



City of
Golden

911 10TH ST. GOLDEN, CO 80401
TEL: 303-384-8000
FAX: 303-384-8001
WWW.CITYOFGOLDEN.NET

Council Memorandum

To: The Honorable Mayor and City Council

From: Golden Urban Renewal Authority and Economic Development Commission

Date: August 3, 2010

Re: Economic Development Structures – Second Report

Purpose of Agenda Item: This item appears before Council pursuant to Ends Policy EP 1.4. Pursuant to that direction, GURA and EDComm have been coordinating an attempt to present a joint recommendation to Council about potential future re-structuring of the manner by which economic development and redevelopment services are delivered in the community. This agenda item is a second update of the discussions and a specific request that Council provide direction on three conceptual policy recommendations. Staff and the committee will continue their work based upon Council's direction. The recommendations are as follows:

1. Proactively apply the Urban Renewal Authority tool to facilitate redevelopment in appropriate parts of the City based upon community policies and eligibility under the urban renewal statute. Such appropriate parts of the City would likely not include significant downtown areas although a few individual downtown parcels or blocks would still be eligible for urban renewal.
2. Begin in late 2010 to start the process to seek establishment of a new Downtown Development Authority (DDA), to manage downtown retail district management and support, as well as to assist in downtown redevelopment projects using the tax increment financing tools available to a DDA. Such tools are very similar to those used in urban renewal projects. The capabilities of a Downtown Development Authority have been discussed with Council in the past, and are detailed in the attached table. It is an excellent tool to continue the great work GURA has accomplished in the past.
3. Continue and modify EDComm's general oversight of city-wide economic development support, retail business attraction and retention, and primary employer attraction and retention.

For the context of this memo, the committee is referring to the Urban Renewal Authority after 2014 as a generic URA rather than the "GURA" with which we are familiar. The

concern is that readers will mistakenly equate a new URA project beyond downtown Golden with the specific design and level of support and programming used downtown, and may think that the goal is to re-create downtown-type redevelopment in other parts of town. That is not the goal. The goal for using the URA tool in other parts of Golden is to help those other locations or parcels achieve whatever community priorities might apply to those other locations or parcels. By contrast, the functions of the DDA (if established) would probably look similar to today's GURA in terms of its priorities and programming.

While there are several unresolved, important issues and consequences related to these recommendations, the committee feels that the above recommendations represent the main policy points upon which other decisions will become clearer. Details about the timing, funding, and other implications of the above recommendations are addressed near the end of the memo.

Background and Summary of Committee Conclusions: Council has been encouraging a critical review of all of our economic development and redevelopment structures and programs for a number of months. The review is driven by the desire to improve the efficiency and quality of such programs and services, but also by the revenue changes facing GURA after 2014. Ends Policy EP 1.4 anticipates that Council may implement policy changes as early as 2011, or at some point thereafter.

As a result of the several recent meetings and discussions, and Council's direction on May 20th, 2010, the joint committee of GURA and EDComm and their respective staffs have reached the following conclusions:

- The City's community goals, as defined in prior planning documents (including the comprehensive plan, Downtown Golden Urban Renewal Plan, Downtown Character Plan, etc.), as well as the current Golden Vision 2030 project, consistently require a strong and diverse local economy and a vital and vibrant downtown mixed-use, commercial core for the successful future of the community. Especially given regional and national trends, the nurturing of the city-wide economy and the downtown core will require continued care, investment, and an increase in available tools on the part of the City and partners. A successful and coordinated economic development effort is more important to our community future than ever.
- The committee recommends that the current downtown focus be maintained indefinitely. The goals and policies of the Downtown Golden Urban Renewal Plan adopted by City Council in 1989 are still desirable and applicable, and should continue to be pursued even though the current URA increment revenue will cease after 2014. As discussed below, other financing tools and methods of assistance could be applied to help achieve the goals of the Downtown Golden Urban Renewal Plan.
- The URA structure created in 1989 has city-wide jurisdiction, but has been given only one project to date: the downtown area. This project has proven that urban renewal can be used very successfully in Golden. The current structure has also been

successful in delivering a variety of business assistance programming. Because this tool has been used so successfully in Golden and can be applied elsewhere in the City based upon established legal guidelines, the committee strongly urges City Council to consider a more proactive approach towards urban renewal where applicable.

