



FRUITA
COLORADO

**JOINT CITY COUNCIL AND PLANNING COMMISSION
WORKSHOP MEETING**

**Fruita Civic Center
Tuesday, November 14, 2023 at 6:30 PM**

AGENDA

AGENDA ITEMS

1. JOINT CITY COUNCIL & PLANNING COMMISSION WORKSHOP WITH 2FORKS VENTURES (GAVIN BROOKE & SARAH WOOD) & BUTLER SNOW (DEE WISOR & DALTON KELLY SERVING AS SPECIAL COUNSEL)

OTHER ITEMS



FRUITA

COLORADO

AGENDA ITEM COVER SHEET

TO: Fruita City Council, Mayor, and Planning Commission

FROM: Planning & Development Department

DATE: November 14, 2023

AGENDA TEXT: Joint City Council & Planning Commission Workshop w/ 2Forks Ventures & Butler Snow

BACKGROUND

The City has been working with 2 Forks Ventures, Inc (“Developer”) with the goal of pursuing a public private partnership to develop the Beach property. The attached to the Memorandum of Understanding, (“MOU”) agreement more specifically describes the relationship between both entities in addition to the subject property.

The purpose of this joint workshop is for the Planning Commission and City Council to discuss the following items listed below.

- Update and check-in with 2Forks Ventures regarding progress with deliverables listed in the Memorandum of Understanding
- Beach development process expectations w/ anticipated timeline on deliverables
- Presentation by 2 Forks Ventures
- Presentation by Butler Snow regarding public financing strategies.

PROJECT TIMELINE

- At the June 6th, 2023, City Council meeting, the Staff presented the Memorandum of Understanding (“MOU”) in executive session and afterwards, in open session, received Council direction to place the agreement on the June 20th, 2023.
- The MOU was formally approved at the June 20th, 2023, City Council meeting.
- The City Council recently approved RESOLUTION 2023-23 amending the 2023 budget by appropriating \$75,000 to begin the due diligence assessments, which includes environmental engineering, civic engineering, surveying, and more.

Attachments:

Memorandum of Understanding w/ City of Fruita & 2 Forks Ventures
 Fruita Land Use Code 17.19_Planned Unit Development
 Conceptual Budget
 Butler Snow PowerPoint Presentation

Butler Snow Draft: 5.11.2023
2FV Redlines: 5.17.2023
DC Bluelines: 5.17.23
2FV Redlines: 05.26.23
Butler Snow 5.30.23

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (this "Memorandum"), dated June ___, 2023, is between 2 Forks Ventures, Inc (the "Developer"), with an address at PO Box 2050, Carbondale, Colorado 81623, Attention: Gavin Brooke, and the City of Fruita, Colorado (the "City"), with an address at 325 E. Aspen Avenue, Fruita, Colorado 81521, Attention: City Manager. This Memorandum sets forth the understanding of the Developer and the City with respect to the possible development of certain real property owned in whole or in part by City and located within the boundaries of the City as described in Exhibit A (the "Property").

The Property is described more fully as follows: There are six parcels located at the west end of Raptor Road and bounded by I-70 on the north, the Colorado River & Little Salt Wash on the west, the James M. Robb Colorado River State Park to the south, and commercial land uses to the east and the Colorado River to the west. The major portion of the subject property includes a 25.15-acre parcel owned by the City that served as the location for sewer lagoons from 1967 to 2011, when a new sewer treatment facility was constructed further west. These sewer lagoons have since been fully decommissioned and cleaned up to an environmentally safe condition. This parcel now consists primarily of undeveloped land with four large depressions remaining with the surrounding grounds being used for outdoor storage and a small tree farm. In addition to the Lagoon parcel, the City also has partial ownership in over 15 acres of adjacent vacant land comprised of 4 parcels along the Little Salt Wash in partnership with Mesa and/or the Colorado Riverfront Foundation. These properties were acquired for the construction of the Little Salt Wash Trail which was completed in 2016 and serves as a vital segment of the Colorado Riverfront Trail system that is continuing to expand. On the west end of the Property there is a 12.16 acre parcel owned by Chevron USA, Inc. It is understood that the City of Fruita is in the process of acquiring the parcels described above to be included in the Property. See the attached Exhibit A depicting the properties.

The City and the Developer wish to pursue a public-private partnership for the possible development of the Property. The City has previously adopted the Fruita Lagoon Site Redevelopment Concept Plan date January 17, 2017 (the "Concept Plan"). The Concept Plan includes a mixed use development, coupled with ample public amenities that creates viable river access.

The Developer possesses the relevant experience in commercial and residential real estate development, collaboration with public entities, marketing, branding, and/or managing projects of a similar size, scope, and nature.

The purpose of this Memorandum is to describe certain preliminary actions that the City and Developer wish to pursue at this time in connection with the possible development of the Property as follows:

1. The Developer will:
 - a. Meet with the City to establish a shared vision and shared goals for the development of the Property.
 - b. Assess the market for various uses of the Property and produce a market report.
 - c. Develop a Conceptual Proposed Private Development Plan.
 - d. Provide conceptual pricing for the project.
 - e. Provide a presentation to the City Council as the conclusion to the Due Diligence and Conceptual planning process.
 - f. Other items as needed.

2. The City will:
 - a. Provide a Floodplain Analysis
 - b. Provide a Wetlands Delineation
 - c. Provide a topographic survey of the property.
 - d. Other items as needed.

3. The City and Developer will jointly:
 - a. Review and address Title issues
 - b. Propose Public Amenities
 - c. Review utility and infrastructure feasibility and costs.
 - d. Develop a Conceptual Site Plan for Public and Private Development.
 - e. Other items as needed.

The Developer and the City shall bear the costs of their respective deliverables as outlined above. Where there are additional deliverables identified as necessary in this process the cost sharing shall be agreed upon in advance with City Staff with the general principle being – those costs that are for the long term benefit of the City owned Property (such as mapping, surveys and title work) shall be borne by the City and those costs that are specific to the development proposal (such as market studies, conceptual vertical construction pricing, and presentations) shall be borne by the Developer. Those costs that shall benefit both City and Developer (such as proposed development plans, public amenity design, and conceptual infrastructure cost estimates) shall be shared equitably. All costs shall be carried forward into each party's respective contributions in any future agreement. Any financial obligation which the City determines to undertake will be subject to prior appropriation by the City Council.

The Developer and the City anticipate that if the preliminary work contemplated in by this Memorandum shows that development of the Property meets the shared vision and goals of the City and Developer and is financially viable, the Developer and City intend to negotiate a definitive public-private partnership agreement (the "PPP Agreement").

The Developer shall have a 1-year exclusive right from the date of this agreement to negotiate a PPP Agreement acceptable to the City to achieve a development proposal for the Property. The parties agree to work together in good faith to agree to a PPP Agreement.


The Developer may assign this agreement and the rights associated to another entity for the purpose of developing this property. Any assignment is subject to the City's agreement.

This Memorandum may be executed in counterparts and/or facsimile counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument.

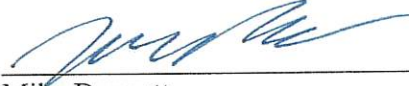
The laws of the State of Colorado shall govern this Memorandum.


IN WITNESS WHEREOF, the parties hereto have set forth their respective hands as of the date first written above.

