



TOWN OF ERIE URBAN RENEWAL AUTHORITY MEMORANDUM

TO: Board of Commissioners
Copy: Town Clerk's Office
FROM: Cassie Bethune, Finance Manager
Malcolm Fleming, Town Administrator
Stefanie Furman, Finance Director
DATE: October 25, 2022
SUBJECT: 2023 Proposed Urban Renewal Authority Budget

We are pleased to present the Board of Commissioners with the 2023 Proposed Budget for the Town of Erie Urban Renewal Authority (TOEURA) which we provided for your review on October 13, 2022.

The TOUERA currently oversees five (5) Urban Renewal Plan areas and we anticipate proposing one new Urban Renewal Area (Erie I-25 Gateway). All activities related to these plan areas are accounted for in the Urban Renewal Fund, within separate divisions.

A summary of the proposed budget for each URA follows.

Urban Renewal Authority Fund - 2023 Budget							
	Airport	Daybreak/ Colliers Hill	Historic Old Town	Highway 287/Nine Mile	Four Corners	I-25	Total
Revenues	-	2,640,000	244,000	1,094,000	123,000	-	4,101,000
Expenditures (including transfers out)	111,000	59,000	649,000	1,332,000	59,000	137,000	2,347,000
Revenues over/(under) expenditure:	(111,000)	2,581,000	(405,000)	(238,000)	64,000	(137,000)	1,754,000
Fund balance - beginning	(314,000)	6,945,000	2,104,000	(615,000)	(99,000)	(139,000)	7,882,000
Fund balance - ending	(425,000)	9,526,000	1,699,000	(853,000)	(35,000)	(276,000)	9,636,000

Significant requests for the 2023 Budget year are discussed below by each Urban Renewal Area.

1) Airport URA

Expenses include \$40,000 for an analysis of the TIF boundary, \$30,000 for an EPS review of the Sierra Vista project (the 9-acre commercial site at the NW corner of Highway 7 and Bonanza Dr), \$30,000 for miscellaneous consulting, \$10,000 for URA attorney, and \$263 in indirect allocation from the General Fund for administrative overhead to provide some administrative support. The total proposed expenditures for 2023 is \$110,263. Because there are no projected TIF revenues, staff projects the Airport URA will end the year with a negative fund balance of \$425,000. As a result, the Airport URA will require an advance from the General Fund in the form of an interfund loan, to be repaid when the Airport generates TIF revenues as provided in the Cooperation Agreement (see below). This will take time because the Airport URA will need to add about 80,000 square feet of commercial building space to generate sufficient TIF revenues to repay the loan before the TIF area expires in 2038.

2) Daybreak/Colliers Hill

The primary recurring revenues of the Daybreak/Colliers Hill are property tax revenues. Currently, the vast majority of URA property tax revenues arise from the Colliers Hill TIF area. Weld County estimates this revenue to be about \$2.64 million for 2023.

The 2023 total proposed expenditures for this URA are \$58,066. The total 2023 expenditures mainly include \$38,000 for County Treasurer's administrative fee (related to collection of TIF) and \$11,166 of indirect allocation from the General Fund for administrative overhead. The remaining budget includes legal and consultation services and bank charges.

Staff projects a positive fund balance for this URA of approximately \$9.5 million in 2023. This funding is restricted for purposes specified in the adopted Urban Renewal Plan document and the IGA's with the related taxing districts. Permitted purposes include Erie Parkway, sanitary sewer, water, re-use water and irrigation system, traffic and signalization improvements, drainage improvements, and a pedestrian bridge to Old Town. Of these, the only projects remaining are finishing improvements currently underway on WCR 5 and the Old Town Pedestrian Bridge.

3) Historic Old Town URA

The total projected revenues for the Historic Old Town URA for 2023 are approximately \$243,172. Of this amount, \$189,700 is from property tax increment. The remaining revenues come from sales tax increment.

The total proposed expenditures for this URA for 2023 are about \$648,400, an increase of \$25,200 (4%) compared to 2022. Significant requests include \$131,100 for the various tax increment sharing agreements, \$100,000 for Revitalization Grant Program, \$164,000 for interest payment on the 2021 Revenue Bonds issued on October 4, 2021, and \$88,837 for the indirect allocation from the General Fund for administrative overhead. The remaining budget is for miscellaneous legal and consultation services to assist staff on complex and technical issues in this area.

