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<u>Prepared By:</u>	<u>Reviewed By:</u>	<u>Reassessment:</u>
<u>Standard:</u> HB15-1348 SB16-177 C.R.S. §31-25-101 C.R.S. §31-25-104 C.R.S. §31-25-107	<u>Approved By:</u>	<u>Revision Date:</u>

Mandate: Colorado HB15-1348—Urban Redevelopment Fairness Act, Colorado SB16-177: Modify 2015 Urban Renewal Legislation, C.R.S. §31-25-101 Urban renewal law, C.R.S. §31-25-104 Urban renewal authority, C.R.S. §31-25-107 Approval of urban renewal plans by local governing body.

Purpose: El Paso County follows all state laws and regulations to ensure compliance with laws enacted by the State of Colorado. This policy is designed to provide guidance for:

- The process for selecting a County appointee to an Urban Renewal Authority (URA) Board governing any new, amended, or modified urban renewal plan within the County’s jurisdiction.
- Establishing a staff committee to review urban renewal plans, county impact reports, and factors and information related to a proposed use of County Tax Increment Financing (TIF).
- Providing guidance on what factors and information should be taken into consideration as the County reviews requests for use of County TIF, including sales tax, in all new, amended, or modified urban renewal plans within its jurisdiction, as well as what criteria should be evaluated in order to approve the use of County TIF, whether in part or full, in urban renewal plans.
- Providing guidance to the public as to how the County reviews and considers all requests for use of County TIF in new, amended, or modified urban renewal plans within its jurisdiction

Scope: This guideline applies to all El Paso County employees, agents and subordinates.

Responsibilities: It is in the interest of El Paso County to support efforts to rehabilitate blighted areas within the County, including through the use of TIF, so long as those rehabilitation efforts have an advantageous effect on the County.

POLICY FOR THE REVIEW OF REQUESTS FOR USE OF COUNTY TAX INCREMENT FINANCING IN NEW, AMENDED OR MODIFIED URBAN RENEWAL PLANS

I. Background

The State of Colorado has allowed for the creation of Urban Renewal Authorities (URAs) since the original URA statute was adopted in 1958. Since then, municipalities across the state have utilized this tool to address blighted areas within their jurisdictions. One way in which those municipalities have dealt with the financial aspect of eliminating blight through urban renewal authorities is through the use of Tax Increment Financing (TIF).

TIF allows for the use of public money to finance infrastructure improvements that are in the public interest. TIF works by enabling local government entities who have a URA to capture increased taxes collected (i.e., the increment) from property or sales taxes in an area that are generated by their improvement to repay the capital investment used to improve that same area. TIFs are not, in themselves, tax increases.

Current Colorado law authorizes only municipalities to make the determination whether a URA is needed to address blighted areas, and it lays out the procedures, including holding public hearings, that municipalities must follow in order to create such an authority. However, in 2015, the Colorado General Assembly passed, and the Governor signed into law HB15-1348, which required that any URA created on or after January 1, 2016, or any existing urban renewal plan that is amended or modified on or after January 1, 2016, appoint to its authority one URA commissioner from the county in which the territorial boundaries of the URA area are located.

Additionally, HB15-1348 directed that before an urban renewal plan that allocates any taxes other than municipal taxes can be approved, the municipality in which the URA is located must notify the board of county commissioners of each county and the governing boards of each other taxing entity whose incremental property tax revenues would be allocated under such proposed plan. Furthermore, HB15-1348 requires that representatives of the authority and the governing body of each taxing entity should meet in order to negotiate an agreement governing the sharing, whether all or any portion, of new incremental property tax revenue allocated to the special fund of the authority and lays out the mediation process by which any disagreements are to be handled with respect to property tax revenue allocation.

Finally, SB16-177 was passed and signed into law in 2016, and allows plans to request that new incremental sales tax revenues generated within the area covered by the urban renewal plan also be allocated to the urban renewal authority's special fund at sole discretion of the County and any other taxing entity levying a sales tax in the area covered by the urban renewal plan.

This policy document will govern consideration by El Paso County of all requests for use of County TIF in new, amended, or modified urban renewal plans within its jurisdiction.

