

CITY OF DURANGO
DURANGO RENEWAL PARTNERSHIP
VIRTUAL MEETING
TUESDAY, JUNE 16, 2020
4:45 PM
DRAFT MINUTES

1. CALL TO ORDER : Alex Rugoff called the meeting to order at 4:45 p.m.

2. ROLL CALL : In Attendance: Assistant City Manager Kevin Hall; Nicol Killian, Assistant Community Development Director; Scott Shine, Planning Manager; Alex Rugoff, Business Development Coordinator; Mayor Dean Brookie; Mayor Pro-Tem Kim Baxter; Councilor Barbara Noseworthy; Councilor Melissa Youssef; Councilor Chris Bettin; La Plata County Manager Mike Segrest; Business Improvement District Board Member, John Mahoney; and 9-R Board of Education representative, Andrea Parmenter; and La Plata County Assessor, Carrie Woodson

3. APPROVAL OF MINUTES : This was the first meeting of the Durango Renewal Partnership.

4. DISCUSSION ITEMS : **4.1. Opening & Introductions.**

The board members each introduced themselves and gave a brief statement about their interest and vision for the Durango Renewal Partnership.

4.3. Overview of Durango Renewal Partnership Structure.

Alex Rugoff said he sees the structure of this board as similar to Durango City Council, 9-R School District Board, BID Board, and the Board of County Commissioners. There are nine (9) board members, including Durango City Councilors and members of other local civic and administrative boards and commissions. He explained that the Board gives direction to staff who will then administer and implement the plan.

Mr. Rugoff presented a list of key phrases, concepts, and terminology that will be used in developing urban renewal plans.

The Urban Renewal Area (URA) is the boundary where the urban renewal activities will take place. The Urban Renewal Plan is the document that authorizes activities. Mr. Rugoff presented an example of an Urban Renewal Area Map. He noted that the area must be drawn as narrowly as possible, but can be as small as a single parcel, or as large as a district, such as North Main and Camino del Rio. If it is a bigger district, there can be multiple projects within the district. What occurs within those projects is considered activities, such as landscaping or infrastructure improvements, new development, or new façade improvements.

Mr. Rugoff explained that when analyzing development proposals the board will utilize the “but for” principle. That means considering whether or not the project could be undertaken “but for” URA assistance. If the market can accommodate a project, then there would be no need for public assistance.

The Tax Increment Financing (TIF) clock stipulates that a project can last as long as 25 years. Mr. Rugoff stated it is important to start the TIF clock before a project is ready to start. He explained

the importance of this concept.

Before any URA can undertake urban renewal activities, a conditions survey must be conducted by a qualified professional. Blighting factors are identified in the survey. Four of the 11 conditions of blight as set forth in Colorado State Statutes must be met for an area to be considered blighted and eligible for urban renewal.

Intergovernmental Agreements (IGAs) must be entered into before authorizing TIF financing.

Public Private Partnership (PPP) is the collaboration between the public and private sectors and is foundational to the Durango Renewal Partnership.

Developer Agreements are needed whenever the authority works with a private developer. These agreements lay out terms and conditions specific to a project.

4.4. Presentation of Urban Renewal Process.

Mr. Rugoff reviewed the Urban Renewal Process. The Board will first establish a set of goals and objectives, such as mixed use, housing, walkable areas. The Board will determine which areas are prime for redevelopment and what projects are best suited for those areas. Financial review will be done by staff and consultants, who will also perform the conditions survey. They will review the developers pro forma, draw the area boundaries, and consider the TIF clock. The Board will review the plan and make a recommendation. Then the plan goes to a public hearing before the Planning Commission, and they make a recommendation to City Council, who will consider approval of the plan at another public hearing. If the plan is passed, staff will implement the plan.

Mr. Rugoff presented a detailed flow chart of the process, which he estimates takes four to eight months depending on the size of the plan. He explained there are two options for the process: One is for a developer to present their project before the Renewal Partnership Board or for the Board and staff to identify an area for renewal and then staff would consult with property owners and developers to see if there is interest in redeveloping the property through a URA.

Carrie Woodson asked how many districts staff anticipates. Mr. Rugoff said that is contingent upon where the Board wants to start. The Board needs to decide if they want to target smaller areas or take a larger redevelopment approach. He suggested starting smaller could help to build momentum for the program. Ms. Woodson explained her reason for asking was to get a sense of how many different areas she will need to track for the basis. Then after the urban renewal has been completed for an area, how much staff she will need to complete the assessment process.

Assistant City Manager Kevin Hall commented that he anticipates getting a sense of capacities, and project ideas as the Board conducts future meetings. The Board will drive the direction of this program and determine how many projects are done over a period of time with the guidance of staff.

