



# Revenue Sharing IGA with City of Lafayette and TOEURA

May 10, 2022

Julian Jacquin, Economic Development Director

Malcolm Fleming, Town Administrator

Stefanie Furman, Finance Director

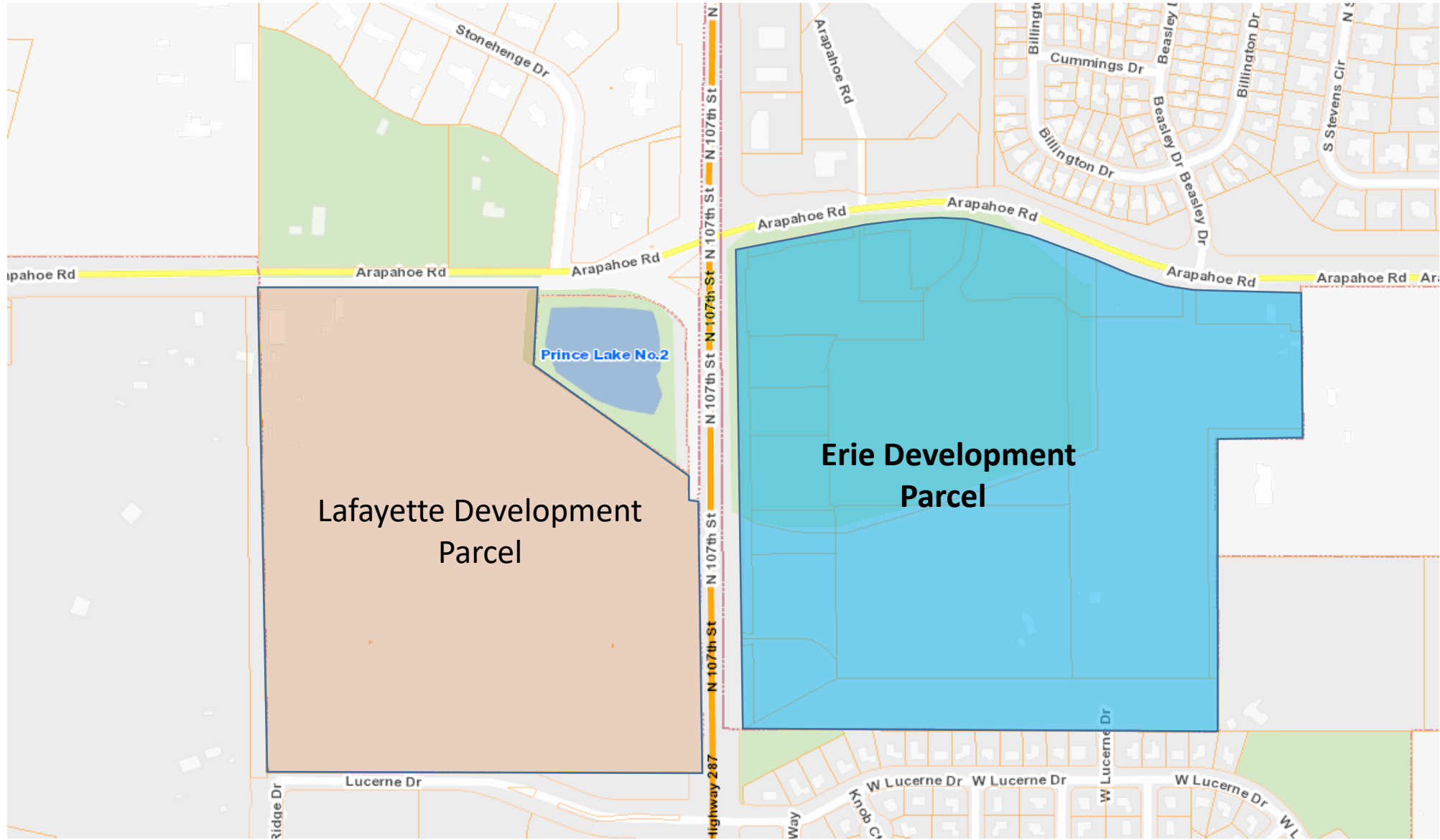
Kendra Carberry, Town Attorney

# Background

- In 2019, the Town of Erie (Erie), the Town of Erie Urban Renewal Authority (TOEURA) and the City of Lafayette (Lafayette) entered into the “Global Settlement IGA”
  - Established an agreed-upon development plan for the potential annexation and development of certain “influence areas” by Erie and Lafayette
  - **Provided for tax revenue sharing when certain properties developed**
  - Other agreements related to planned and future developments in the respective influence areas

