



GOLDEN URBAN RENEWAL AUTHORITY

Memorandum

To: GURA Board of Commissioners
From: Mark Heller, Executive Director
Date: July 23, 2009
RE: Meeting Memo for July 27, 2009 Meeting

This memo will assist in the discussion of the following agenda items:

V1a. 2nd Quarter 2009 Financial Report

This report shows that GURA is weathering the economic storm well, at least for the first half of the year. The report was reviewed and approved by Golden's Finance Director Jeff Hansen. We will monitor each quarter very carefully going forward.

V4a. Redevelopment Options for Lots 2 and 4

At the July 13 meeting, the Board discussed, on a brain-storming basis only, the merits of developing Lot 2 into a park rather than a building. Commissioners were to discuss the concept among others. This agenda item will allow further discussion of this matter. This agenda item will also allow discussion of a Commissioner's idea to solicit redevelopment proposals for both lots on an ongoing basis. This "Open RFP" concept would allow GURA to collect and review redevelopment opportunities until the Board finds an idea it would like to pursue.

V4b. Update on 7/16 Meeting with City Council

Commissioners Lyttle and Baker met with City Council to review GURA's efforts to date. City Council was supportive and appreciative of GURA's projects and general direction. Councilors were supportive of a cinema, but cautioned against showing first-run films and expressed concern that there might not be sufficient demand. Councilors also expressed concern about the Colorado Business Bank loan, specifically about whether the recession would impair GURA's ability to repay the loan. Since GURA's ability to repay the loan is directly tied to sales and property tax revenue, and since that revenue is projected to be less than budgeted, GURA will need to carefully evaluate its projections once Jefferson County releases its preliminary property tax assessment in late August and once the 3rd Quarter financials are finalized. GURA also received Council's direction to work with the city's Economic Development Commission in making recommendations for new approaches to economic and commercial real estate development after 2014, which is when

GURA's revenue for the downtown urban renewal project area expires. These recommendations would be presented to Council before the end of the year.

V4c. Retail Summit

Retail Summit: The following is Mayor Smith's summary of the second meeting of the "retail summit," which he convened.

To: Interested Members of the Golden Community
From: Jacob Smith, Mayor
Date: July 22, 2009
Re: Summit on Sustaining Golden's Retail Economy Part II (July 15, 2009)

Last week we held the second meeting of our "Summit on Sustaining Golden's Retail Economy." The main purpose of the Retail Summit has been to explore new ideas for sustaining the health of Golden's retail economy. Participants included representatives of the Downtown Merchants Association, Chamber of Commerce, Golden Urban Renewal Authority, Jefferson County Business Resource Center, Golden Economic Development Commission, Golden Cultural Alliance, the City of Golden, and myself as the mayor of Golden.

As you may know, at the first Retail Summit meeting we compiled a brainstorm list of ideas for improving the health of our retail economy. That list was wide-ranging, spanning from improving some existing efforts to some entirely new ideas. Our goal for the Retail Summit meeting last week was to identify a small number of efforts that we felt were of the highest value and highest priority for the participants to supplement the many important existing efforts already underway.

We identified two such efforts. The first is the establishment of a competitive business plan contest with a significant financial award to help provide seed funding for the winning business plan(s). The goal would be to encourage and stimulate the development of business plans for new local businesses in Golden and to provide financial support for one or a small number of the most promising. The second is to explore and, if feasible, plan and implement a pilot "street festival" program in 2010, along the lines suggested by a large number of downtown merchants, opening Washington Avenue to pedestrians on First Fridays or some other regular (with perhaps similar frequency) days during peak retail season.

Please bear in mind that both of these are ideas that we as a group decided to pursue, but in both instances there are other players that would need to buy in for the effort to actually be realized. Most obviously, a competitive business plan contest would require funding for the award(s) and any sort of street festival involving street closures in downtown Golden would require City Council support. On both of these, the group will dig more deeply into the idea, craft a proposal, and see if we can craft plans that earn sufficient support to make these things happen.

