



Legislation Text

File #: 15-00696, **Version:** 1

Resolution Approving a Cooperation Agreement between the Colorado Springs Urban Renewal Authority and the City of Colorado Springs to Promote Redevelopment and Assist With Financing of Public Improvements for the South Nevada Urban Renewal Project and to Approve the Amount of Annual Sales Tax Increment Revenue Allocated Pursuant to Colorado Revised Statute § 31-25-107 (9)(a)(II)

From:

Bob Cope, Economic Development Manager
Jim Rees, Executive Director, CSURA

Summary:

The Colorado Springs Urban Renewal Authority (CSURA) has evaluated the development proforma provided by the project developer and has determined that the sales tax increments generated from the project in excess of the annual base amount are required in order to fund the qualified public improvements. CSURA will be requesting that City Council approve a resolution authorizing the City to enter into the Cooperation Agreement that will cover the period from November 24, 2015 through November 23, 2040 (25 year TIF period) during the December 8, 2015 Regular City Council meeting. The Cooperation Agreement is currently under review by the City Administration, CSURA, The Equity Group, LLC, Harder Diesslin Development Group and Ivywild Development 1, LLC.

Previous Council Action:

City Council received a presentation on the South Nevada Avenue Area Urban Renewal Plan during the City Council Work Session on November 9, 2015, and will consider the adoption of the Urban Renewal Plan on November 24, 2015.

Background:

The South Nevada Avenue Area Urban Renewal Plan will be considered for approval by the Colorado Springs City Council on November 24, 2015. The plan included the use of property tax increments in the plan of finance for the project. The inclusion of sales tax increments, while anticipated in the plan, will not be authorized at the time of plan approval. CSURA has analyzed the plan of finance provided by the project developers in order to determine the appropriate amount of sales tax increment that will be required to make the project economically viable and will provide Council with a sales tax sharing agreement for consideration. The Cooperation Agreement identifies the percentage of sales tax increment required and the purpose for which the increment is to be used. A Redevelopment Agreement between CSURA and each developer will be finalized once City Council has approved the inclusion of the sales tax increment. The Redevelopment Agreements will outline the uses of the funds and the conditions that the developers must fulfill in order to receive the tax increment revenues.

Financial Implications:

The Cooperation Agreement authorizes the use of 2% of the general fund sales and use tax increments for 25 years. The total amount is anticipated to be \$35,540,339. The City will continue to receive the existing general fund base amount and the increment generated from the PSST, TOPS, Capital Improvement/Road Tax (2C) and the PPRTA taxes. The developers will be contributing revenue from the a metro district mill levy, a PIF and a business improvement district as well other private funds in order to complete the eligible improvements.

Board/Commission Recommendation:

The Colorado Springs Urban Renewal Authority recommends approval of the Cooperation Agreement. The final Cooperation Agreement will be presented for City Council approval on December 8, 2015.

Stakeholder Process:

The urban renewal plan approval process adhered to the State of Colorado Revised Statutes 31-25-107 process for approving urban renewal plans. The process requires several public hearings and notifications to all property owners in the proposed area.

Alternatives:

1. Council may approve a reduced amount of sales tax increment.

Proposed Motion:

Approve a Resolution Approving a Cooperation Agreement between the Colorado Springs Urban Renewal Authority and the City of Colorado Springs to Promote Redevelopment and Assist With Financing of Public Improvements for the South Nevada Urban Renewal Project and to Approve the Amount of Annual Sales Tax Increment Revenue Allocated Pursuant to Colorado Revised Statute § 31-25-107(9)(a)(II)

Not applicable.