The URA entity would administer any new urban renewal districts or site-specific projects as approved by City Council according to the state Urban Renewal Act. The URA will likely not maintain a direct role in programming support for the existing downtown district area, depending upon potential downtown entities discussed below. Funding for all new URA projects would be based upon negotiated increment agreements with the City for new districts and projects, and the potential surplus generated by the current downtown project.

- There is strong support on the part of the two boards that it is important to (a) have a specific entity to take the lead in downtown redevelopment, management, and business support, and (b); provide that entity with a predictable and independent revenue stream. Because urban renewal projects are based on the remediation or prevention of blight, and because the downtown area has little blight remaining, it is very unlikely that another downtown urban renewal district resembling the current project could be created. However, a different but similar financing tool called a “downtown development authority” (DDA) could function much in the same way as GURA has over the last twenty years.
- There is also consensus on the committee that citywide retail business attraction and retention and citywide primary employment attraction and retention should be a significant part of the community’s economic development efforts. It does appear that there is a significant benefit to having an EDComm type board to provide policy and program direction for such efforts. The committee recognizes that there are differences between retail retention and attraction and primary job retention and attraction, however the committee and current EDComm board believe that a single policy level board can appropriately address both issues. A persistent problem with this City-supported effort at this time is that there have not been sufficient resources for dedicated staffing and reasonable programming levels. This effort competes for general fund resources and has suffered as a consequence.
- If the distinct but compatible functions described above were all to be utilized, most functions would fall clearly within one area and there would be minimal duplication. By way of example, the areas of clear distinction would include:
 - New redevelopment assistance agreements for qualified URA projects would be handled by the URA entity.
 - Other redevelopment assistance in compliance with the City Charter would be handled by the City.
 - Downtown redevelopment assistance would be handled by the DDA.
 - Downtown management and retail district support would be handled by the DDA.

- EDComm would continue to oversee retail and primary employer attraction and retention.
- It will be important to settle on a structure that positively influences the clearest separation and/or delegation of powers and maximizes the efficiency in delivery of the various kinds of programming at issue. The most diffuse system would have the DDA responsible for business retention and attraction efforts and programs for the downtown area, the URA entity responsible for such activities in any new districts and projects, and the EDComm type entity responsible for either the balance of the city, or for the entire city with overlap and duplication. One main argument against focusing all the retention and attraction programs and efforts in the EDComm type entity (as currently established) is that that entity does not have a defined, independent revenue stream. The DDA would only focus on its own boundaries, and the URA would also only focus on its own areas.
- In recent discussions, the idea has been raised of combining functions together whereby a single group of persons might separately serve as the board for more than one entity. The DDA and URA entities could be managed well by a single group of individuals since the two legal entities have similar funding sources/mechanism and many functions overlap, and staffing might also be consolidated. A shared URA/DDA board would also promote the kind of coordination discussed above. While a DDA and URA would also undertake marketing, recruitment, and attraction functions, these would always be keyed off redevelopment efforts. In contrast, EDComm would likely be focused on primary job attraction city-wide, with the occasional tandem effort on an urban renewal project. It does not appear that a single group of persons would function well as the board for all three entities. Therefore, the best balance seems to be a single board for URA and DDA activities and another board for EDComm-type activities.
- There are additional, legal reasons for this board/committee structure that flow from the economic development Charter amendment, and from the URA and DDA statutes. Except in limited circumstances, the Charter precludes the City from granting individual development incentives above \$25,000. However, as separate legal entities from the City, the Golden Charter does not control in any way the activities of an urban renewal authority and has limited impact on the activities of a downtown development authority. As discussed above, there are compelling reasons to use the twin tools of a DDA and URA, and the most efficient way to honor the Charter and still be able to take advantage of these tools is for the City to name the same group of citizens to serve on both a URA Board and on a DDA board. Another legal reason for the continuation of the URA as a separate body is that the URA statute requires a vote of the people before an independent urban renewal authority (such as what exists now in Golden) can be converted to being governed by a city council. Lastly, if the City was to “dissolve” Golden’s URA, the City would become liable for GURA’s debts but would not have GURA’s full property tax increment revenue to repay those debts as scheduled.