DEVELOPER:
2 FORKS VENTURES, INC a Colorado Corporation

By: 
Name: Gavin Brooke
Title: President

CITY:
CITY OF FRUITA

By: 
Name: Mike Bennett
Title: City Manager


Christa Yamashita

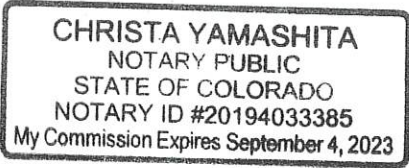


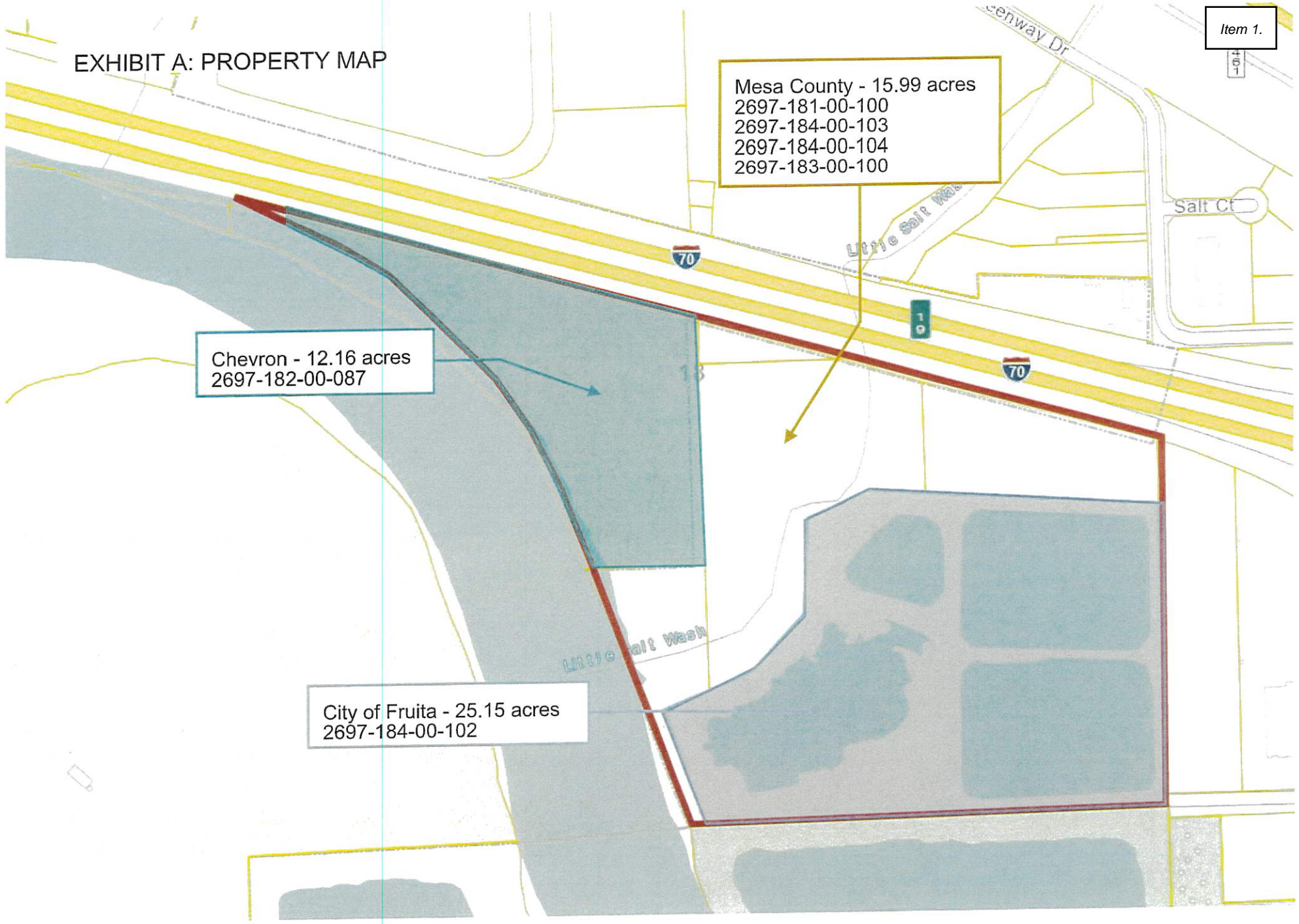
EXHIBIT A: PROPERTY MAP

Item 1.

Mesa County - 15.99 acres
2697-181-00-100
2697-184-00-103
2697-184-00-104
2697-183-00-100

