

2020 Requested Budget & 2019 Supplemental Appropriation Request

2020 Requested Budget:

The primary recurring revenues of the urban renewal authority (URA) are property tax revenues. Currently the vast majority of URA property tax revenues arise from the Colliers Hill TIF. Due to the complexity of the tax allocation process and the timing of availability of the required data, revenue amounts for the following year are generally not available until around March. As a result, property tax revenues are initially budgeted flat at \$1.6 million in 2020 compared to 2019. This amount can be expected to increase once 2020 calculations are available. See also the discussion below in the 2019 supplemental appropriation request section.

An additional revenue source for 2020 is the anticipated receipt of \$1.0 million that will result from the sale of a portion of the land parcel owned by the URA at Nine Mile to Evergreen for a multi-family project. \$1.5 million is also budgeted as reimbursement of a 2019 advance for a ditch relocation at Nine Mile, discussed in more detail in the 2019 supplemental appropriation request section. These revenues will be used to partially repay the advance from the General Fund to the URA.

Total 2020 expenditures of \$390 thousand are down \$92 thousand, or 19%, compared to 2019. Most of the URA's expenditures are professional fees (\$220 thousand) and an allocation of staff time spent on URA-related activities (\$141 thousand). Staff is reviewing ways to reduce the expenses of the URA, and will also be developing a cooperation agreement between the Town and the URA to formalize policies regarding support services provided by the Town to the URA's operations, reimbursements by the URA for those services, and advances from the General Fund to the URA, among other items.

The advance balance from the General Fund is projected to be \$2.7 million at the end of 2020, a decrease of \$3.2 million since the end of 2018. This reduction is the result of the transfers from the General Fund in 2019 discussed below and the anticipated sale of a parcel of land at Nine Mile, discussed above. Staff plans to develop a repayment plan for the remainder of the advance amount as part of the process for establishing a cooperation agreement.

The URA's fund balance has two components – a restricted component and an unrestricted component. The restricted component primarily represents the taxes received in the various tax increment finance districts, pending utilization of those funds on permitted purposes. As of the end of 2020, the restricted fund balance is projected to be \$5.3 million. The unrestricted component at the end of 2020 is projected to be a negative \$2.8 million. Generally, the unrestricted component would be fairly small as the only unrestricted revenues the URA receives are administrative fees. Net of various relatively minor accounting adjustments, the unrestricted component effectively represents the projected advance balance of \$2.7 million from the Town's General Fund. (See also discussion below regarding 2019 transfers with the Town's General Fund.)

2019 Supplemental Appropriation Request:

The first significant change in the 2019 supplemental is a \$1.3 million reduction in budgeted proceeds from the sale of a portion of the land at Nine Mile to the developer. See also following comments. Partially offsetting this decrease, property taxes from the Colliers Hill and Airport TIF districts were increased a total of \$537 thousand, reflecting the 2020 additional increment.

Two transfers from the Town's General Fund totaling \$3.0 million are proposed in the 2019 supplemental appropriation. The first transfer is in the amount of \$2.6 million. This amount represents the estimated value of the retail/commercial land being contributed to Evergreen as part of the incentive package for Nine Mile (assuming such contribution is approved pursuant to the 6th amendment of the developer and disposition agreement (DDA) with Evergreen). The original purchase of this land was funded through an advance from the Town's General Fund to the URA – in essence a loan by the Town's General Fund to the URA. With the contribution of this land the Town's General Fund effectively needs to “forgive” this portion of the advance, accomplished with a transfer to the URA. Future revenues from development of the site will more than offset this transfer of land. This is simply an accounting entry and involves no transfer of cash.

The second transfer from the Town's General Fund to the URA is in the amount of \$434 thousand. This amount represents the estimated expenses (including allocated staff time) incurred by the URA in the efforts to establish an urban renewal area in the I-25 area. These expenditures were funded through advances from the Town's General Fund. While efforts will continue to establish a funding mechanism for the required infrastructure in the area – including through the URA – accounting rules require that advances have a clear source of repayment. Due to the uncertainty of how this infrastructure will be funded, generally accepted accounting principles require this advance be converted to a transfer from the Town's General Fund, a use of funds for the Town and a source of funds (revenue) for the URA.