Mr. Rugoff commented that TIF is one of the most valuable tools that the Durango Renewal Partnership has. He presented a chart showing how TIF works, and stated property sales and use taxes are

eligible for TIF. He explained that during the 25-year period, the incremental revenue, and the additional revenue generated by redevelopment and urban renewal activity is eligible to flow back to developers, development plans, grants, and other urban renewal activity. After expiration of the 25 year period, all of the new revenue flows back to the various taxing entities. TIF revenues are shared with the taxing entity and the project in various increments and percentages over time, which is specifically outlined in the IGA.

Mr. Rugoff explained how redevelopment agreements are structured. The least risky method is referred to as a Traditional Tax Increment Refinancing Reimbursement Agreement. Staff would determine how much of a return can reasonably be expected then reimburse the developer based on either a percentage or a dollar amount. The developer then reaches out to a bank or equity partners to raise capital and build the project. Then they collect the tax increment revenue as it is generated by the completed project.

The URA can also take on TIF revenue tax-exempt bonds, which is generally used for much bigger projects. The URA takes on the debt, helps build out the project, then as additional TIF revenue is generated those funds are used to pay back the bonds over time. Mr. Rugoff pointed out that unlike the City, URAs are not subject to TABOR, and therefore do not have to go out to a vote to issue the bonds. Issuing the bonds would be the Board's decision.

URAs can also take on loans directly from banks, apply for public grants, or apply for low-interest government loans.

4.5. Identify Urban Renewal Goals and Priority Plan Areas.

Scott Shine presented the initial priorities for the Durango Renewal Partnership that were established through many public meetings, and with input from the development community, and research staff did with other communities. He commented that the mission statement and priorities are dynamic and adaptable as proposals are presented. He asked the Board for their comments on the vision and priorities as shown.

Board members briefly commented on each of the priorities. La Plata County Manager Mike Segrest said he thinks it is important to build a strong base with initial projects that create a foundation for further opportunities in the future. Building a stronger and more resilient economy over the long term should be the focus of the URAs.

Andrea Parmenter commented that it is hard to have this discussion without a particular project, and other board members agreed.

Chris Bettin commented that it is important to determine if a project has a logical nexus to the public benefit, and if there is public support for the project and location. He also stated that viability of a project is another consideration, and is the project going to be attractive to the marketplace?

Andrea Parmenter said it would be helpful to have the list of 11 criteria and have the entire greater boundary that is being considered marked with places that meet the criteria.

Mr. Segrest suggested adding return on investment to the list of priorities. He said the URA needs to be fiscally careful that the

URA is not just doing projects that break even, but that create additional resources for the URA in the future so there is a positive return on investment that can be used to provide up-front funding for future projects. Staff and the Board will need to do an in depth analysis of financial projections as the board considers opportunities and projects.

Kim Baxter commented that there may be private partners that are interested in participating who might come forward with a project that the board hasn't considered, but because they are financially able to proceed with a project could create a good impetus to getting the program going.

Andrea Parmenter commented that it would be good to have specific goals for each project and some sort of metric beyond the return on investment to know if the goals have been met.

Mr. Shine asked the board to select two or three of the listed initial priorities that they think should be placed at the top of the list. Mr. Shine was asked if the URA is limited to projects within City limits. He explained that the URA is only able to undertake planning activities within the City limits. However, there is a way to include unincorporated land in the County in an urban renewal area, but it is a rigorous process.

Mr. Shine then turned the board's attention to determining where the priorities fit within specific geographic areas of the community. He referred the board to the Character Districts map that helped to form the URA document. He said staff looked at each area and went through the state blighting conditions and evaluated each of these areas as to how they do or do not meet these blighting conditions. He asked the board to consider what areas the board should start to target given the initial priorities. Mr. Shine explained how other URAs have approached projects using marketing tools to generate interest. Mr. Shine briefly reviewed each of the Character Districts and how the priorities relate to each.

Mike Segrest suggested that the area around Elmore's Corner be considered for a future semi-urban hub as a place where the land is affordable and could provide an opportunity for affordable housing to compliment the more urban commercial development.

4.6. Organization Next Steps.

Alex Rugoff discussed the next steps in the process, which will include drafting board bylaws and electing a Chairman and Vice Chairman for the board. He noted that typically the chair and vice chair are the mayor and mayor pro tem. He asked if holding the meetings on the third Tuesday of the month from 4:30 p.m. to 6:00 p.m. will work with the board members.

5. ADJOURNMENT:

There being no further business the meeting was adjourned at 6:01 p.m.

Scott Shine, Planning Manager



Alex Rugoff, Business Development & Redevelopment Specialist