Specific Steps for Use of URA and DDA: If Council is prepared to support the recommendations above, the specific steps and issues would be as follows:

Urban Renewal Authority (URA) - Relevant points on continuing the URA structure include the following:

- Provided City Council does not intend to become the URA board, the only step necessary to keep the URA function and structure in place is to continue to appoint members according to the current schedule. The entity is legally-established and continues until it is affirmatively ended.
- The increment revenue stream for the downtown project will cease after 2014. However, GURA's legal counsel has recently opined that it would be permissible to use revenues attributable to the downtown URA project to establish and begin efforts related to new URA projects. Downtown URA revenue could also be used to establish and support the DDA, provided the DDA's activities are consistent with the URA statute, ie, that the URA-funded DDA projects are focused on blight and consistent with the Downtown Golden Urban Renewal Plan.
- City Council, Jefferson County, and the URA board would need to negotiate new revenue and tax increment agreements for each new project.
- It is difficult to predict which districts or projects would be the most likely candidates for URA designation, however, the committee continues to recommend the potential eligibility of the area near 24th and Ford Street, parts of South Golden Road, parts of West Colfax Avenue, the "Goosetown" area east of downtown and north of Tenth Street, certain industrial properties or areas, and perhaps individual downtown properties. Recently, staff has begun investigating two specific projects with willing property owners that would be excellent urban renewal projects: the Gateway Village project at US 40 and I-70 and various parcels at the Interplaza site (Home Depot, Kohls, etc) that still have not been developed.
- If Council's direction is to continue to utilize the URA structure in appropriate situations, the next steps will be to conduct blight studies, financial impact analyses, and land use plans for such eligible areas.

Downtown Development Authority (DDA) – Although the committee recommends creating the DDA in early 2011, it would not take any increment revenue and would remain otherwise dormant until after 2014. Creating the DDA in 2011 would allow the maximum property and sales tax increments to build and be available for downtown redevelopment efforts after 2014. There are three basic steps in creating a DDA:

- City Council would adopt an ordinance establishing the increment revenue and priorities for the DDA (according to the DDA state statute). Unlike a new urban project, a municipality can allocate property tax increment revenue to the DDA without the consent of the county or other taxing entities. In many ways, a DDA would appear and function much like the current GURA organization.
- Those to be included within the DDA boundary would vote to approve/establish the boundary. Eligible voters would include natural person and corporate business or property owners, residents (owners and renters), and business lessees. This vote would not address the ordinance establishing the revenue and priorities for the DDA. The vote can occur on a special or general election.
- A separate vote would be required to "De-Bruce" the DDA.

Fiscal Impact: The fiscal impacts of Council's decision on this matter will be significant. There will definitely be substantial City costs, especially in the early years of a transition to new increment-funded redevelopment districts. In addition, the committee believes that EDComm programs and responsibilities funded by the General Fund have been underfunded over the years, and require additional resources. On the other hand, the benefits of a successful "next-generation" economic development program would be significant and could help assure the resources to continue to support community values. By contrast, the community costs of a decision not to adequately support economic development in the coming years could be devastating.

If Council is in general (preliminary) support of the recommended direction, a substantial part of the next steps would be preparation of definitive pro-forma and fiscal estimates for the proposed courses of action, and presentation to Council.

Alternatives: Any action by Council on this request is totally discretionary. Council has asked for information on potential structural refinements for economic development, but is not obligated to make any changes.

Recommendations: Staff recommends that City Council consider the information herein, especially the time implications of when to seriously consider the DDA route. Staff and the committee will proceed based upon Council's direction.