Chevron - 12.16 acres
2697-182-00-087

City of Fruita - 25.15 acres
2697-184-00-102



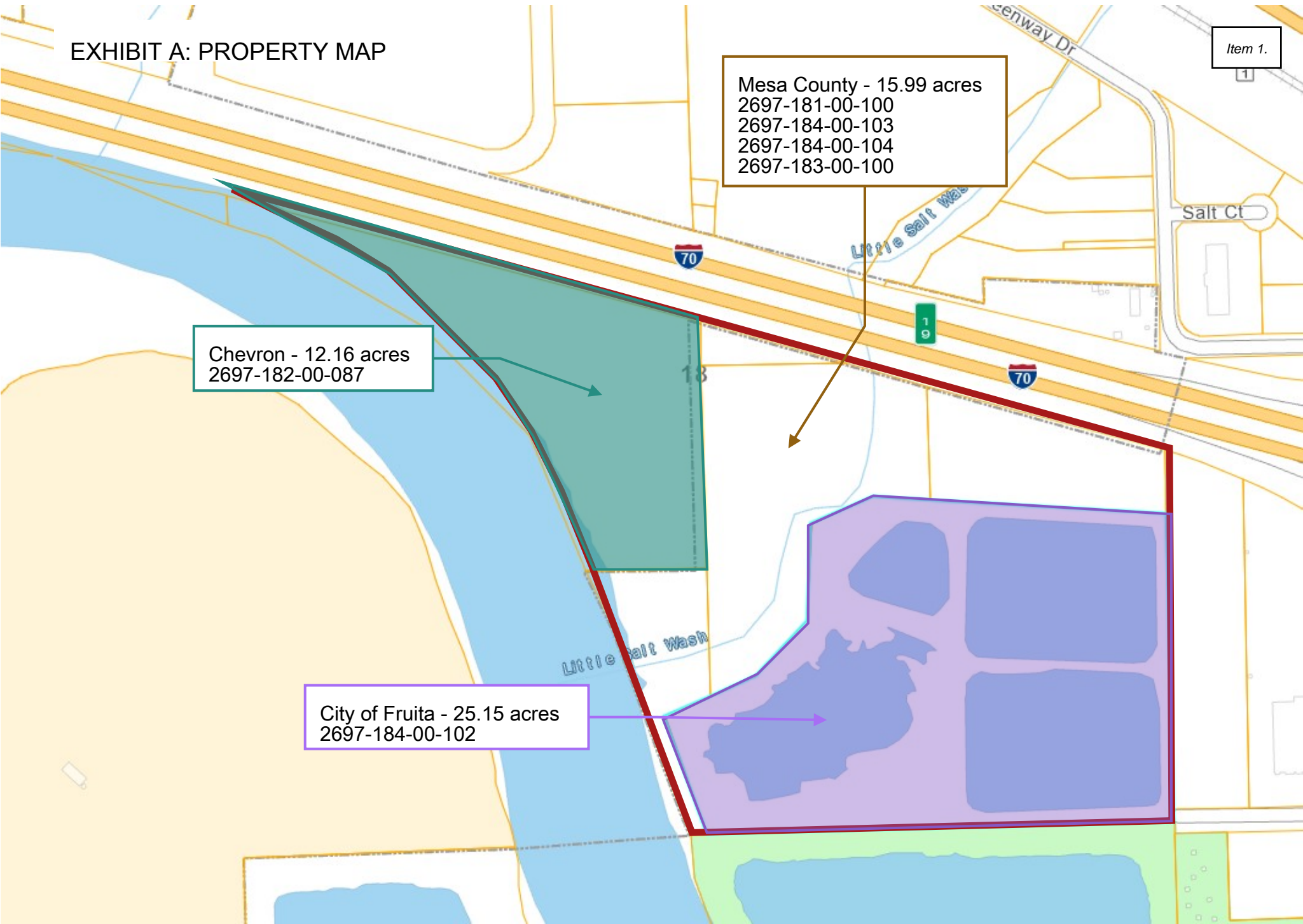


Fruita Lagoons

Due Diligence Budget

7/10/23	Due Diligence Phase Budget			Task
	Total	City	Developer	
Expenses				
Due Diligence Costs				
Appraisal	\$ 4,750	4,750		PPP
Arborist	\$ 500	500		Constraints Map
Civil Engineering	\$ 9,250	4,625	4,625	Conceptual Plan
Drafting / Rendering	\$ 5,000	2,500	2,500	Conceptual Plan
Design - Arch. / Planning / Landscape	\$ 20,500	10,250	10,250	Conceptual Plan
Environmental Engineering				
Floodplain Assessment	\$ 7,800	7,800		Constraints Map
Phase 1 Environmental Report	\$ 5,500	5,500		Due Diligence
River Engineer	\$ 6,500	6,500		Constraints Map
Wetlands Deliniation	\$ 4,500	4,500		Constraints Map
Total Environmental Engineering	\$ 24,300	24,300		
Land Surveying	\$ 5,000	5,000		Survey
Legal	\$ 5,000	5,000		Due Diligence
Real Estate / Market Consultant	\$ 4,250		4,250	Market Analysis
Soil Engineering and Testing	\$ 1,000	1,000		Constraints Map
Total Due Diligence Costs	\$ 79,550	\$ 57,925	\$ 21,625	
Administration Supplies, Delivery, Repro	\$ 2,250	1,125	1,125	
Contingency 20%	\$ 16,360	11,913	4,447	
Total Expenses	\$ 98,160	\$ 70,963	\$ 27,197	

EXHIBIT A: PROPERTY MAP



Chapter 17.19
PLANNED UNIT DEVELOPMENTS

Sections:

- 17.19.010** **General Purposes**
17.19.020 **Planned Unit Developments – General Procedures**
17.19.030 **Criteria For Review and Decisions**
17.19.040 **Planned Unit Development Applications; Submittal, Processing and Review**
17.19.050 **Planned Unit Development Improvements**
17.19.060 **Amendments to Final Planned Unit Development Plan or Planned
Unit Development Guide**
17.19.070 **Time Extensions**

17.19.010 PURPOSE.

The purpose of this Chapter is to encourage flexibility and innovation in developments in exchange for a community benefit that could not otherwise be realized through the strict adherence to the code. This Chapter allows for modification of the normal use, density, size or other zoning restrictions.

17.19.020 APPLICABILITY.

This chapter may apply to any development within the City of Fruita. There shall be no prohibition on the size or location of a development requesting review as a Planned Unit Development. As part of the application for PUD, the application is assumed to request a deviation from the existing underlying zone district, unless the applicant requests a new underlying zone district as part of the application. Properties that are unzoned must identify an underlying zone district as part of the PUD request.

- A. Recommendations and decisions concerning a proposed Planned Unit Development shall be based upon the criteria in Section 17.19.030. In no case shall the approval of a Planned Unit Development vary the health and safety requirements contained in Title 8, requirements concerning public peace, morals and welfare contained in Title 9, requirements concerning public improvements contained in Title 12, requirements concerning water and wastewater service contained in Title 13, or the requirements of the city's building codes as set forth in Title 15 of the Municipal Code. To the extent that other regulations in this code conflict with the standard contained in an approved Planned Unit Development as allowed herein, such regulations shall not be applicable and the provisions of this chapter shall control.
- B. City Council may modify any specifications, standards, or requirements of this Code, provided that the PUD Ordinance established different specifications, standards, and requirements for the PUD. No Planned Unit Development shall be approved unless the Council is satisfied that each of these approval criteria has been met, can be met or does not apply to the proposed Planned Unit Development

- C. Unless specifically modified through the PUD process, uses and dimensions within a PUD shall comply with the requirements of this Code, including but not limited to minimum lot area, maximum lot coverage, minimum setbacks, maximum heights, parking standards, landscape requirements, and required permits and processing procedures.
- D. Subdivisions. In the event a proposed Planned Unit Development involves a subdivision, the applications shall be combined and reviewed simultaneously according to the review procedures within this PUD Chapter. Approval criteria for Planned Unit Developments must be considered in addition to the approval criteria required to be considered for subdivisions, pursuant to Chapter 17.21.
- E. Site Design Review. In the event a proposed Planned Unit Development does not require a subdivision, Planned Unit Development will follow the Site Design Review application procedures of Chapter 17.09, except the Site Design Review for the Planned Unit Development shall be reviewed through the public hearing process in accordance with Section 17.07.040 (Common Development Review Procedures). Approval criteria for Planned Unit Developments must be considered in addition to the approval criteria required to be considered for Site Design Review, pursuant to Chapter 17.09.

17.19.030 PUD REVIEW PROCESSES.

All PUDs shall be processed in accordance with the Procedures outlined in Section 17.07.040, Common Development Review Procedures. Additionally, the following process steps are applicable to all PUDs.

- A. Concept Plan. An applicant may choose to complete a Concept Plan review with the City to receive initial feedback on the proposed Subdivision. An application for Concept Plan is optional and approval shall be reviewed for compliance with this Title, other requirements of the city, and requirements of other agencies, as applicable. Applications for Concept Plan approval shall be reviewed in a work session process (not a public hearing) with the Planning Commission and City Council. All comments and feedback in the work session are non-binding and are intended to provide overall direction to an applicant. The Planning Commission is a recommending body to City Council for all Concept Plan applications.
 - 1. The Planning Commission and City Council shall evaluate the Concept Plan application according to the following approval criteria:
 - a. Conformance to the City of Fruita's Comprehensive Plan, Land Use Code, Design Criteria and Construction Specifications Manual and other city policies and regulations;
 - b. Consistency with one or more of the following general goals for a PUD justifying a deviation from the requirements of the Code, including but not limited to:

- i. More convenient location of residences, places of employment, and services in order to minimize the strain on transportation systems, to ease burdens of traffic on streets and highways, and to promote more efficient placement and utilization of utilities and public services; or
 - ii. To promote greater variety and innovation in residential design, resulting in adequate housing opportunities for individuals of varying income levels and greater variety and innovation in commercial and industrial design; or
 - iii. To relate development of particular sites to the physiographic features of that site in order to encourage the preservation of its natural wildlife, vegetation, drainage, and scenic characteristics; or
 - iv. To conserve and make available open space; or
 - v. To provide greater flexibility for the achievement of these purposes than would otherwise be available under conventional zoning restrictions; or
 - vi. To encourage a more efficient use of land and of public services, or private services in lieu thereof, and to reflect changes in the technology of land development so that resulting economies may inure to the benefit of those who need homes; or
 - vii. To conserve the value of land and to provide a procedure which relates the type, design, and layout of residential, commercial and industrial development to the particular site proposed to be developed, thereby encouraging the preservation of the site's natural characteristics.
- c. Conformance to the approval criteria for Subdivisions (Chapter 17.21) and/or Site Design Review (Chapter 17.09), as applicable; except where Adjustments to the standards of this Title are allowed, and;
 - d. Conformance with applicable Design Standards and Guidelines as outlined in Chapter 17.13, unless approved as an Adjustment pursuant to the Adjustment criteria set forth in Section 17.13.020(B).
2. The applicant shall provide the following information as part of the Concept Plan application:
- a. Identification of uses, dimensions, or other standards that are requested to be adjusted through the PUD process.
 - b. Identification of proposed uses, dimensions, or other standards that will supersede the requirements outlined in this Title or other regulations adopted

by the City of Fruita.

