

**SOUTH SUBURBAN PARK AND RECREATION DISTRICT
REGULAR MEETING NO. 827
DRAFT MINUTES**

Call to order

A regular meeting of the Board of Directors of South Suburban Park and Recreation District was called to order at 5:33 pm, Wednesday, October 22, 2014 at the Goodson Recreation Center, 6315 South University Boulevard, Centennial, Colorado. Chair John Ostermiller presided.

Present: John K. Ostermiller
Susan M. Rosser
Pamela M. Eller
Michael T. Anderson
Scott A. LaBrash

Legal Counsel: James P. Collins, Esq.

Management Staff: David Lorenz, Executive Director
Deanna Heyn, Deputy Executive Director
Brett Collins, Director of Planning & Development
Teresa Cope, Director of Communications
Jay Dikeman, Director of Hospitality Services
JoAnn Gould, Director of Recreation & Community Services
Mike MacLennan, Director of IT
Rich Meredith, Executive Director, Hudson Gardens
Jim Priddy, Director of Parks & Open Space
Bill Ramsey, Director of Golf
Clay Shuck, Deputy Recreation Manager
Steve Shipley, Director of Finance

Study Session

After the call to order, Mr. Ostermiller convened the Study Session, and the group discussed the items on the posted agenda.

The Board paused at 6:56 pm and returned to the public meeting at 7:05 pm. (Continuation into a public meeting this evening was posted. /ds)

Citizens' comments

None of the public present tonight chose to speak at this time.

NEW BUSINESS

City of Littleton: Proposed Resolution consenting in writing, with conditions, to inclusion of agricultural land in the Santa Fe urban renewal area; and Intergovernmental agreement for use of tax increment financing (TIF) revenues for recreation district purposes.

Mr. Lorenz explained the matter was a fairly complicated issue. For a background, he explained a few weeks ago, City staff sent District staff two Council-approved resolutions. Littleton Resolution No. 88, Series 2014: the City would involve any taxing entities in discussions regarding any urban renewal projects, and would not accept any urban renewal plan utilizing TIF funds without the full support and approval of other impacted taxing entities. Littleton Resolution No. 75, Series 2014: The City Council would not support or move forward on any plan using an eminent domain process for an urban renewal project, unless the owner supports it.

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Since then, the City has requested a resolution and intergovernmental agreement from the District, pertaining to allowing the City to include certain agricultural properties for TIF projects with South Suburban's permission (as State law now requires, for all affected local agencies), currently known as the 100+-acre Ensor property on South Santa Fe Drive, and to agree to use TIF funds for recreation district purposes. Copies of the current drafts of the resolution and IGA were available for public pickup tonight, along with a synopsis prepared by Mr. Shipley regarding potential financial impacts of the project and maps of the proposed redevelopment areas.

Agreements tonight would be addressed to four proposed urban renewal projects: In addition to the Ensor property, there would be Columbine Square, Littleton Boulevard, and North Broadway.)

Five members of the public had signed up to speak on this matter. Mr. Ostermiller opened the session to citizen comments at this time.

Phil Cernanec, 8012 South Cedar Street and Mayor of the City of Littleton spoke. There are actually two items for consideration.

The agricultural property referred to in the resolution, the Ensor property, actually was not zoned for "agricultural" use by the City, this is just the current tax use. It is encumbered property, and it is considered eligible for TIF financing in: at least 4 of the 11 potential conditions have been met. From a review by Littleton Invests for Tomorrow (LIFT, the City's urban renewal authority), the property qualifies for urban renewal. Significantly, the Ensor property has a lot of underground utilities, and it is in the floodplain. It's near major streets, and interest has built up in developing that area for several years. The City is planning a TOD study in the next 14 months. The City has collected input from the Urban Land Institute.

Mr. Cernanec stated that typically people move into a metropolitan area because of the available parks, trails, open space and schools. The City has been talking to the District, the Littleton School District, and the County Commissioners. The City is not looking for funding on the backs of anyone (i.e., other agencies); and the City doesn't want to hurt the property values of its residents. The City wants to have a good partnership the District and make it easy for South Suburban to work with the City.