The Historic URA is projected to end the year with a fund balance of approximately \$1.7 million, \$798,000 of which is restricted for bond payments and \$2 million of which is committed for the infrastructure projects funded by the bond proceeds, resulting in a negative unrestricted fund balance of approximately \$1.1 million. This means that the URA currently does not generate enough TIF increment revenues to pay for all the reimbursement obligations and operating costs. These expenses were funded via cash advances from the General Fund as an interfund loan which is expected to be paid back to the General Fund as provided for in the Cooperation Agreement prior to when the TIF area expires, and the bonds have been repaid, in 2038.

4) Nine Mile URA

The projected total revenues for this area for 2023 are about \$1.1 million of which \$554,000 is from sales tax increment generated from the Nine Mile Retail phase-1 area and \$539,000 is from property tax increment.

The proposed total expenditures for this area in 2023 are approximately \$1.3 million, a \$200,000 increase compared to 2022, primarily due to the Pledged Revenue required to be paid under the terms of the URA plan and related Pledge and Reimbursement agreements to facilitate development at Nine Mile.

Staff projects the fund balance for this URA at the end of 2023 to be negative \$853,000. This means that the URA currently does not generate enough TIF increment revenues to pay for all the reimbursement obligations and operating costs. These expenses were funded via cash advances from the General Fund as an interfund loan which is expected to be paid back to the General Fund as provided by the Cooperation Agreement prior to when the TIF area expires, and the Nine Mile Metro District bonds have been repaid, in 2040.

5) Four Corners

Staff projects this URA will receive approximately \$122,200 of property tax revenues in 2023.

The proposed expenditures for this area in 2023 are \$58,100. This includes \$35,000 for consultation services, \$11,200 for indirect cost allocation from the General Fund for administrative overhead, \$10,000 for legal services, and \$1,900 for County Treasurer's fees. Consultation services anticipated to occur may include those costs necessary to review and respond to requests from developers at this location for new, or modified, Public Finance and Development Agreements, Metropolitan District Service Plans, and Sales Tax TIF Agreements.

Staff projects the fund balance for this URA at the end of 2023 to be negative \$35,000. As with other URAs, this negative balance will be repaid as TIF revenue increases when new development occurs in the URA. Staff anticipates new development will happen in 2023 and the new assessed value will start generating TIF in 2024.

6) I-25

Projected expenditures in 2023 for this area are about \$136,200. This primarily includes \$100,000 for consultation services to explore options for a new conditions survey, Urban Renewal Plan, marketing, eventual reactivation and requested approval from Weld County to formalize a new I-25 Urban Renewal Planning Area. In 2021, the Town issued a Request for Qualifications (RFQ) to identify a new development partner for this site, and in July 2022 the Town entered into an Exclusive Negotiation Agreement with Hines to develop the Town-owned 250-acre property and other privately-owned property in this larger new development district. In June 2022, the Town issued a Request for Proposal (RFP) for the planning and design of the Erie Gateway Planned Development and entered into an agreement with Torti Gallas + Partners, Inc. for the design of the Planned Development District. In August 2022, the Town entered into an agreement with Short Elliott Hendrickson, Inc. to prepare a Conditions Survey, Impact Report, and Urban Renewal Plan for the I-25 Gateway area.

Since this area is not yet an Urban Renewal area, the expenses are intended to be funded by cash advances from the General Fund, with the intention to be repaid once the URA area is formed and generates sufficient TIF revenues as provided for in the Cooperation Agreement. During its August 9, 2022 meeting the TOEURA voted to table to a date uncertain consideration of staff's request to approve a commitment from the TOEURA to repay the General Fund loan required to fund the \$493,987 cost of the Torti Galles work. Consistent with the terms of the Cooperation Agreement, staff will be asking the TOEURA to reconsider that action, as well as approve funding to cover the other costs associated with this URA, once the plans for this area are further developed.

Cooperation Agreement

On March 10, 2020, the Board approved a [Cooperation Agreement](#) with the TOEURA providing that Costs and Expenses for the Town to provide Support Services to the TOEURA, including planning, financing and accounting, engineering, and administrative and outside consulting services, shall constitute an indebtedness of the TOEURA to be repaid to the Town from TIF as such revenue becomes available.