3. The Concept Plan application may be continued or withdrawn by the applicant at any time in writing to the Community Development Department.
4. Preliminary Planned Unit Development Plan applications must be submitted within one hundred eighty (180) days of the approval of the Planned Unit Development Concept Plan unless a time extension has been granted pursuant to Section 17.19.070. If more than 180 days have elapsed from the date of the City Council's approval of the Concept Plan application, and if no extension is granted, the Concept Plan approval shall expire.

B. Preliminary Planned Unit Development Plan. An application for Preliminary Planned Unit Development approval is subject to all requirements of this Title, and other applicable regulations. A Preliminary PUD is reviewed by the Planning Commission, who shall make a recommendation to City Council. City Council is the final review authority for all Preliminary PUDs.

1. At a public hearing in accordance with Section 17.07.040, the Planning Commission and City Council shall evaluate the Preliminary Plan application according to the Concept Plan criteria in Section 17.19.030(A)(1) and:
 - a. Adequate resolution of all review comments; and
 - b. Proposed zoning and adjustments are generally consistent with the character in the immediate area, or are necessary to address an important community purpose, as determined by City Council.
 - c. Conformance to the approval criteria for Subdivisions (Chapter 17.21) and/or Site Design Review (Chapter 17.09), as applicable; except where Adjustments to the standards of this Title are allowed, and;
 - d. Conformance with applicable Design Standards and Guidelines as outlined in Chapter 17.13, unless approved as an Adjustment pursuant to the Adjustment criteria set forth in Section 17.13.020(B).
 - e. Compliance with conditions of approval on the Concept Plan, if any.
2. As part of the Preliminary Planned Unit Development Plan/Plat, the City Council shall enact an ordinance zoning the subject property as a Planned Unit Development.
3. The Preliminary PUD application may be continued or withdrawn by the applicant at any time in writing to the Community Development Department. The applicant may be responsible for paying for the cost of an additional public notice if public notice for the public hearing has already been sent out.
4. Final PUD applications must be submitted within 180 days of City Council

approval of the Preliminary PUD unless a time extension has been granted pursuant to Section 17.19.070. If more than 180 days have elapsed from the date of the City Council’s approval of the Preliminary PUD application, and if no extension is granted, the Preliminary Plan approval shall expire.

C. Final Planned Unit Development Plan. An application for Final Planned Unit Development shall conform to the previously approved Preliminary Planned Unit Development Plan, including all conditions of approval, the requirements of this Title, and any other applicable regulations. Final PUD applications are administratively reviewed and approved by the Community Development Director, and may be combined with the related Development Agreement. Final PUD applications shall be submitted to the Community Development Department within one hundred eighty (180) days following approval or conditional approval of the Preliminary Planned Unit Development Plan by the City Council, unless such time is extended by the City Council.

1. The applicant may withdraw the Final PUD application at any time in writing to the Community Development Department.

2. Final Approval and Recording of Planned Unit Development. The Final Planned Unit Development Plan/Plat shall be recorded by the Community Development Department in the manner and by the deadline provided for approved subdivision Final Plats and related documents in Section 17.21. No Final Planned Unit Development Plan, development or subdivision improvements agreement shall be recorded until the developer has paid to the city all review, filing and recording fees, as well as any applicable impact fees. The applicant shall sign the Planned Unit Development Guide before it is recorded.

17.19.050 PLANNED UNIT DEVELOPMENT IMPROVEMENTS.

All required improvements for an approved Planned Unit Development shall be designed, constructed and installed in accordance with the requirements for subdivision improvements set forth in Chapter 17.21 and in accordance with a development or subdivision improvements agreement entered into by the City Council and the developer pursuant to Chapter 17.49 for Planned Unit Development involving a subdivision or in accordance with requirements for Site Design Review approval if no subdivision is required. Improvements shall be constructed pursuant to the city approved Planned Unit Development construction plans and Planned Unit Development Guide.

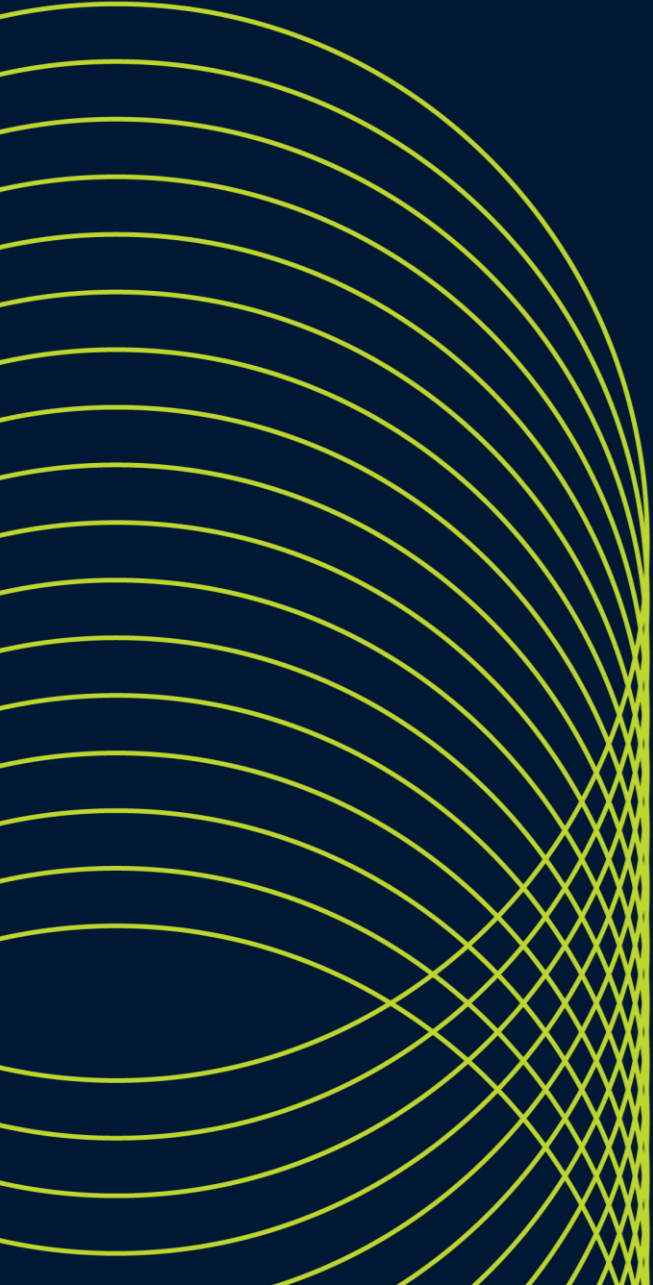
17.19.060 AMENDMENTS TO PLANNED UNIT DEVELOPMENT FINAL DEVELOPMENT PLAN OR PLANNED UNIT DEVELOPMENT GUIDE.