Paul Bingham, 236 West Del Circle spoke as a City resident. He's really concerned about this matter as a citizen, for South Suburban as well as for other taxing entities. He doesn't think the Ensor property needs to be developed—it's prairie—and, why does it have to be developed? The City doesn't need yet another shopping center, or the homes. If the District enters into an intergovernmental agreement with the City regarding urban renewal properties, agreements should be on a case-by-case basis, depending on what needs to be developed. The City has said they will sit down as future plans come along (for new projects) with the District and have specific discussions with taxing entities, so an encompassing agreement probably is a mistake. The State of California recently outlawed urban renewal and tax increment financing because of its cumulative effect on the State, after years of impacts on organizations like South Suburban as well as cities, counties and ultimately the State. At minimum, he hopes the District will weigh the financial impact. He noted the ballot question for an additional 2 mills, and he encouraged the District "not to give it away" again.

Linda Knufinke, 7089 South Clay spoke. The first step for a potential urban renewal project is to conduct a survey. LIFT has designated almost every property along the Platte River a blighted—basically, all the land on the east and west sides of the River, including some District properties (Hudson Gardens, Lee Gulch, the Carson Nature Center, and possibly four other properties). The question is, How do you refinance redevelopment?: You skim from agencies like South Suburban. District tax income will be frozen for 25 years; there will be no increase except for 1% every 2 years. She is not sure about the status of the District negotiations with the City; but if the market was allowed to work, the District wouldn't have to give up tax dollars. This arrangement will "shoot the District in the foot" for property and sales taxes. She estimated the impact of the tax loss after the improvements, stating, taxes on the property are projected to rise from \$11,000 (2013) to \$11 million a year; and to add insult to injury, the District may lose out of sales taxes as well,

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projected to be a total of \$100 million a year for the new development. She asked the Board not to give away taxpayers' dollars or to include agricultural properties under urban renewal.

Susan Nies, 7301 South Highland Drive reported she is a 15-year resident of the City; she uses and appreciates South Suburban. She has concerns about the resolution for the Santa Fe urban renewal area, and the proposed intergovernmental agreement. She didn't have an opportunity to read the proposed District documents in advance of tonight's meeting, but she is assuming the District's proposed documents are similar to those documents that Littleton Public Schools is considering; she was shocked about an assertion, that approval of the City's plans are a foregone conclusion; the City Council hasn't voted on the matter again. She is shocked that the Board is expected to vote on all four proposed urban renewal areas tonight. There hasn't been a single urban renewal success in Littleton. All taxing entities have to agree to the plan to include agricultural land. She noted with irony, the properties surrounding the 125-acre Ensor property include open space and high-end residential properties: The neighborhood is not blighted. An adjacent 8.83 acres, now known as the Ensor Open Space, was sold to the City of Littleton during the recent recession for approximately \$3 million. The purpose of this proposed action flies in the face of urban renewal law. South Suburban will be saddled with the arrangement for 25 years. Will there be a higher use of District services by users and others with this new development, with no means to pay (tax) for them? She asked the Board to carefully consider the matter.

Debbie Brinkman, 2997 West Rowland Avenue and a Littleton City Councilmember, stated there are a lot of rules and laws and information urban renewal; the high-paid lawyers and advisors are working on all the details, and the City trusts their advice and opinions. The City is working with their partners, including the District and Urban Drainage, and she recognizes that the District has risks, liabilities, and opportunities with this as well. The City is reaching out to partners, to create an opportunity that all will benefit from.

The City and District cannot continue to ignore the Ensor property or work without it. This is an opportunity for the City to create a renewed economic environment in the current, challenging economy. The Ensors have been trying to sell their property for many years, and the City has built up around the property: she referred to the infrastructure issues; she noted development nearby on Mineral and Santa Fe Drive, and the nearby RTD stations, concluding, this is one of the flagstone properties in the City.

