

Legislation Text

File #: ID# 19-304, **Version:** 2

Agenda Date: 11/12/2019

Subject:

“Littleton Invests For Tomorrow” (LIFT) and city loan

Prepared by: Mark Relph, City Manager

PURPOSE:

City council met with the “Littleton Invests for Tomorrow” (LIFT) Board on October 22nd to review and discuss the LIFT proposal for continuing the Columbine Urban Renewal Area (CURA). This study session is intended for council to consider that October discussion and provide direction on whether or not to continue the mission of LIFT; and if so the corresponding decisions related to the Cooperation and Loan Agreement (CLA) with LIFT.

PRESENTATIONS:**Staff Presenter(s):** Mark Relph, Reid Betzing, Tiffany Hooten**Additional Presenter(s):** N/A**SUMMARY:**

The city provided a loan to LIFT that comes due on December 16, 2019. The principal and interest due on the loan is \$154,443.75. Council will need to take formal action with the CLA prior to that date if the loan is to be extended in any form. LIFT currently holds \$427,739.31 in cash as of September 30, 2019.

LIFT has refunded property taxes collected from the three urban renewal areas (URAs) that were repealed in 2016 (Littleton Blvd, Broadway and Santa Fe), but still retains the sales tax increment from those same three URAs. While it may be legal to retain and spend those funds in the CURA, it is ultimately council’s decision on whether LIFT should keep those funds for their current project or remit them back to the city. It is staffs’ opinion that the intent at the time the other URAs were dissolved was to return those funds; although nothing appears to be explicitly stated in the repeals of those URAs. As it is, LIFT has continued to retain those amounts. Those past three URAs sales tax increments are valued at \$134,998.00. The amount of sales tax increment collected on CURA is \$247,111.00.

Staff would suggest the following questions be considered at the study session:

1. Should the mission of LIFT continue beyond 2019?
2. If yes, then the CLA must be modified with the loan extending past December 16, 2019. This is necessary for LIFT to retain the TIF; i.e. LIFT must owe debt. Assuming an extension, then for how long?
3. If extended, then should any of the loan be repaid to the city? If so, how much and when?
4. Should the sales tax increment from the past three URAs be returned or allowed to be kept by LIFT

going forward?

5. Are there any recommendations council may want to require of LIFT if the CURA is to continue?
6. If the loan is to be extended, what other modifications of the CLA may be required?
7. If LIFT continues, how might the city coordinate with LIFT?

PRIOR ACTIONS OR DISCUSSIONS:

Joint council and LIFT Board meeting on October 22, 2019.

ANALYSIS:

Staff presents four options for discussion and direction. Council may wish to pursue a variation or combination of the options.

If LIFT is to continue in some form (options A, B, and C), then staff recommends the sales tax increment from the previously three repealed URAs should be returned and has assumed so in options A, B, and C. Option D is the return of all LIFT funds and disbanding LIFT.

Staff also proposes being very specific with intent and timelines. If LIFT is to continue, staff would suggest LIFT hire an executive director and set some dates for which LIFT would propose a plan of action for council approval.

OPTION A - Continue with the mission of LIFT with the following requirements:

1. Payback a portion of the city loan. Staff recommends \$50,000 leaving a balance of \$104,443.75 due on the loan.
2. Return the sales tax increment from the three repealed URAs at \$134,998.00.
3. LIFT hire an executive director within 60 days of city formally modify the loan.
4. LIFT has 45 days to get a written commitment from owners of Columbine Square to use CURA; includes a commitment to start the process within 90 days.
5. LIFT to develop and present to council for approval **within six months** a plan for using CURA, including project(s) details, budget, financing/bonding information and neighborhood input.
6. Upon council approval, execute the plan no later than November 1, 2020.
7. Financial status would be as such:
 - Total cash available \$427,739.31
 - Refund three URAs <\$134,998.00>
 - Refund a portion of city loan <\$ 50,000.00>
 - REVISED cash balance \$242,741.31
8. A revision of the CLA would be required to address such issues as timing of sales tax increment payback and loan terms.

OPTION B - This option differs from Option A by not waiting for a commitment from Columbine Square, but continue with the mission of LIFT with the following requirements:

1. Payback a portion of the city loan. Staff recommends \$50,000 leaving a balance of \$104,443.75.
2. Return the sales tax increment from the repealed three URAs at \$134,998.00.
3. LIFT hire an executive director within 60 days of city formally modify the loan.
4. LIFT does not wait for a commitment from owners of Columbine Square to use CURA and considers other projects within the URA such as infrastructure improvements or other.
5. LIFT to develop and present to council for approval **within nine months** a plan for using CURA,

including project(s) details, budget, financing/bonding information and neighborhood input.

6. Upon council approval, execute the plan no later than November 1, 2020.
7. Financial status would be as such:
 - Total cash available \$427,739.31
 - Refund three URAs <\$134,998.00>
 - Refund a portion of city loan <\$ 50,000.00>
 - REVISED cash balance \$242,741.31
8. A revision of the CLA would be required to address such issues as timing of sales tax increment payback and loan terms.

OPTION C - This option would wait indefinitely on the owners of Columbine Square, plus this option would not require a repayment of the city loan but would require the return of the sales tax increment from the three past URAs. The following requirements would apply:

1. No payback of the city loan amount due of \$154,443.75.
2. Return the sales tax increment from the repealed three URAs at \$134,998.00.
3. No requirement to hire an executive director.
4. LIFT wait indefinitely for a commitment from owners of Columbine Square.
5. No plan from LIFT is required.
6. Financial status would be as such:
 - Total cash available \$427,739.31
 - Refund three URAs <\$134,998.00>
 - REVISED cash balance \$292,741.31
7. A revision of the CLA would be required to address such issues as timing of sales tax increment payback and loan terms.

OPTION D - This option would be the full return of all LIFT funds and disbanding LIFT which would ultimately be done by ordinance and therein a repeal of the CURA. This would require assuring that LIFT had funds available to pay off all obligations, and a mandated wind down period of at least six months as set forth in the ordinance. Currently LIFT has enough funds on hand to service all debts.

STAFF RECOMMENDATION:

Staff requests council direction on whether or not to extend the loan and under what conditions. If LIFT is to continue, staff recommends the following:

- Require LIFT to hire an executive director to manage the issues with LIFT and to act as a single point of contact with the city.
- The Deputy City Manager would act as the single point of contact between the city and LIFT/executive director. Additional city staff would be brought into the process as needed. This representation by the Deputy City Manager would be important for prompt response to LIFT as well as managing the other departmental priorities.
- Setting deadlines for the establishment of a plan and require council approval.
- Set a deadline for the execution of the plan.
- Modify the CLA with a few identified changes as noted below.
 - Define the time period for the city to remit incremental sales tax revenues to LIFT to forty-five (45) days following the end of the twelve (12) month collection period.
 - Increase time allowed for LIFT to utilize sales tax increment before required repayment to the city to the end of the fourth quarter of the following fiscal year.

- Define repayment terms and/or final due date.