A. Conditions for Amendment. An approved Final Planned Unit Development Plan or Planned Unit Development Guide may be amended, if the applicant demonstrates that the proposed modification:

1. Is consistent with the efficient development and preservation of the entire Planned Unit Development;
 2. Does not affect, in a substantially adverse manner, either the enjoyment of the land abutting within or adjoining the Planned Unit Development, or the public interest;
 3. Is not granted solely to confer a special benefit upon any person;
 4. Does not contain proposed uses that adversely affect other uses approved for the Planned Unit Development;
 5. Does not contain a public site, park or open space plan that differs substantially in quantity or quality from that originally approved;
 6. Contains street and utility plans that are coordinated with planned and/or existing streets and utilities for the remainder of the Planned Unit Development; and
 7. Is consistent with all applicable regulations of this Title, except as specifically allowed through the subject Planned Unit Development approval or where an amendment is allowed pursuant to this Section.
- B. Classification of Amendments. For the purposes of considering a proposed amendment to a Final Planned Unit Development Plan or Planned Unit Development Guide, amendments shall be classified as minor amendments or major amendments. A minor amendment shall include minor changes in location, siting, and bulk of structures, or height or character of structures required by engineering or other circumstances not foreseen at the time the Planned Unit Development or Planned Unit Development Guide was approved. A minor amendment shall not alter the dimensions of any building or structure by more than ten (10) percent. A major amendment shall include all other modifications; such as; changes in use, arrangement of lots or structures, and all changes in the provisions concerning public sites, parks, open space or density.
- C. Pre-application Conference. When proposing any amendment to a Final Planned Unit Development Plan and/or Plat, the applicant shall first request a pre-application conference with the Community Development Department to discuss city procedures, and requirements. The applicant shall provide information that is sufficient for the Community Development Director to determine whether the request meets the criteria for a minor or major amendment.
- D. Review of Planned Unit Development Amendments. Minor Planned Unit Development amendments shall be reviewed and may be approved by the Community Development Director. Major Planned Unit Development amendments shall be reviewed and may be approved in the manner set forth for original Planned Unit Development applications as contained in this Chapter.

17.19.070 TIME EXTENSIONS.

- A. The Community Development Director may grant an extension of the deadline to submit Preliminary Plan or Final Plat applications, record the final plat or commence development of the subdivision for a period of up to 365 days. All time extension requests are evaluated on the following criteria:
1. There have been no changes to the area in which the PUD is located that would affect the proposed PUD,
 2. There have been no changes to the city's rules, regulations and policies including changes to the city's Comprehensive Plan and this Land Use Code that would affect the proposed PUD, and
 3. There has been no significant increase in impact fees required to be paid for the proposed subdivision.



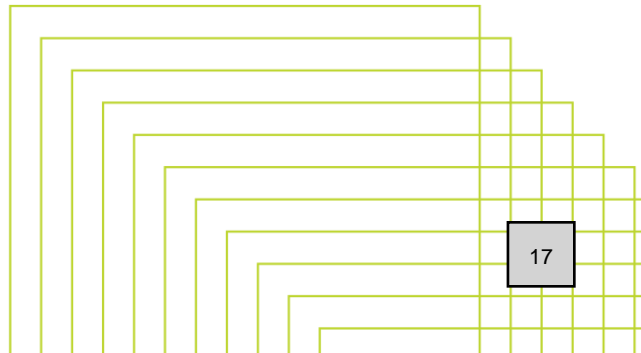
BUTLER | SNOW

**Public Finance Agreements
City of Fruita
November 14, 2023**

Dee Wisor and Dalton Kelley

Overview

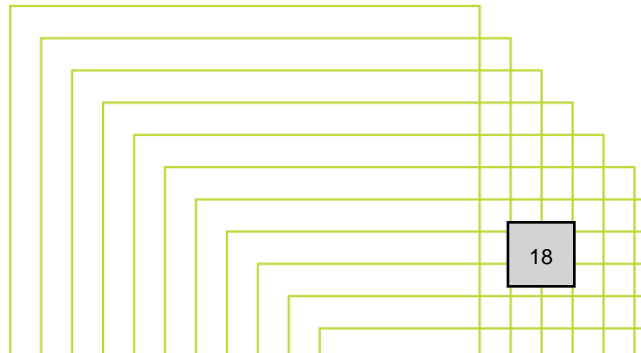
- What are public finance agreements?
- What are the available tools?
 - Public improvement fees
 - Tax rebate agreements
 - Tax increment financing
 - Metropolitan districts
 - General improvement districts
 - Direct contributions, waivers of fees, reimbursements
- How do these pieces fit together?
- Considerations



Public Finance Agreements

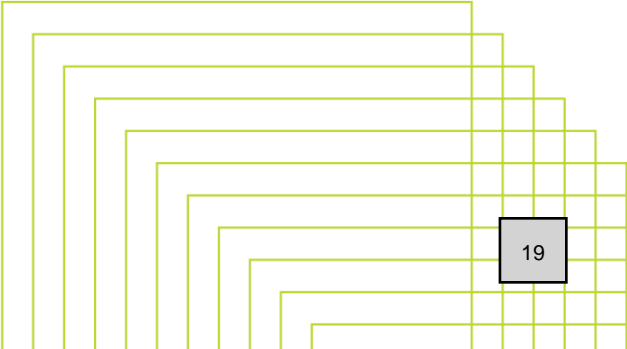
What are they?

- Public Finance Agreements are agreements between a governmental entity and a developer whereby the governmental entity agrees to provide certain financial support directly or indirectly in exchange for the construction of public improvements.



What tools can be used as part of a Public Financing Agreement?

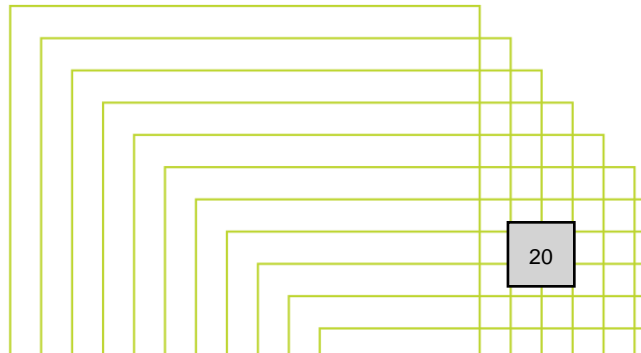
- Public Improvement Fees
- Tax Rebate Agreements
- Tax Increment Financing
- Metropolitan Districts or General Improvement Districts
- Direct Contributions
- Waiver or Rebate of Development Fees
- Reimbursement Programs



Public Improvement Fees

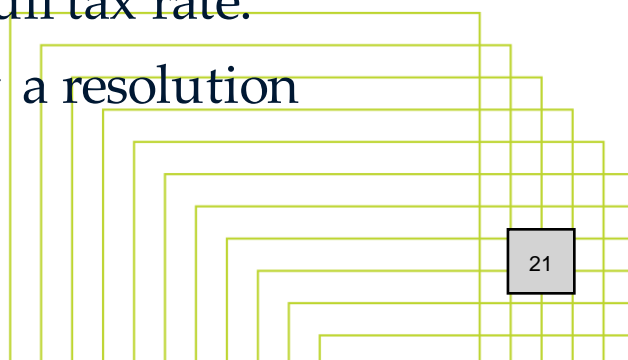
What are they?

- A public improvement fee (“PIF”) is a fee imposed by the owner of real property on retail or other transactions, such as lodging.
 - PIF on retail sales is typically imposed as a percentage of gross sales, similar to a sales tax.
 - PIF on lodging is typically imposed as a percentage on the total lodging price paid, similar to a lodging tax.
- Though PIFs may function similar to a sales tax or a lodging tax, they are not taxes.
- The PIF is imposed by the owner of real property recording a covenant that runs with the land.
 - PIF revenue must be spent on improvements that benefit (or touch and concern) the property that is subject to the PIF.