Also please bear in mind that the point of the Retail Summit was to consider new ideas and approaches. Both of these ideas involve departures from our current practices. They may or may not ultimately work out, but I and the other folks

involved in the Retail Summit believe that it's worth trying some new things as part of our broader, ongoing commitment to sustaining Golden's retail

In addition, we reiterated our support for the many existing efforts to support Golden's retail economy, including efforts such as the Golden Ticket program, our marketing programs, etc. Several other new efforts, such as our just-launched Buy Local First program and the idea of creating a Golden Cinema, will also continue. The Retail Summit participants believed, however, that we could provide the most added benefit to Golden's retail economy through the two projects we selected as our focus, establishing a competitive business plan contest for new Golden retail businesses and crafting a pilot "street festival" program in 2010.

The Retail Summit participants, with the support of the mayor, will focus on these two new efforts, and we will work closely with all the groups represented at the Retail Summit and other interested groups as we move forward with both of these plans.

More details to follow.

VII. Grant Request from Rocky Mountain Quilt Museum (RMQM)

RMQM has submitted a spreadsheet detailing its costs for improving the new gallery space. RMQM has gutted the interior of the new space and has experienced significant costs overruns and delays frequently associated with such projects. RMQM is also paying double rent because of its continuing office and gallery lease obligations in its former spaces. RMQM has requested assistance to defray the costs for the new space, not for the rent burden.

Earlier this year, GURA awarded RMQM \$2,000 for improvements to its website.

VI2. Grant Request from Foothills Art Center (FAC)

FAC has requested assistance to promote its "DocuWest" film series. This is a new effort for FAC. It will bring four series of independent films to Golden throughout the year. Each film will include a discussion led by either the film-maker, an expert on the subject matter, or the subject/actor of the film. This program is consistent with GURA's priority of bringing a permanent cinema to Golden, and DocuWest could be leveraged to promote the cinema concept.

Several years ago, GURA awarded FAC \$30,000 towards the renovation of the main entry courtyard.

VI3. Grant Request from Woody's Pizza

Woody's is considering installing a PV system on the roof of the restaurant, and has requested GURA's assistance to defray some of this expense. Woody's has evaluated a number of proposals and has chosen a Golden firm, Buglet Solar Electric, for the installation. Buglet's proposal and some background information are included in the packet. Since this project far exceeds the \$2,000 per business available under the energy grant program, Woody's has applied to the general grant pool.

Last year, GURA awarded Woody's \$2,000 to install waterless urinals.

VI4. Grant Request from Zelda Fortner

The property owner of the GURA office building has requested assistance for the repainting of the building.

In 2005, GURA awarded the Fortners \$17,726 towards a \$50,000 remodeling of the second floor, fire escape replacement, and various code compliance projects. Last year, GURA and the Fortners shared about \$2,000 in energy efficiency upgrades to the GURA office.

Note on Grant Requests:

This memo includes a grants evaluation matrix for these grant requests. GURA budgeted \$60,000 for general improvement grants. This grant pool is intended to fund ad hoc, un-programmed projects throughout the year. To date, GURA has committed \$8,180 out of the \$60,000, but this includes \$7,500 for Blue Canyon's kitchen remodel, which is no longer going to happen. Blue Canyon will likely vacate its current premises and re-apply for funding for tenant improvements in a different location. It might be advisable to set aside the \$7,500 for Blue Canyon in case it is needed. If so, the Board would have \$51,820 remaining to disburse for these four grant applications and any others for the remainder of the year (\$10,364/month).

VI5. Sales TIF Support for Hurricane Fish House

Maurice Couturier, the owner of Grappa, has requested GURA's support for a second restaurant that he would like to open: Hurricane Fish House and Oyster Bar. The restaurant would occupy the corner space at Gateway Station. It would include a bakery. Mr. Couturier is also negotiating support from the Golden Civic Foundation, US Bank, and NexCore. Mr. Couturier is proposing that GURA pledge the incremental sales tax to be generated from the new restaurant to backstop a \$350,000, ten year loan from the Golden Civic Foundation.

A dynamic new restaurant in Gateway Station was always a keystone element for that project, and a Golden-based venture would be icing on the cake. However, there are significant and complex constraints on GURA's ability to support this or any new business in Gateway Station.