II. Purpose of Policy

The purpose of this policy is to:

- Provide guidance as to the process for selecting a County appointee to a URA Board governing any new, amended, or modified urban renewal plan within the County's jurisdiction.
- Establish a staff committee to review urban renewal plans, county impact reports, and factors and information related to a proposed use of County TIF.
- Provide guidance on what factors and information should be taken into consideration as the County reviews requests for use of County TIF, including sales tax, in all new, amended, or modified urban renewal plans within its jurisdiction, as well as what criteria should be satisfied in order to approve the use of County TIF, whether in part or full, in urban renewal plans.
- Provide guidance to the public as to how the County reviews and considers all requests for use of County TIF in new, amended, or modified urban renewal plans within its jurisdiction.

III. Policy Statement

It is in the interest of El Paso County to support efforts to rehabilitate blighted areas within the County, including through the use of urban renewal plans TIF, so long as those rehabilitation efforts have an advantageous effect on the County. Whether an effort has an advantageous effect upon the County shall generally be evaluated by the following criteria:

1. The proposed use of incremental tax revenue would not significantly impact effective delivery of public services.
2. The public infrastructure components associated with the proposed project are not economically feasible without use of County TIF.
3. The benefits to the County government are greater than the costs to the County government.
4. The County has received sufficient data to adequately review the proposed use of TIF.

IV. URA Board Appointment Process

Pursuant to C.R.S. § 31-25-104, the BoCC may appoint a member of the BoCC or designee to serve as a commissioner on the board of an urban renewal authority in which the territorial boundaries of the urban renewal authority are located within the County. The appointed commissioner represents the interests of the County and its inhabitants and promotes the overall welfare of the County.

The URA commissioner may hold a term of office for five years and until his or her successor has been appointed and has qualified. There are no limits to the number of terms a commissioner may serve; a commissioner whose term of office has ended may be reappointed by the BoCC.

Should an urban renewal authority board commissioner vacate his or her office before his or her term has expired, his or her vacancy must be filled by the BoCC for the remainder of the unexpired term.

V. Urban Renewal Review Committee

The Board hereby establishes a standing Urban Renewal Review Committee (hereafter referred to as the “Committee”) to review all new, amended, or modified urban renewal plans within El Paso County that propose the use of County TIF. The Committee will assess the benefits, risks, and overall impact of the urban renewal plan to the County. The Committee will be comprised of representatives from the following El Paso County departments and offices and appointed by the County Administrator:

- A member of the El Paso County Financial Services Department
- A member of the El Paso County Economic Development Department
- The County Engineer, or designee
- A member of the Planning and Community Development Department
- A member of the El Paso County Assessor’s Office

A County employee representing County Administration will serve as the Committee coordinator and will be responsible for the management of the Committee.

A member of the El Paso County Attorney’s Office will serve as a legal advisor to the Committee.

The BoCC appointed URA commissioner(s) will serve as the liaison(s) to the Committee and to the URA and will report and advise as needed.

The Committee will provide a written report of all findings concerning the specific urban renewal plan to the County Administrator and Deputy County Administrator. The final written report shall be a public record and made available to the public; however, any drafts, notes, or internal discussions of the Committee shall be deliberative in nature and not open to the public.

The purpose of the Committee is to collect information, review, and report to the County Administrator and Deputy County Administrator in his or her role as negotiator pursuant to C.R.S. §31-25-107(9.5). The Board does not delegate any governmental decision-making authority to this Committee, and the Committee is composed of administrative staff; thus, the Committee shall not be considered a “local public body” for purposes of the Colorado Open Meetings laws.

VI. Evaluation Process

The proposed use of County TIF in all new, amended, or modified urban renewal plans within El Paso County will be evaluated by the Committee to assist the BoCC in determining the risks and benefits to the County.

