

BILL/ RESOLUTION REQUEST

1. Title: Approves a Cooperation Agreement among the City and County of Denver, Adams County, and the Denver Urban Renewal Authority for the Globeville Commercial Urban Redevelopment Area to establish the parameters for tax increment financing with both City and Adams County incremental property and sales taxes (XC1A013).

2. Requesting Agency: Department of Finance

3. Contact Person *with actual knowledge of proposed ordinance*

Name: Andrew Johnston

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4. Contact Person *with actual knowledge of proposed ordinance who will present the item at Mayor Council and who will be available for first and second reading, if necessary*

Name: Andrew Johnston and Tracy Huggins, Executive Director of Denver Urban Renewal Authority

Phone: 720-913-9372

Email: Andrew.Johnston@denvergov.org

5. Describe the proposed ordinance, including what the proposed ordinance is intended to accomplish, who's involved

a. Scope of Work

The Cooperation Agreement authorizes the use of both City and Adams County property and sales tax increments for the Initial Project. Recognizing that the project to be undertaken by Globeville I, who will ready the property for sale and redevelopment, but not necessarily redevelop the property into new commercial development, the Cooperation Agreement makes a distinction between the work being undertaken by Globeville I and the work that will be done by future developers who buy the property and develop the commercial center.

While it is expected that having remediated and improved the property, the property will be able to be sold and redeveloped without further assistance, it is possible that full redevelopment may require additional assistance from DURA or construction of additional regional infrastructure improvements (i.e., improvements to Washington Street) that may require TIF funding. To allow for this, the Cooperation Agreement authorizes DURA to use TIF to finance the work undertaken by Globeville I that is paid for from the Section 108 Loan funds related to providing a clean and developable site and costs associated with DURA requirements, in an amount not to exceed \$10.5 million. This is referred to as the "Initial Project."

This structure will allow DURA to enter into a redevelopment agreement with Globeville I for reimbursement of up to \$10.5 million in eligible costs that can then be used to collateralize the 108 loan. While the full amount of the loan will be contemplated by the agreement, it is expected that only the costs not covered by land sales will actually be reimbursed with TIF.

Once the Initial Project is completed, any additional use of TIF will require written authorization by the City Manager of Finance, the City Manager of Public Works, and the Adams County Director of Finance. If no additional projects have been identified or approved by the parties, DURA will notify the parties once all of its financial obligations have been repaid. Following full repayment of DURA's obligations, the parties will have one year to identify any additional projects or notify DURA that they would like their respective property and/or sales tax increment collections to continue to flow to DURA for projects that may be identified in the future. If no new project is approved and neither party notifies DURA of their desire to continue the collection of TIF, then the Cooperation Agreement will terminate.

b. Duration

Payment of Incremental Sales Taxes and Incremental Property Taxes from both Adams County and the City to DURA shall cease on the earlier of (i) twelve (12) months after Completion of the Initial Project (providing a clean and developable site for sale) and the repayment of all Obligations or (ii) the later of the date that is twenty-five (25) years from the date of the approval by the Denver City Council of the Urban Redevelopment Plan authorizing the use of tax increment financing or the date of approval by the Adams County Board of Commissioners of the Urban Redevelopment Plan authorizing the use of tax increment financing (the "Term"). Once the Initial Project is completed, any additional use of TIF will require written authorization by the City Manager of Finance, the City Manager of Public Works, and the Adams County Director of Finance. If no additional projects have been identified or approved by the parties, DURA will notify the parties once all of its financial obligations have been repaid. Following full repayment of DURA's obligations, the parties will have one year to identify any additional projects or notify DURA that they would like their respective property and/or sales tax increment collections to continue to flow to DURA for projects that may be identified in the future. If no new project is approved and neither party notifies DURA of their desire to continue the collection of TIF, then the Cooperation Agreement will terminate.

c. Location

495 East 51st Avenue, Denver, Colorado (NW corner of 51st Avenue and Washington Street). Approximately 20% of the 78-acre site is located in Denver.

d. Affected Council District

Council District #9 – Judy Montero

e. Benefits

Revitalization of a blighted and dormant site with redevelopment of approximately 1 million square foot warehouse industrial park with the potential of up to 2,000 new jobs.

f. Costs

Total Initial Project costs are to paid from: \$14.4 million Bankruptcy Trust; \$750,000 CDBG grant from Denver's Office of Economic Development; \$10 million HUD section 108 loan program through Adams County; TIF support through DURA not to exceed \$10.5 million for the "Initial Project" which includes collateralizing the Adams County 108 Loan. The Cooperation Agreement governs, among other matters, the use of the TIF funds. The primary use of TIF is to repay the 108 loan if such loan is not repaid by land sales.

Additional TIF after the Initial Project (repayment of the 108 loan) is completed will require written authorization of the Denver Managers of Finance and Public Works.

6. Is there any controversy surrounding this ordinance, groups or individuals who may have concerns about it? Please explain.

No

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Date: 3/7/2011