



# **Downtown Tax Revenue Support**

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**City Council Work Session  
April 11, 2023**

# Background



- Downtown Development Authority was established in 1998
- An accompanying DDA “Plan of Development” was approved by Council in 2002, which formed the Downtown property tax increment with a base year of 2003
- State law allows downtown authorities to collect property tax increment from new construction over the base year valuation in approved districts for 30 years
- Greeley’s DDA can collect revenue until 2033 (with revenue collected in 2034)

# Greeley DDA TIF Investments

- **DDA has devoted its TIF funds to support:**
  - Major redevelopment projects such as the DoubleTree hotel, Maddie Apartments, 55+ Resort Apartments, the Firestone Building Remodel and, most recently the Milhaus Apartment Project
  - Provide matching façade grants to upgrade storefronts for numerous commercial properties, public art, tree lighting, wayfinding and other streetscape improvements in the district



# Extension Opportunity

- State law allows municipalities to grant a 20-year extension in the last 10 years of the initial 30-year TIF period for eligible property improvements
- The Greeley DDA requests City Council to approve this extension in order to:
  - Support continued redevelopment investment in the District
  - Assist with the implementation of the recently updated 2032 Downtown Strategic Plan

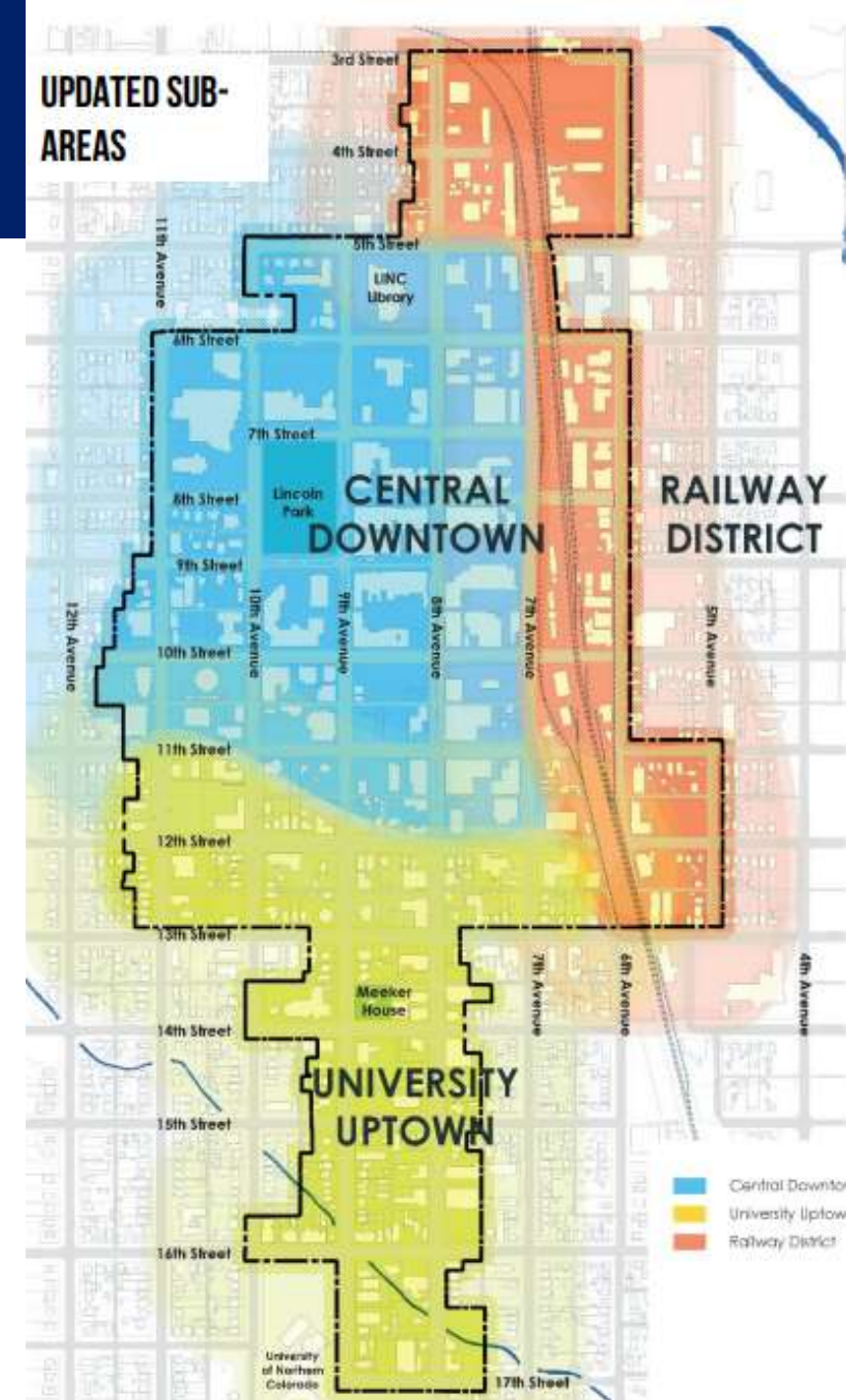


# Sales Tax TIF Agreement

- At the same time the original property tax TIF was approved, a companion DDA Sales Tax TIF was also approved by City Council (*“Agreement for Voluntary Allocation of Sales Tax”*)
- That Sales Tax Agreement, however, was not activated due to a fluctuating sale tax climate at the time; instead, the City provided annual financial support to augment the budget for the general operation of the DDA
- Annual City funding of the DDA began to drop starting in 2007. In 2008, Downtown voters approved a 5-mill property tax levy to provide a stable and sustainable resource to support the operation of the DDA and administration of the Tax Increment Fund
- In lieu of the City’s annual funding contract, the DDA proposes to now update and initiate the Voluntary Sales Tax Agreement with some key modifications

# Sales Tax TIF Proposal

- Instead of using the original base year of 2002, bring the agreement current with the base at the 2021 level (\$2,983,292). For reference, the sales tax increase between 2021 and 2022 (\$3,420,064) was \$436,872
- The current City/DDA contractual agreement (~ \$50k annually) partially supports DDA's annual 25+ events/programming (Friday Fests, Blarney on the Block, Oktobrewfest, etc.).
- This proposal eliminates the City contract in lieu of activating the annual DDA sales tax collection with a guaranteed base of \$50k, and ceiling of \$250k
- This allows a range of certainty for planning and promotion by the DDA, as well as financial 'bookends' for the City's budget. It is a performance-based fund in that it 'rewards' the DDA for its success in generating more sales tax in its district up to a set amount



# Sales Tax TIF Fund Use

- The DDA proposed use of the Sales Tax Agreement would offer important stability to its operations with a focus on three primary priorities:
  - **Expand the Downtown Experience** (arts & entertainment, event support, and atmosphere)
  - **Brand Support** (placemaking, leveraged marketing of Downtown events, procurement of local products and merchandise, support for downtown makers)
  - **Business Support** (activate vacant spaces, stimulate the downtown economy, attract visitors and shoppers, promote business start-ups and expansion)
  
- Augment Downtown Plan Implementation

# Decisions and Next Steps

- DDA TIF extension ordinance introduced at the April 4, 2023 Council meeting; public hearing and final adoption scheduled for April 18, 2023
- Authorize the update to the Voluntary Allocation of Sales Tax Agreement to allow collection and distribution to the DDA as proposed, with specific program outcomes and metrics for annual review





# Questions

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