It is important to note that converting this second advance to a transfer in no way limits the Town from recovering these funds should a revenue stream be established through the URA. Any such repayment would be pursuant to the planned cooperation agreement discussed above.

Another request that will be approved pursuant to the 6th amendment to the DDA with Evergreen (again assuming the Board passes the relevant resolution) is \$1.5 million to be advanced to Evergreen for relocation of a ditch on the Nine Mile site. It is anticipated that this amount will be reimbursed to the URA by Evergreen in 2020.

Three other changes are requested in the 2019 supplemental. A \$52 thousand request was previously approved by the Board related to storm drainage work at the Birdhouse. An additional \$29 thousand is requested for legal fees, primarily reflecting the previously approved reimbursement of \$25 thousand to Mountain View Fire Protection District (the “District”) for legal fees incurred by the District related to the I-25 project.

An additional \$10 thousand for consulting fees is requested. These funds, along with additional previously appropriated amounts, are being used for a study by Ricker-Cunningham. The focus of the study is to ensure the URA is receiving the proper amounts of property taxes from the County, with special focus on Historic Old Town (“Old Town”). To date, the Old Town TIF district has generated no TIF revenues. The general rule pursuant to the Colorado Revised Statutes is that tax increment only arises from new development. TIF increment under these general guidelines does not arise simply as the result of increases in assessed values. Using that standard approach, the Town should be receiving less than \$2 thousand currently in TIF revenues in the Old Town TIF district.

However, in the fall of 2018 the URA’s counsel informed staff that another approach to calculating increment might be able to capture some portion of a general rise in assessed values in the increment. But this approach is not generally agreed to by county assessors and is subject to significant interpretation. To assist the URA in researching this issue, it has engaged Ricker-Cunningham. They have recently had success representing another municipality in another county on this topic, but each county has the authority to interpret these rules differently.

Attachment:

- 1.) Summary and detail 2019 and 2020 budgets, with comparative actual data for 2018.

	A	C	O	F	S	Z	AA	BK	BN	BO
3	Town of Erie - 2019 & 2020 Budgets									
4										
5										
6	Description	Account String			Actual 2018	Amended (Supp 2) 2019 Budget	Requested 2020 Budget		CY Budget v. \$ Change	PY Budget % Change
7										
3858	Urban Renewal Authority									
3859										
3860	Beginning Fund Balance - Total	800-300000			(4,636,532)	(3,906,754)	(1,211,554)			
3861										
3862	REVENUES & OTHER SOURCES									
3863	Taxes (including pass-thru taxes)				1,100,499	1,630,000	1,630,000		-	0%
3864	Fees & Charges				974	1,500	1,500		-	0%
3865	Reimbursements				-	3,000	1,500,000		1,497,000	49900%
3866	Investment Earnings				20,407	5,000	5,000		-	0%
3867	Miscellaneous				-	-	1,000,000		1,000,000	nm
3868										
3869	Total Revenues				1,121,880	1,639,500	4,136,500		2,497,000	152%
3870	Transfers In				-	3,038,000	-		(3,038,000)	-100%
3872										
3873	Total Revenue & Other Sources				1,121,880	4,677,500	4,136,500		(541,000)	-12%
3874										
3875	EXPENDITURES & OTHER USES									
3876	Personnel				115,324	139,800	140,600		800	1%
3877	Operations				276,478	290,400	249,500		(40,900)	-14%
3878	Capital Outlay				300	1,552,100	-		(1,552,100)	-100%
3880										
3881	Total Expenditures & Other Uses				392,102	1,982,300	390,100		(1,592,200)	-80%
3882										
3883	Increase (Decrease) in Fund Balance				729,778	2,695,200	3,746,400		1,051,200	
3884										
3885	Ending Fund Balance - Total				(3,906,754)	(1,211,554)	2,534,846			
3886										
3887	Ending Fund Balance - Restricted				2,102,943	3,709,425	5,314,975			
3888										
3889	Ending Fund Balance - Unrestricted				(6,009,697)	(4,920,979)	(2,780,129)			
3890										
3891	Advance from General Fund				5,963,850	4,874,250	2,733,350			
3892										
3894	Urban Renewal Authority Revenues									
3895										
3896										
3897	Property Taxes - TIF Districts - Colliers Hill	800-00-000-400100-510000			1,082,312	1,565,000	1,565,000		-	0%
3898	Property Taxes - TIF Districts - Airport	800-00-000-400100-520000			18,187	65,000	65,000		-	0%
3899										
3900	Taxes				1,100,499	1,630,000	1,630,000		-	0%
3901										
3902	Administrative Fee - Colliers Hill	800-00-000-433300-510000			795	1,000	1,000		-	0%
3903	Administrative Fee - Airport	800-00-000-433300-520000			179	500	500		-	0%
3904										
3905	Fees & Charges				974	1,500	1,500		-	0%
3906										
3907	Reimbursement from Developers - Capital	800-00-000-470000-000000			-	-	1,500,000		1,500,000	nm