Because it has so many challenges, the Ensor property has been difficult to develop, and financially it has been nearly impossible. The urban renewal plan creates a relationship with the developer and TIF financing agency, which allows the City to be able to provide the funding through tax for necessary infrastructure. Without it, the property will stay as it is and no one will make more money from it. In the last 7-8 years, City sales taxes have been flat, and there isn't a lot of growth or various redevelopment opportunities.

The City has not "blighted" anything; there are 11 possible conditions to meet, to meet the requirements of urban renewal; the proposed projects meet the requirement. There are no plans to do a sweep of blighted properties.

The City is looking strategically, analyzing community needs, and determining how to support those efforts. No tax increment financing will be negotiated if a future developer doesn't want it. She cited the development of the Breckenridge Brewery and King Soopers, two apartment complexes and new restaurants and other recent projects; but there are areas in the City that have struggled for between 30 and 50 years. The property owners would like to get out from under some properties, Urban renewal creates opportunities for everybody, including South Suburban.

Jim Rees, Executive Director of LIFT offered to answer the Board's questions. He added, it's important to get the buy-in of tax entities to include the agricultural land. Boardmembers had no questions at this time.

Mr. Ostermiller noted, that this is a new area of involvement for parks and recreation. Mrs. Rosser added, the Board understood they are involved because of the fairly new State law requiring the taxing entity's approval for agriculturally used properties. Mr. Rees explained the intent of the Statute; he explained that while there are six exceptions that might apply, that it's most logical to get the agreement of the tax entities.

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Mrs. Rosser asked if there would be a reason that a developer would not utilize an TIF arrangement in place, and Mr. Rees explained that LIFT will undergo a process when a developer comes in. There isn't yet a specific developer for the Ensor property yet, and his agency prepared a hypothetical to come up with estimates. Redevelopment costs are higher than e.g. for a greenfield, and there are utilities and road requirements to be addressed; drainage, and the relocation of an irrigation ditch is the prominent issue for the Ensor property. The developer will have to prepare a pro forma, and LIFT will look at the return on investment very carefully, to make sure the developer won't get a windfall. LIFT has the option to offer urban renewal for only a part of a development.

Mrs. Rosser again asked if typically a TIF arrangement is taken when it's offered, and Mr. Rees stated, it is. He added, TIF dollars can be spent anywhere in the proposed urban renewal area and, for example, could be used for park improvements.

Mrs. Eller asked if redevelopment could begin (and the clock could start) on an urban renewal project without an approved developer: For instance, could a city go in and work on infrastructure issues (sidewalks) to improve the property's marketability before the developer starts work? Mr. Rees expanded, generally there has to be some tax increment (income) from development to spend on such infrastructure (and therefore work can't begin without a developer).

Mr. Anderson noted again there are four different properties under discussion, and he asked why the Ensor property is the first project. Mr. Rees explained the Ensor property has more opportunity for development than the other areas. Overall it meets LIFT's goal is to create jobs, attract businesses, and ultimately increase the tax base.

No other public present wished to speak. Mr. Ostermiller closed the testimony and began Board discussions. He referred to 2010 State legislation, which dictates that local taxing agencies have to consent if there's a discussion of an urban renewal projects including agricultural land, concluding, that's why the City of Littleton contacted the District. Otherwise, the District would have no real say in *any* urban renewal projects. He noted the District's history with the SouthGlenn shopping center redevelopment several years ago; the District was informed what the tax structure would be, and we're living with it; there was no negotiating position.

He asked the Board to limit discussion to where we are with the proposed resolution to include agricultural lands in the Santa Fe urban renewal area, and to the intergovernmental agreement to use revenue for park and recreation purposes, as currently drafted by the District's legal counsel.