Unless otherwise directed by the BoCC, the County Administrator and the Deputy County Administrator, in collaboration with the County Attorney's office, shall serve as the County's representative during the negotiation period contemplated by C.R.S. §31-25-107(9.5).

a. Urban Renewal Impact Report Requirement

If the URA plan includes a request for allocation of either new property tax increment generated by the County's mill levy in the urban renewal plan area and/or new sales tax increment generated in the urban renewal plan area, the URA shall submit a County Impact Report to the BoCC. The County Impact Report shall be deemed submitted to the BoCC when either the URA, or as authorized by the URA, a designated representative of the project, either:

- Presents the County Impact Report and URA Plan to the BoCC in a regularly scheduled open and public meeting; or
- Delivers the County Impact Report and URA Plan to the County Administrator or Deputy County Administrator in final form, with an accompanying letter from the URA or its designee that the delivery of the report is intended to trigger the negotiation period contemplated by C.R.S. §31-25-107(9.5).

Failure to submit the County Impact Report to the BoCC, or to the County Administrator or Deputy County Administrator, as described above may result in the denial of any requested County sales tax increment.

b. Requests for Property Tax Increment Financing

In its analysis of any proposed request for the use of County Property Tax Increment Financing, the following questions may serve as a guide for the Committee to use to evaluate the urban renewal plan and its risks and benefits to the County:

1. What are the current mill levies for all parcels in the taxing district that includes the proposed Urban Renewal Area?
 - a. What is the total mill levy for the project area?
2. What is the anticipated timeframe for project completion?
3. What are the current property taxes collected in the proposed urban renewal area?
4. What are the property tax entities/districts within the project area?

- a. What potential new tax increment will these taxing entities/districts be eligible to contribute to the proposed Urban Renewal Plan?
- b. Have these taxing entities approved of the use of all or some of their potential new tax increment to contribute to the proposed Urban Renewal Plan?
5. What is the base property tax year and what does it amount to?
6. What is the estimated new annual property tax increment that will be generated by the project?
7. What is the impact to County revenues?
 - a. What are the TABOR/Gallagher impacts over the 25 years from the base year and after?
 - b. What is the cumulative County base property tax revenue (over 25 years)?
8. Is all of the real property taxable?
9. What is the projected market value of the project?
10. What percentage of the project will the TIF (property tax) finance?
11. What impacts will the project have on County services (both direct and indirect)?
12. What impacts will the project have on County infrastructure?
13. Can the public infrastructure components associated with the proposed project occur without the use of TIF?
14. How will this project impact the tax base of the area surrounding the project?
15. How will the development benefit El Paso County?
16. What other economic development incentives are available for this project?
 - a. How many jobs will the project create?
 - b. Number of temporary v. permanent jobs
17. What are the benefits of the proposed public improvements?

The Committee, in its discretion, may also ask any other questions it deems pertinent and important to the URA or designated project representative when analyzing a request for County Property Tax Increment Financing.

c. Requests for Sales Tax Increment Financing

In its analysis of any proposed request for the use of County Sales Tax Increment Financing, the following additional questions may serve as a guide for the Committee to use to evaluate the urban renewal plan and its risks and benefits to the County:

1. What percentage of the County's sales tax is being requested?
2. Is the County currently collecting sales tax in the project area?
3. What are the sales tax entities/districts within the project area?
 - a. What are the tax rates for each taxing entity located in the project area?
 - b. What is the total tax rate for the project area?
 - c. What is the cumulative sales tax revenue of the taxing entities over the 25 years?
4. What is the estimated new annual sales tax increment that will be generated by the project?
 - a. What are the TABOR impacts?
 - b. What impact will this have on County revenues?

5. What is the cumulative County sales tax revenue over the 25 years period?
6. What percentage of County sales tax will go toward the project each year?

The Committee, in its discretion, may also ask any other questions it deems pertinent and important to the URA or designated project representative when analyzing a request for County Sales Tax Increment Financing.

VII. BoCC Evaluation and Determination

The BoCC may consider the final written report, any information submitted to the County by the URA or project representative, any recommendations of the County Administrator and/or Deputy County Administrator, and any other information the BoCC deems appropriate during the period of negotiation for County Property Tax Increment Financing pursuant to C.R.S. §31-25-107(9.5) and when considering a request for County Sales Tax Increment Financing.

Any and all agreements with County for the use of County Property Tax, and/or Sales Tax, Increment Financing shall be approved by the BoCC in an open and public meeting.