A	C	O	S	Z	AA	BK	BN	BO
3	Town of Erie - 2019 & 2020 Budgets							
4								
5								
6	Description	Account String	Actual 2018	Amended (Supp 2) 2019 Budget	Requested 2020 Budget		CY Budget v. \$ Change	PY Budget % Change
7								
3908	Reimbursement from Developers - Non-Capital	800-00-000-471100-000000	-	3,000	-		(3,000)	-100%
3909								
3910	Reimbursements - non-capital		-	3,000	1,500,000		1,497,000	49900%
3911								
3912	Investment Income - Pooled	800-00-000-480000-000000	18,869	5,000	5,000		-	0%
3913	Investment FVA - Pooled	800-00-000-480100-000000	1,538	-	-		-	nm
3914								
3915	Investment Earnings		20,407	5,000	5,000		-	0%
3916								
3917	Proceeds from Sales of Assets	800-00-000-481180-000000	-	-	1,000,000		1,000,000	nm
3918								
3919	Miscellaneous Income		-	-	1,000,000		1,000,000	nm
3920								
3921	REVENUES BEFORE TRANSFERS & DEBT PROCEEDS		1,121,880	1,639,500	4,136,500		2,497,000	152%
3922								
3923	Transfer from General Fund	800-00-000-495100-000000	-	3,038,000	-		(3,038,000)	-100%
3924								
3925	Transfers In		-	3,038,000	-		(3,038,000)	-100%
3930								
3931	Total Revenues & Other Sources		1,121,880	4,677,500	4,136,500		(541,000)	-12%
3932								
3933	Urban Renewal Authority Expenditures - Administration							
3934								
3935	Salaries - Regular	800-90-110-500000-000000	89,904	107,100	98,900		(8,200)	-8%
3936	New Employee Request - Wages	800-90-110-500500-000000	-	-	9,000		9,000	nm
3937	Benefit Expense Allocation	800-90-110-501000-000000	25,420	32,700	30,100		(2,600)	-8%
3938	New Employee Request - Benefits	800-90-110-504000-000000	-	-	2,600		2,600	nm
3939								
3940	Personnel Expense		115,324	139,800	140,600		800	1%
3941								
3945	Legal Services	800-90-110-560000-000000	193,529	201,000	180,000		(21,000)	-10%
3946	Consultation Services	800-90-110-560100-000000	57,060	60,000	40,000		(20,000)	-33%
3947	Property & Liability Insurance	800-90-110-572100-000000	9,382	5,000	5,000		-	0%
3949	County Treasurers' Fees	800-90-110-573300-000000	16,507	24,400	24,500		100	0%
3950								
3951	Operations Expense		276,478	290,400	249,500		(40,900)	-14%
3952								
3953	Non-Capital Expense		391,802	430,200	390,100		(40,100)	-9%
3954								
3955	Urban Renewal Authority Expenditures - Capital Outlay							
3956								
3957	Land - 287 & Arapahoe - Site Development	800-90-110-604000-100165	300	-	-		-	nm
3958	526 Briggs (Birdhouse) Storm Drainage	800-90-110-605000-100342	-	52,100	-		(52,100)	-100%
3959	Nine Mile Ditch Relocation	800-90-110-605000-100344	-	1,500,000	-		(1,500,000)	-100%
3963								
3964			300	1,552,100	-		(1,552,100)	-100%
3965								