

Legislation Text

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Agenda Date:

Subject:

Urban Renewal Follow-up Study Session information

Presented By: Mike Braaten, Deputy City Manager

BACKGROUND:

City council asked staff to provide additional information pertaining to urban renewal at its August 9, 2016 study session. Specifically, the following was requested:

- Benefit to property owners in an urban renewal area
- Options to finance infrastructure needs without urban renewal
- Can administrative issues be addressed without disbanding LIFT?
- Economic Development department's efforts/successes
- Update draft 'whereas' language to include the citizen initiative/charter amendment and the Santa Fe Urban Renewal Plan court ruling
- Explanation of specific expenses from Littleton Invests For Tomorrow's (LIFT) checking account (from 2014)

Additionally, prior to adjourning the study session on this topic, Staff needs council direction as to what ordinances to bring to council on October 4, 2016 for first reading.

Staff has provided, as attachments to this memo, the ordinances to abolish LIFT and repeal the individual urban renewal plans as well as the memo provided to city council from the August 8, 2016 study session as additional background for this discussion.

STAFF ANALYSIS:

What is the benefit to property owners in an urban renewal area?

Tax Increment Financing (TIF) revenue can be used for urban renewal projects that may include acquisition of properties, demolition and removal of buildings and improvements, and construction or reconstruction of streets, utilities, parks and other public improvements.

Owning property in an urban renewal area may create eligibility for TIF for an activity or undertaking (a project) that is consistent with the urban renewal plan for the area. LIFT could also undertake specific projects to improve conditions in a plan area by updating public infrastructure and supporting new development and redevelopment of private property.

What are possible options to finance infrastructure needs outside of urban renewal?

In addition to urban renewal there are other options to finance infrastructure needs. Additional research is required should council desire to pursue any of the options presented, or other options that may not be included here.

Council has historically, and could continue, to transfer general funds to the capital projects funds. As council will hear in the upcoming budget discussion, this will be a challenge moving forward as projected operational costs are growing faster than projected revenues, negating future general fund transfers to the capital fund. Should this be the case, council could pursue cuts to existing city services in an attempt to address infrastructure needs or other agreed-upon priorities.

Council could consider new fees, as some cities have done, called transportation utility fees or transportation/street maintenance fees. The City of Loveland has had a street maintenance fee in place for a number of years. It requires a study to analyze and assess an appropriate fee and would mean the creation of a new street utility and street utility fund. Loveland has different fees for different categories of properties; residential, commercial, industrial and institutional. Such a fee can be adopted by an ordinance of city council. More information on the Loveland Street Maintenance Fee is available at: <http://www.ci.loveland.co.us/index.aspx?page=1571>.

Council could pursue a sales tax increase to address infrastructure and other capital needs of the city. Seventy seven percent of residents responding to the 2016 Resident Survey indicated they 'strongly support' or 'somewhat support' a $\frac{3}{4}$ of 1 cent sales tax increase (with a sunset of 15 years) to address aging infrastructure such as streets, sidewalks, and buildings. Should voters approve this sales tax question, it is estimated to generate approximately \$7.7 million per year.

A lodging tax was also surveyed in the 2016 Resident Survey with 70 percent of respondents indicating they 'strongly support' or 'somewhat support' a lodging tax. This tax was surveyed with the funding earmarked toward tourism, marketing and promotion of Littleton, but could also be used for other purposes should council desire to pursue such a tax.

Additional options include improvement districts as a mechanism to address public improvements. Improvement district formation generally requires an election of the affected property owners and therefore is somewhat out of the control of the city, but would require agreements if the improvement districts desired to address city-owned infrastructure. Staff of the economic development department assembled an overview of improvement districts and their formation, authority and eligible types of revenues. Improvement district options are summarized and included as an attachment to this memo.

How can administrative issues of LIFT be addressed without disbanding the organization?

Ultimately, this would be up to the LIFT Board and working with its attorney and executive director. Generally, the administrative issues would need to be identified, inventoried and a plan put in place to address each issue. It has been conveyed to city staff that LIFT is in the process of developing such a plan to address some of the issues that have been raised to date, but is in a holding pattern until council decides the future of LIFT and the adopted urban renewal plans.

Economic Development department's efforts and successes

Economic Development Director Denise Stephens will make a presentation immediately prior to the discussion on urban renewal addressing her department's activities and recent successes.

Related to the city's economic development activities, the city has an incentive policy that was developed by

the Community Development and Economic Development Departments in coordination with the City Manager's Office. This policy outlines an application process and possible incentives or grants available to businesses that are interested in city assistance. The four-page Economic Incentives Policy is attached.

Update ordinance 'whereas' language to include the citizen initiated charter amendment and the Santa Fe Urban Renewal Plan court ruling.

The proposed 'whereas' language follows:

WHEREAS, in March 2015, the citizens of Littleton approved Ballot Question 300, a citizen initiative that added a new Section 64.5 to the City Charter, which states: "Any Council action approving or modifying an urban renewal plan pursuant to part 1 of the Colorado urban renewal law must be ratified by the registered electors of the City of Littleton if the approval or modification of the urban renewal plan proposes the use of or change to eminent domain, condemnation, tax increment financing, revenue sharing, or cost sharing.";

WHEREAS, in June, 2016, the court issued its order in Littleton v. Sakdol, which resulted in the removal of land classified as agricultural from the Santa Fe Urban Renewal Plan Area, including the property commonly known as the "Ensor Property"

Staff requests direction from council regarding adding this language to the draft ordinances.

Explanation of specific expenses from the LIFT checking account:

The three meeting and business expense explanations/receipts from 2014 are attached. Further explanation of any expenses/receipts would need to be requested from the LIFT executive director and/or the board or past board members. The LIFT board is responsible for approving all expenses and financials.