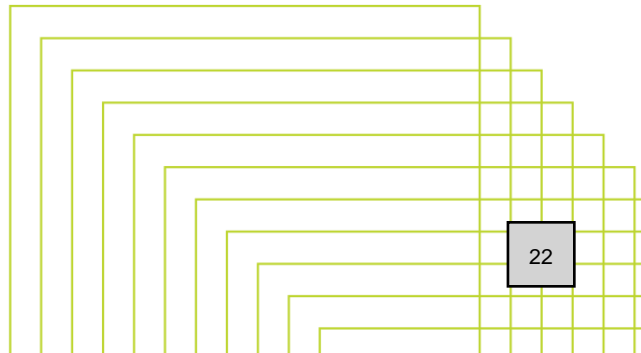
Credit PIFs

- There are two types of PIFs – Credit PIFs and Add-on PIFs.
- A Credit PIF is where a municipality grants a credit against a portion of the sales tax or lodging tax due to the municipality that corresponds to the PIF being collected.
 - Example: The City has a 3% sales tax. The City grants a 1% credit if a 1% PIF is collected. With the credit, the City collects a 2% sales tax and the property owner (through a PIF collection agent) collects the 1% Credit PIF.
- The credit is granted at the cash register and is only granted to the extent that the Credit PIF is actually collected by the retailer from the consumer.
- In exchange for granting the credit, the developer agrees to use the Credit PIF proceeds to construct public infrastructure.
- Attractive for developers because consumers pay the same effective rate.
- Less attractive for the municipality because it is collecting less than its full tax rate.
- The credit for the Credit PIF is established by the municipality adopting a resolution or an ordinance granting the credit.



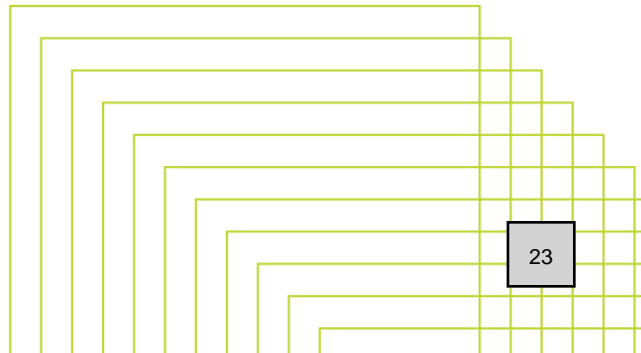
Add-on PIFs

- An Add-on PIF is where the PIF is added to the cost of the goods sold or accommodations provided without a credit being granted against the existing tax.
 - Example: The City has a 3% sales tax. The real property owner imposes a 1% Add-on PIF on goods sold at retail. The purchaser pays an effective rate of 4% on the goods.
- Less attractive for developers because consumers pay a higher effective rate at establishments on their property than at establishments on property that does not impose an Add-on PIF.
- More attractive for the municipality because it is collecting its full tax rate.
- Imposition requires no action by the municipality.



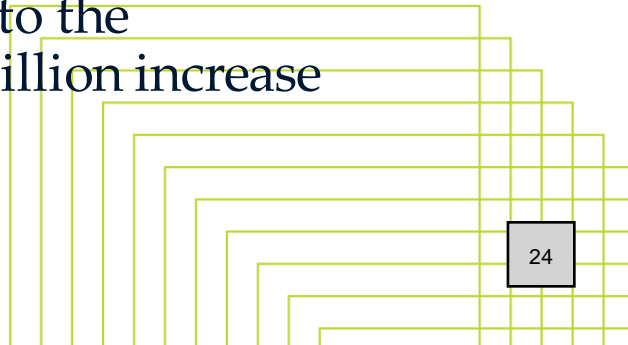
Tax Rebate Agreements

- Agreement where the municipality collects its tax, such as sales tax or lodging tax, at the full rate and then agrees to rebate all or a portion of the amount collected from a specific taxpayer back to the taxpayer.
- Unless approved by the municipal voters, the agreement has to be subject to annual appropriation by the municipality.
- The nature of the agreement being subject to annual appropriation makes it less desirable to developers and the investors.



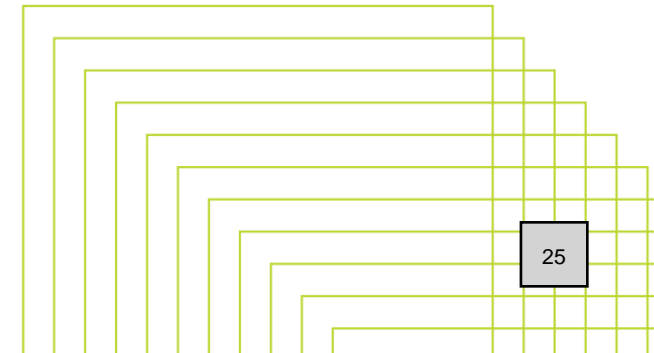
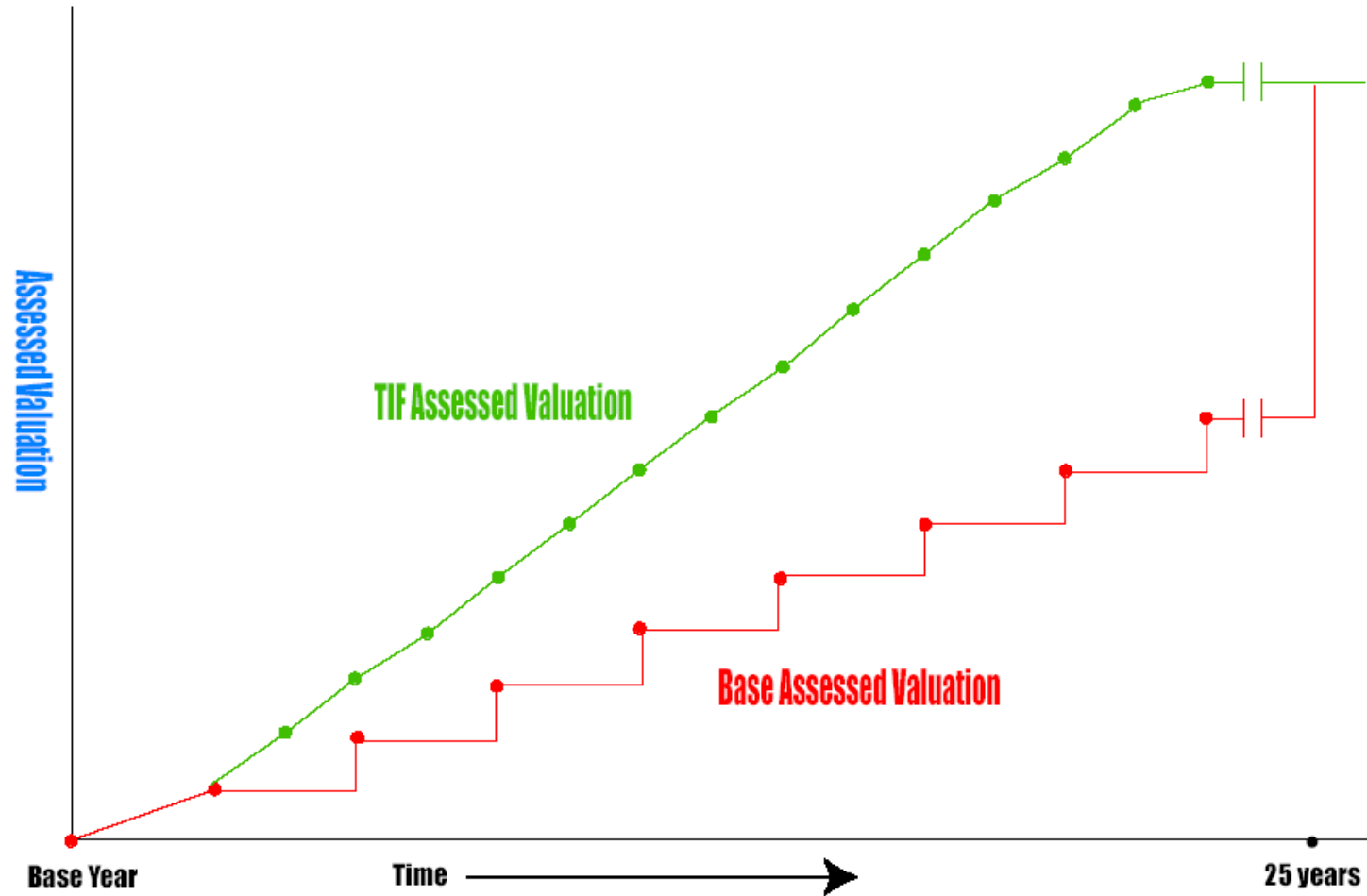
Tax Increment Financing (“TIF”)

- Available to Urban Renewal Authorities, Downtown Development Authorities and Public Highway Authorities
- Once an area is established and a plan is adopted, the property tax base and/or municipal sales tax base for the area is “frozen.”
 - This means that after the date of plan adoption, the assessed value to which the mill levy for the municipality, the school district, the county, and other overlapping taxing entities would be the same each year with adjustment for general reassessments.
 - Example: If the assessed value in an area is \$1 million on the date of plan adoption, then the mill levy for each of the overlapping taxing jurisdictions is applied to that \$1 million assessed value each year of the plan. If the assessed value of property in the area increases to \$10 million, the taxes derived from multiplying the combined mill levy times the \$1 million base go to the overlapping taxing jurisdictions and the mill levy times the \$9 million increase goes to the Authority.



