

GRAND JUNCTION DOWNTOWN DEVELOPMENT AUTHORITY/
DOWNTOWN GRAND JUNCTION BUSINESS IMPROVEMENT DISTRICT
BOARD OF DIRECTORS
JOINT MEETING WITH GRAND JUNCTION CITY COUNCIL
NOVEMBER 13, 2014 – 12:00 P.M.
WHITMAN EDUCATIONAL CENTER – 248 SOUTH 4TH STREET

Present:

Grand Junction City Council: Phyllis Norris, Mayor; Martin Chazen, Mayor Pro Tem; Councilmember Bennett Boeschstein, Councilmember Jim Doody, Councilmember Duncan MacArthur, Councilmember Sam Susuras, Councilmember Barbara Traylor-Smith
City Staff: Rich Englehart, City Manager; Jodi Romero, Chief Financial Officer; John Shaver, City Attorney; Jay Valentine, Internal Services; Scott Hockins, Parking Management

DDA/BID Board Members: Les Miller, Chair; Jason Farrington, Vice-Chair; Shane Allerheiligen, Marty Chazen, Jodi Coleman-Niernberg, Kirk Granum, PJ McGovern, Kevin Reimer, Stephan Schweissing

DDA/BID Staff: Harry Weiss, Executive Director; Aaron Hoffman, Marketing & Communications Director; Diane Keliher, Office Administrator.

Establishment of a line of credit for the DDA – Pursuant to the DDA state statute, tax increment revenues may only be used for repayment of debt and debt-associated expenses. The process for converting tax increment revenues to working capital requires the DDA to borrow money and then use the increment revenues to repay that borrowing. Bonding can be cumbersome and expensive, and is best suited to larger capital projects where long-term debt financed by pledging future tax increment revenues makes sense. As an alternative to long-term debt, the DDA Board would like to establish a line of credit with either the City of Grand Junction or a local bank as a more efficient and readily accessible debt mechanism. A line of credit would allow the DDA to accumulate tax increment revenues and use them to repay short-term borrowing secured through the line of credit. This would facilitate a “pay-as-you-go” approach to funding capital projects.

In addition to approving the DDA’s budget and Plan of Development, City Council must approve and authorize any debt the DDA incurs. Councilmember Susuras asked if we have talked with any of the local banks yet. Harry said we have not as we feel we need Council’s conceptual support for the line of credit before we request proposals from local lenders. Mayor Norris feels that the DDA was created to do big capital projects. Mayor Pro Tem Chazen asked who would be the authorized signatory to access the line of credit. Mayor Norris asked how the interest rate would compare to a traditional bond. Harry explained that by using the “pay as you go” method the DDA can minimize interest carry through immediate repayment of funds drawn and avoid the issuance and underwriting costs of bond financing. Councilmember MacArthur asked if the DDA is allowed to accumulate funds. John explained that in 2011 the TIF was extended for an additional 20 years during which time the tax increment revenues are allocated to the DDA for its exclusive use and may accumulate in escrow until used for debt. PJ noted there are many checks and balances in the financial oversight of the DDA including Council approval of our projects, our budgets debt instruments. Mayor Norris would like to see a comparison of financing

rates. Councilmember Susuras asked for examples of the kinds of projects that would require this type of funding. Harry will bring back a formal proposal with various financing options and project scenarios.

A second question regards the use of TIF money. City Council policy and the 2011 ballot authorization extending the TIF restricts TIF funds to "public use" facilities. PJ contrasted that with the 2001 partnership that resulted in the construction of the new hotels on Main Street hotels, which in turn generated substantial new ad valorem property taxes for all the taxing districts levying in Downtown as well as growing the increment. For the last decade the DDA has focused exclusively on public facilities (Rood Avenue parking structure, reconstruction of Seventh Street, Colorado Avenue, and Main Street, and the renovation/expansion of the Avalon). While these are important and worthwhile improvements to Downtown that help sustain property values, they do not directly generate new property taxes or contribute to the increment in Downtown. There has not been much private-sector development or investment that has followed on these improvements as we hoped would be stimulated. Moreover, there has been very little speculative development in the Valley for years; most commercial development is driven by owner-occupants. The DDA is looking for ways to provide incentives to and partner with private developers such that there is direct private investment Downtown that complements TIF expenditures. Harry pointed out that in addition to TIF-eligible expenses providing public infrastructure or public-realm enhancements, we need to be able to get "inside" projects such as White Hall. Under current market conditions, support through TIF-restricted undertakings by themselves are not sufficient to attract investment capital or developer interest.