1. Sales Tax Increment Capacity: With the new parking garage, a direct subsidy to NexCore, and the PCE remediation, GURA has provided nearly \$7million in support to the overall Gateway Station redevelopment project. This support was financed through the Colorado Business Bank loan, with the sole source of repayment being GURA's property tax increment revenue. GURA's budget is dominated by these loan payments, which shifts the burden for most of the new project financing to available sales tax increment revenue. GURA's budget for sales tax increment revenue includes estimates for sales taxes generated from businesses at Gateway Station. Therefore, if GURA was to pledge sales tax increment in support of any new business in Gateway Station, that support would have to be in excess of GURA's estimated sales tax revenue from Gateway Station. Otherwise, GURA would be undercutting its revenue estimate.

The sales tax revenue estimates from Gateway Station are \$10,000 for 2009 and \$20,000 per year for 2010-2014. The current year's budget and the long term budget include 100% of the estimated sales tax increment from Gateway Station, and both budgets are closely in compliance with the debt service ratios required by the Colorado Business Bank loan. Based on Mr. Couturier's projected annual revenue of \$1,716,631 and using a base increment revenue of \$0.00 (since there was very little retail on the site for many years before it was redeveloped) and a tax rate of 2%, GURA could realize about \$34,333 of sales tax increment

per year. This could yield about \$14,333 per year above GURA's \$20,000 annual revenue estimate. Over five years, this would generate about \$71,663.

Another factor to consider is that Gateway Station is adding new commercial tenants in addition to this proposal. If those tenants generate sales tax in excess of the estimates, that would provide more "room" in the budget for this proposal. On the other hand, those new businesses could generate less than the estimate.

With both property and sales tax increment revenue projected to be flat for the next few years, this proposal needs to be very carefully examined to ensure that GURA is able to maintain its budget priorities for the next five years. Additional analysis is highly recommended.

2. Term Capacity: GURA cannot provide any support with a contract term beyond 2014. Mr. Couturier has requested \$350,000 over ten years, but at this point GURA could provide a maximum of five years and \$71,663.
3. Grappa Sales TIF Agreement: The sales tax increment agreement currently in place among GURA, Grappa, and the Golden Civic Foundation has not been triggered since the first quarter after it was executed. The agreement obligates GURA to make Grappa's loan payments to the Golden Civic Foundation in the event Grappa's sales tax revenue exceeds the quarterly revenue generated by the predecessor restaurant, Rhapsody's. If there is no increment on a quarterly basis, GURA is not obligated to make a payment, which is then required to be made directly by Grappa. The agreement provides for \$40,000 worth of payments through June 9, 2013. It will expire at the earlier of the term or the full payment. After a year in business, Grappa is profitable and has been capable of making all payments to the Golden Civic Foundation. The profit has not been in excess of the projections, but it has been profit nonetheless. If the parties agree, perhaps this agreement could be terminated, and the support shifted to the new restaurant. This would be far less support than requested, but it would be a conservative level of support. Perhaps this \$40,000 could be combined with the \$71,663 projected increment from the new restaurant.

VI6. Redevelopment Ideas for North of 10th Street

This agenda item was added by Commissioner request to allow for an initial, general discussion of ideas for improving the northern portion of the GURA district.

VI7. Improved Outreach to GURA Constituents

This agenda item was added by Commissioner request to allow for an initial, general discussion of ways to improve feedback with GURA's constituents.

VIII. Staff Report

- **PV on garage**: Staff is collecting RFPs for similar projects from other organizations as the first step in drafting the RFP for the lighting retrofit and PV installation on the Gateway Garage.

- **Golden Liquor and Ace High façades:** Staff continues to meet with the owners of these buildings in an attempt to further the façade renovations.
- **Buy Local Campaign:** This program is nearing its launch.
- **Speed and Message Sign:** I have conveyed the GURA Board's interest in installing these signs to the Public Works Department.
- **Arch:** Final inspection of the arch was today. While the arch was built properly, the sidewalk pavers were not installed correctly and will likely have to be re-done. The purchase order to modify the traffic signal was made two weeks ago, and I am told by Public Works that we are about two months out.
- **Back to Work:** The program is now scheduled to begin September 1, but the contract between Jefferson County and the State has not been finalized.