How is increment calculated?

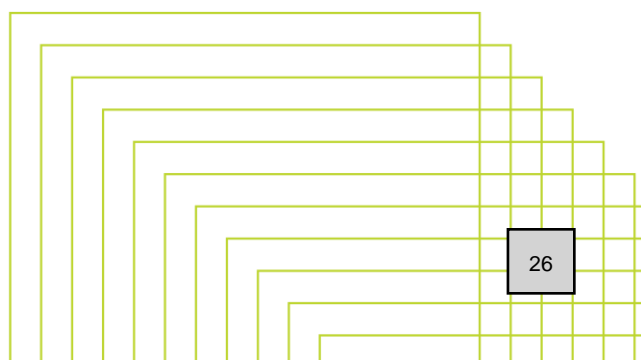
TIF CHART



Metro Districts

What Are They?

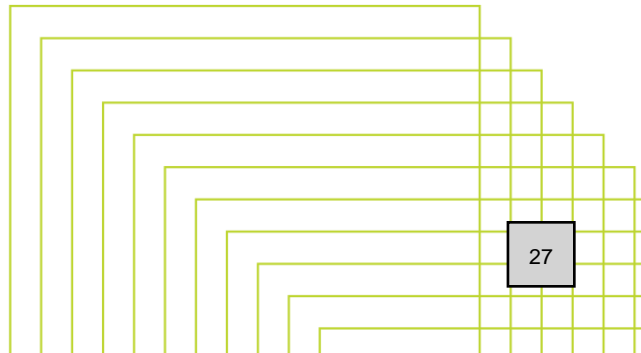
- Formed under C.R.S. Section 32-1-101, *et seq.*
- Independent quasi-municipal corporation and political subdivision of the state.
 - Independently elected board of directors
- City Council approves service plan that limits powers of district



Metro Districts

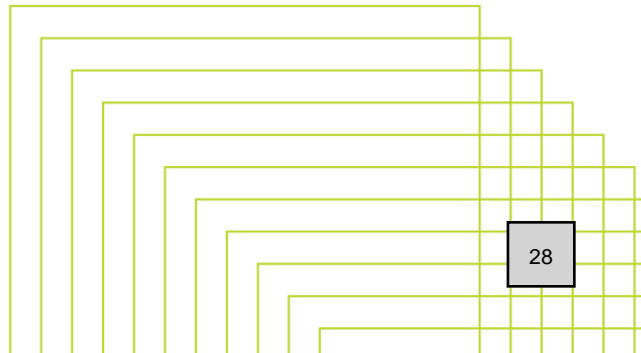
What Are They?

- Metropolitan districts provide two or more services. Services which may be provided include:
 - Fire Protection
 - Mosquito Control
 - Parks and Recreation
 - Safety Protection
 - Sanitation (sewers)
 - Solid Waste disposal or collection and transportation
 - Streets
 - TV relay and translator
 - Water
 - Transportation (Mass Transit)



Metro Districts Revenue Raising Powers

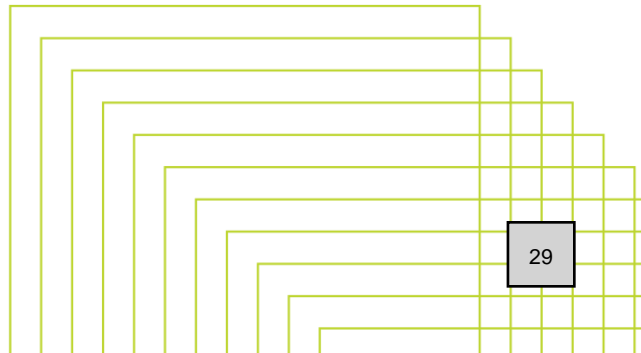
- May levy a property tax imposed on the property within the district.
- May levy special assessments on specially benefitted property within the district.
- May impose fees, rates, tolls, charges and penalties for revenue-producing services or facilities.
- May levy sales taxes for certain purposes on property that is not also within the boundaries of an incorporated municipality, subject to certain conditions.



General Improvement Districts

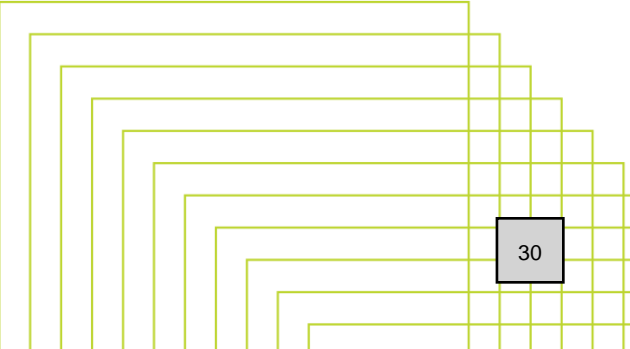
What Are They?

- Formed under C.R.S. Section 31-25-601, *et seq.*
- Independent quasi-municipal corporation and political subdivision of the state.
- General improvements districts provide any improvement or services that the City can provide.
- City Council is the board of the GID



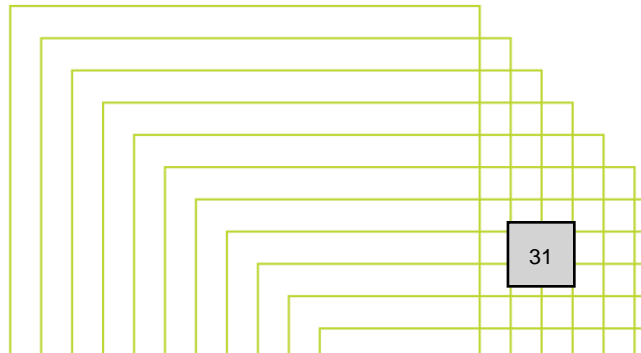
General Improvement Districts Revenue Raising Powers

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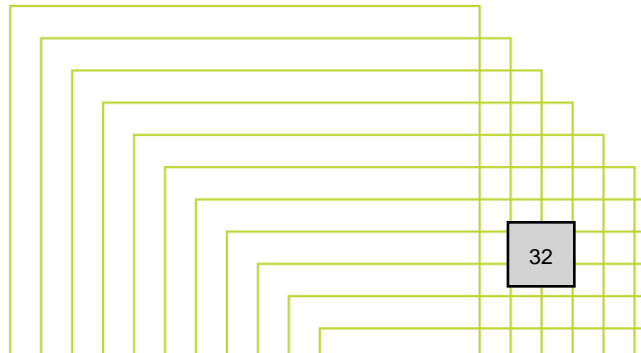
Other Tools

- The City could appropriate funds from the general fund or special funds for specific public improvements.
- The City could choose to waive or rebate certain development or permit fees.
- The City could reimburse the developer for certain improvements, such as for oversizing certain improvements.