# Revenue Sharing Agreements

- The parties agreed to share sales and activity-based tax revenues and incentive costs upon the development of two distinct parcels:
  - **Erie Development Parcel**
    - Southeast corner of Highway 287 and Arapahoe Road
    - “Nine Mile Corner”, now under construction by Evergreen Devco
  - Lafayette Development Parcel
    - Southwest corner of Highway 287 and Arapahoe Road
    - Owned by Tebo Partnership LLLP



# Revenue Sharing Agreements

- Require separate agreements upon the development of each parcel
- Equal sharing of retail sales, use, lodging, admissions, amusement, excise and other sales or activity-based taxes for activities occurring on each parcel
- Also includes equal sharing of expenses incurred to incentivize development of each parcel
- Equal sharing means 50% to Erie/TOEURA and 50% to Lafayette

# Erie Development Parcel

- Development of Erie Development Parcel (“Nine Mile Corner”) is now underway, with construction by Evergreen Devco
  - Lowes, opening June 3, 2022
  - King Soopers, groundbreaking in July 2022
  - 7 commercial lots (Taco Bell, UC-Health, fueling station and credit union)
  - 2 multi-tenant retail buildings (18,000 sq. ft.)
  - Outlook Nine Mile Apartments (287 units)
- First Certificates of Occupancy (CO’s) are being issued now, which triggered need for new Revenue Sharing IGA with Lafayette

# Erie Development Parcel

- Significant terms of agreement:
  - Sharing of revenues, net of “Incentive Payments” from Erie to developer
  - Sharing of “Incentive Expenses” incurred by Erie/TOEURA
  - Revenue sharing payments to be made annually
  - Erie has a duty to consult with Lafayette before agreeing to additional development incentives at this parcel
  - Lafayette has right to examine Erie/TOEURA records to monitor compliance
  - Agreement term is perpetual, may be terminated only by mutual agreement

# Erie Development Parcel

- Terms – Revenue Sharing
  - Equally share revenues from sales taxes, use taxes and other activity-based taxes after deduction (i.e. net of) “Erie Incentive Payments” from Erie/TOEURA to the developer (Evergreen Devco) and “Erie Incentive Expenses” incurred by Erie/TOEURA to incentivize the development
- Terms – Erie Incentive Payments
  - The \$12.8M pledge of incremental property tax and sales tax revenues to be paid towards developer’s bond obligations to finance public improvements at the site

# Erie Development Parcel

- Terms – Incentive Expenses

- Equally share certain “Erie Incentive Expenses” granted or incurred by Erie/TOEURA as incentives to the developer
  - Land contributions to the developer (\$2.7M)
  - Expenses incurred to extend infrastructure to the site (\$445,000)
  - Expenses incurred for site development, dirt infill and tree removal at former Prince Lake reservoir site; relocation/piping of South Boulder Canyon Ditch (\$46,000)
  - Total amount of “Erie Incentive Expenses” is approx. \$3.2M
- Lafayette’s 50% share of Erie Incentive Expenses (approx. \$1.6M) will be deducted from Lafayette’s revenue sharing until sharing obligation is fulfilled

# Revenue Sharing Formula/Procedure

- Within 60 days of year end close, Erie provides Lafayette accounting of:
  - Unrestricted Erie Tax Revenue received by Erie and TOEURA;
  - Erie Incentive Payments deducted from the Unrestricted Erie Tax Revenue;
  - Net Unrestricted Erie Tax Revenue subject to sharing;
  - Lafayette's 50% share of the Erie Incentive Expenses;
  - Revenue sharing payment due to Lafayette, or
  - Balance remaining of Lafayette's share of Erie Incentive Expenses.

# Lafayette Development Parcel

- Erie, TOEURA and Lafayette will use same review and process to prepare a new Revenue Sharing IGA for the Lafayette Development Parcel, at the time Tebo Properties (Tebo) begins development of that parcel
  - The Revenue Sharing IGA for the Lafayette Development Parcel will come back to TOEURA and the Erie Board of Trustees for approval, following staff review
- Erie and Tebo are currently discussing terms to construct a new Town water tank on the Lafayette Development Parcel, which could accelerate Tebo's plans to develop a new commercial mixed-use project at this location (pending annexation and land use approval by Lafayette)

# Next Steps

- Lafayette City Council unanimously approved the Revenue Sharing IGA at their meeting on April 19, 2022.
- Town staff recommends the TOEURA approve Resolution #22-01 and the Erie Board of Trustees approve Resolution #22-29, approving the Revenue Sharing IGA for the Erie Development Parcel

# Questions?

Thank you

