helpful in the ability for the LDDA to do long term financial planning and to be able to commit TIF funds to significant projects.

**ATTACHMENTS:**

Att 1 - Ordinance