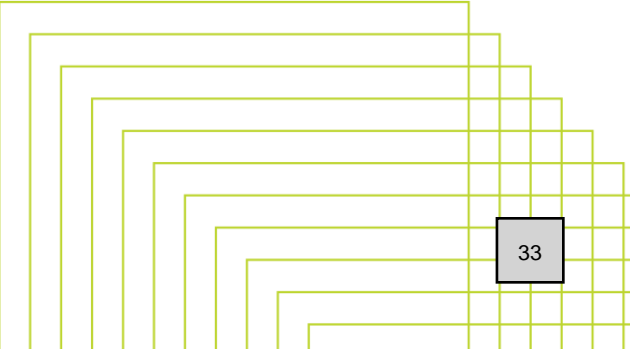
The “But-For” Argument

- Absent the investment by the municipality, development may not happen or the type of development that is desired would not occur.
- *Without* development, tax revenues remain stagnate or decline.
- *With* municipal investment, development occurs, and sales, lodging and property tax revenues increase.



How do the pieces fit together?

- The municipality usually enters into one or more agreements to deploy one or more of the tools identified.
- A Public Finance Agreement is used to reflect the agreement of the parties, the flow of revenues and to set restrictions on how revenues are used.
- Typically, revenues flow to a metropolitan district that issues bonds to finance the public infrastructure.
- The bonds are then payable from the revenue flowing to the metropolitan district through the Public Finance Agreement or other agreements.
- Bond repayment sources could include:
 - PIF revenue
 - Rebated tax revenue
 - TIF revenue; and
 - Metropolitan district or general improvement district revenue

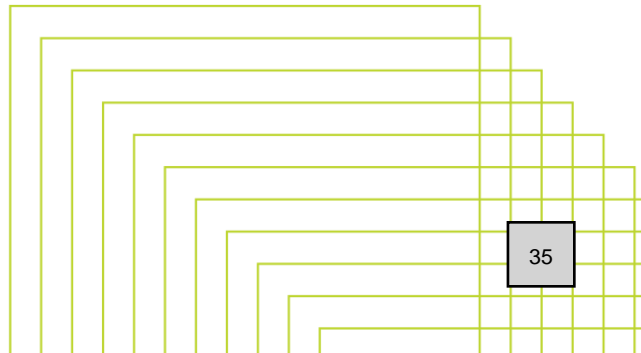


Considerations

- With a Credit PIF, will the City still generate enough tax revenue to provide services to the new project and the rest of the City?
- Will an Add-on PIF create a burden on citizens or deter visitors?
- Does a tax rebate agreement increase costs too much by introducing risk?
- Should TIF be used on this project or another project in the urban renewal plan area/downtown development authority district?
- Is a metropolitan district appropriate for this project?
- Is a general improvement district appropriate for this project?

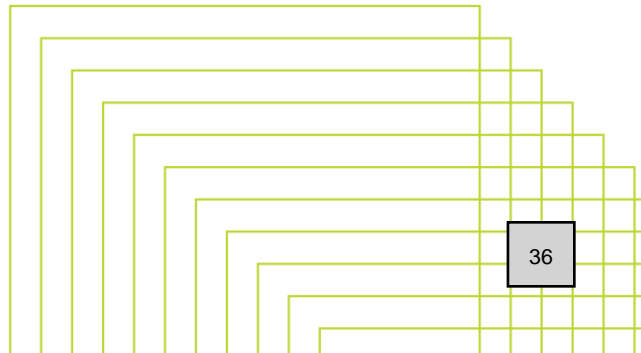
Examples

- Grand Junction Dos Rios.
 - Mixed use development.
 - City formed general improvement district to finance public improvements
 - GID issued bonds payable from a limited mill levy of not more than 50 mills, specific ownership taxes, and downtown development authority tax increment revenues.
 - There is also a payment in lieu of taxes covenant recorded against the property to require any owner of property that is exempt from taxation to pay a fee equivalent to what the mill levy would produce from that property.



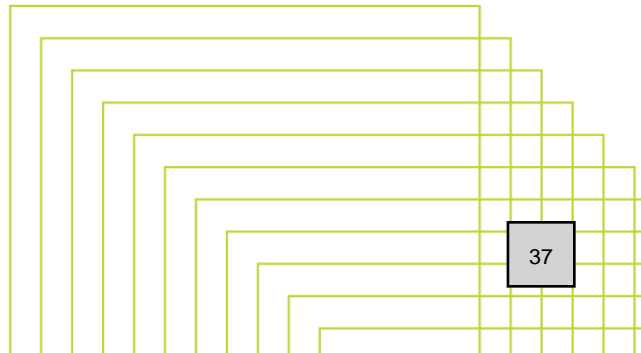
Examples

- Grand Junction Costco.
 - City approved formation of metropolitan district to finance public improvements.
 - Credit PIF equal to 2% of retail sales.
 - County contribution of \$200,000.



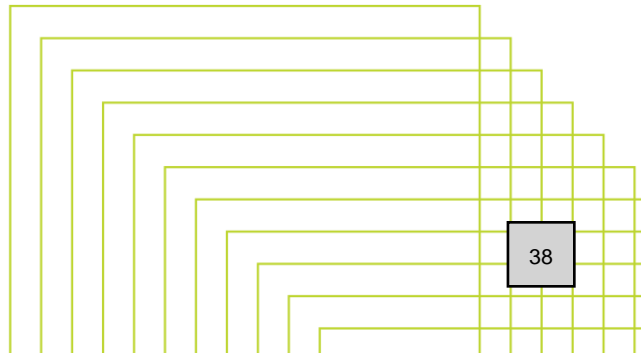
Examples

- Glendale Riverwalk.
 - Metropolitan district formed to finance public improvements.
 - Lodging tax revenues.
 - Downtown development authority property and sales tax increment revenues.
 - Add on PIF of 2.25% of retail sales
 - Payment in lieu of taxes covenant recorded against the property to require any owner of property that is exempt from taxation to pay a fee equivalent to what the mill levy would produce from that property.



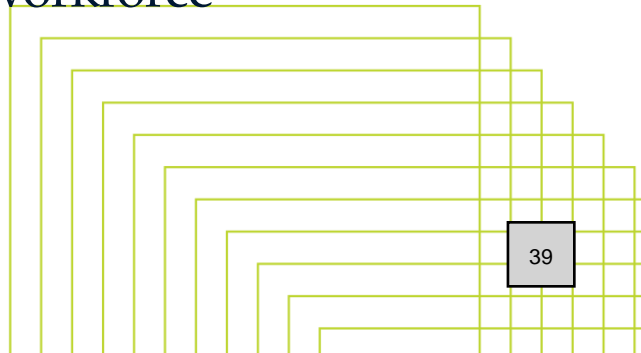
Examples

- Loveland Centerra.
 - Metropolitan districts formed to finance public improvements.
 - Levy property taxes of between 35 and 72 mills
 - Urban renewal authority property tax increment revenues.
 - Credit PIF of 1.25% of retail sales.
 - Specific ownership taxes.



Examples

- Town of Dillon
 - Metropolitan districts formed to finance public improvements.
 - Levy property taxes of up to 50 mills.
 - Specific ownership taxes.
 - Urban renewal authority property tax increment revenues.
 - Credit PIF of 50% of applicable sales tax (2.0%), lodging tax (6.0%) and short-term rental excise tax (5.0%) rates.
 - Add-on PIF of 2.0%.
 - 50% rebate of County sales tax revenue that is shared with the Town, subject to annual appropriation.
 - A portion of the revenue sharing is contingent on the Developer and the Town entering into an agreement regarding the use of one parcel for workforce housing.



QUESTIONS?

