



Work Session Agenda Summary

April 11, 2023

Becky Safarik, Interim Community Development Director

Title:

Proposal to extend property and sales tax revenue to support Downtown development

Background:

The Greeley Downtown Development Authority (DDA) was established in 1998, followed by the approval of a “Plan of Development” in 2002 that established 2003 as the property tax increment base assessment year. Enabled by state law, this property tax increment allows downtown authorities to collect tax increment revenue from new construction, change of taxable status or change in land use entitlements that is in excess of the base year for thirty years. This places the end of the financial resource collection for the Greeley DDA at 2033 (with the last year of taxes received in 2034). State law allows municipalities to grant a 20-year extension in the last 10 years of the initial 30-year period.

The DDA has used this important fund to spur significant redevelopment and reinvestment of capital construction in the downtown, improving the assessed valuation of the entire district. To maintain this momentum and support the goals of the recently updated and adopted Downtown 2032 Strategic Plan, *the DDA requests the Council approve the extension of the DDA tax increment district for another twenty years, for which it is now eligible.*

The ordinance granting that TIF extension was introduced by City Council at its April 4, 2023 meeting, with a public hearing on the matter scheduled for April 18, 2023.

At the same time the original property tax TIF was approved, a companion DDA Sales Tax TIF was also approved by City Council. However, due to a fluctuating sales tax climate the sales tax TIF was never initiated. Since 2002, the City has annually granted funds to the DDA to help support its operation, peaking with a contribution of \$80,650 in 2006. In 2008, in order to secure a more predictable and sustainable funding stream to support its operation and to manage the TIF fund downtown, voters approved a 5-mill levy self-assessment. This has been instrumental support of the operation of the DDA, as the property tax TIF can only support public and capital improvement in the district. Since then, annual City funds have dropped steadily and, by agreement, have been dedicated to support of the manager of events and Friday Fest activities, following approval of the Downtown Common Consumption Area in 2012.

Rather than annually request funds from the City for downtown event support, the DDA proposes moving from a City grant-based approach to a performance-based approach with an updated Agreement for Voluntary Allocation of Sales Tax.

With this action, the annual City Community Services Funding Agreement would be dissolved and replaced with a commitment to share back 100% of the sales tax generated within the DDA starting with 2021 as a base year, with an annual minimum guarantee of \$50,000 and a ceiling of \$250,000. Approval of this proposal would be achieved by separate agreement.

Attached is a summary of this proposal, exhibits which summarize financial performance of the district and city contributions, as well as a description of how the sales tax funds would be used to stimulate continued sales tax growth with new programming, events, marketing and support for more diverse and vibrant storefront uses.

Strategic Focus Area:



Business Growth



Community Vitality



Quality of Life

Attachments:

DDA Proposal and support documentation
PowerPoint Presentation