PJ asked John Shaver about how to proceed with a change in City policy. Shaver gave three alternatives; 1) re-define and expand what "public use" is, 2) go to ballot on a project by project basis, or 3) go to ballot with an broaden description of authorized TIF purposes. Mayor Norris added that the language on the ballot is different from the state statute for historic reasons. While City policy can be amended by Council, any substantive change in TIF use that is currently restricted by the TIF extension ballot authorization would have to go to ballot. Councilmember Susuras asked who would be eligible to vote on a new ballot question. Harry explained that the DDA statute defines the DDA Electors as anyone who owns or leases property within the DDA boundaries; only Electors may vote on the TIF – it is not a City-wide ballot question. Councilmember Susuras asked if DDA constituents have been polled. Harry stated that they have not been polled. Councilmember MacArthur asked if we can amend the current Council resolution to include the White Hall project. That doesn't solve the issue of the ballot question. Councilmember MacArthur is concerned about competing with the private sector. Councilmember Doody asked if TIF money can be loaned. Harry said the state DDA statute specifies that the DDA may only lend to the City or the County. Councilmember Boeschstein asked why we can't use the same scenario as was used for the hotel construction in 2001. Harry explained that the 2011 TIF extension language is more restrictive.

Mayor Pro Tem Chazen asked if the Council resolution affects both the property TIF as well as the sales tax TIF. Jay Valentine explained that the sales tax TIF is calculated in an entirely different manner than the property tax TIF and might therefore be treated differently. He added that the DDA can bond against the sales tax TIF since it is a form of revenue, but that the DDA's current bond does not pledge

the sales tax TIF. Mayor Norris feels that public opinion is important and she wants it to be clear to the public.

Mayor Pro Tem Chazen wants to know what the DDA Board wants from City Council. Councilmember Susuras said the Planning Commission and Council already must approve DDA development plans. Mayor Norris feels that it would be beneficial to provide incentives for businesses to locate Downtown. John Shaver said we just need to know if Council wants City and DDA staff to pursue this issue. Councilmember Traylor-Smith asked how much it costs to go to ballot. She feels the ballot process might delay projects. Councilmember Boeschstein feels it's time to act. Harry would like to explore the possibility of using the sales tax TIF as an unrestricted source of funds. Council would like to see both options. John Shaver reminded everyone that mid- February is the deadline for the 2015 April ballot. PJ thanked the Council for its consideration. Councilmember Boeschstein added that there is a Strategic Downtown Plan that has been approved by a previous council.

Renewal of the BID – The BID was created in 2006 with a 10-year life span. City Council can renew it by ordinance. We previously discussed the governance structure of the BID and Council indicated its preference that we stay with a joint DDA/BID Board arrangement. Mayor Norris expressed reluctance to make a decision now since there will be a new council in 2016. Harry is concerned that the current Council has already expended a lot of time and given careful consideration to the question of the BID renewal, and starting over with a new Council would take us back to square one. Kevin Reimer offered a number of reasons why the BID is important to downtown. As one of the bigger BID assessment payers he wonders how Downtown would be promoted if there were no BID. The average assessment is around \$200 a year but when combined it provides a powerful vehicle for marketing downtown businesses. The BID can react to situations and opportunities that individual merchants cannot. Special events and marketing have been a big help for increasing foot traffic downtown. Reimer requests that Council renew the Downtown Grand Junction BID as an effective marketing tool. Councilmembers Boeschstein, Doody and MacArthur all expressed their readiness to act on the matter. Mayor Norris directed that the Bid renewal be placed on Council's agenda in December.

The City Manager has been charged with evaluating City functions to determine if there are other options for how some functions might be better structured and provided to the community. One such opportunity may exist with the **Downtown parking system**. The City Manager and the City staff currently overseeing parking think there may be mutual benefits if the DDA assumed the management of the Downtown parking system. For the DDA it could provide a net revenue stream that is unrestricted, and as the system develops surface parking lots could be used offered for future infill development. Parking fees haven't been raised since 2002. Jay Valentine gave a Power Point introduction to the concept. Scott Hockins, Jodi Romero and Jay Valentine are the Parking Managers at this time. The parking system covers a 26 block area of Downtown area and includes a total of 1900 spaces, including the City-owned spaces in the Rood Avenue parking garage condominium. The net revenue from the parking system currently repays the City's internal loan from the General Fund that helped pay for the construction of the deck.

Rich Englehart and Jay Valentine wanted to run the idea past the City Council and the DDA Board for consideration to determine whether staff should pursue the concept in greater detail. PJ reminded everyone that the DDA has historically been a very lean organization without a larger staff or portfolio of operations, and expressed concern about the burden of labor and administration. Mayor Pro Tem Chazen asked if the City had looked into privatizing the parking system. Rich Englehart feels it would be extremely difficult to privatize on-street metered parking that constitutes the majority of the system. The DDA Board and Council agreed the idea is worthy of further investigation.

The meeting adjourned at 1:30 PM.