Members had a lengthy discussion and posed a number of questions (See summary of questions for Mr. Flynn's further review, below.), regarding

- 1) When a clock for a 25-year TIF period would start, and what might re-start the clock.
- 2) The base tax the District would receive for 25 years, and when that number would be determined. Boardmembers were assured that once the 25-year period expires, all tax funds would flow to the taxing entities again.
- 3) Who owns the Ensor property now. Staff explained the Ensor family still retains the 100+ acres. A piece of the property known as the Ensor Open Space was sold to the City of Littleton and became part of South Platte Park several years ago, and the open space is not in the current proposed urban renewal area. Mr. Lorenz added, this acquisition was undertaken to preserve a wildlife corridor.
- 4) If, or how, future City urban renewal projects would be brought to the District for some sort of consent process. To Boardmembers' questions, Mr. Flynn explained the discussion tonight (and proposed additional tax streams in the IGA) would apply only to the four urban renewal properties currently being discussed. Some believed that the District "wouldn't get this deal" with the City of Littleton into perpetuity. Mr. Rees assured the group that they are trying to create a model for future cooperative efforts.

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Mrs. Rosser noted the historic relationship between the District and the City of Littleton, and she suggested that the District is slated to move in with the City in any expansion (inclusion). She suggested that something should be added to the agreements to guarantee the District's participation in future inclusions/annexations with urban renewal projects. Mr. Flynn will prepare a revision to the draft. Members noted the need to review historic agreements by District legal counsel, the potential unintended consequences, whether or not this would be binding on a future City Council.

Mr. LaBrash summarized, while the current spirit of the agreement with the City is appreciated, the Board's job is to look out for our taxpayers, and future City Councils may not feel the same way.

- 5) The agreement term, and how an agreement in place could be terminated by one or both parties. To Mrs. Rosser's question, Mr. Flynn overviewed the District's IGA and what tax income streams would be received by the District during the 25-year clock.
- 6) If there's any option for a different clock than 25 years, Mr. Rees explained that the time period usually is dictated by financing and the life of the bonds. To Mr. Anderson's second question, Mr. Shipley responded, the District's experience with TIFs to date is that they've been prosecuted as originally outlined.

To Mrs. Rosser's questions, staff stated that the City of Littleton does earn property tax, and the City will have to complete an intergovernmental agreement with LIFT as well, and they could give up sales tax. Mr. Rees agreed. Mayor Cernanec responded, there's usually a percentage incremental, typically in the 50-80% for property tax; he assured the Board that the "City already has skin in the game" on property value improvement that South Suburban will benefit from, from the Breckenridge Brewery and King Soopers developments. Mrs. Rosser talked about some tax incentives negotiations within the City of Centennial.

Monica Babbitt, an employee of the Arapahoe County Assessor, spoke from the audience: She was speaking as a private citizen and not as a representative of the County. She explained that she administers the TIFs for the County. She stated the clock can be re-started on projects if major modifications have occurred for example, determined by the City; or a TIF for a new area which was not included in the original urban renewal area. She cited Statute 31.25.107. The base is recalculated. To Mr. LaBrash's question, she stated that all the original (taxing) agencies do not have to meet and agree to the re-set; she believes the urban renewal authority would present it to the city council (only). To Mr. Lorenz' question, she stated she wasn't sure if there would be an impact on a re-set because the District had negotiated this IGA. The Statute defines what a major change would be.

Mr. Ostermiller asked the Board how they wanted to proceed. To Mr. Anderson's question, Mr. Lorenz explained that the City has asked for documents approved by the District, to include on the City Council's November 4 agenda. After some discussion, members agreed to meet again on this matter, a special meeting on October 29, 7 pm at Goodson Recreation Center (with posting to be accomplished per Statute).

Therefore, MRS. ROSSER MOVED TO TABLE THIS MATTER (OF APPROVING THE PROPOSED RESOLUTION AND INTERGOVERNMENTAL AGREEMENT) UNTIL OCTOBER 29, 7 PM, TO ANSWER BOARDMEMBERS' QUESTIONS PRESENTED TO DISTRICT LEGAL COUNSEL, AND ANY OTHER QUESTIONS THE BOARD MAY ADDRESS TO HIM. Mr. LaBrash seconded the motion, which was approved unanimously (5-0).

The questions for Mr. Flynn to research and report to the Board, anticipating a continuing discussion, are:

- 1) Whether or not the clock can be re-set, and by each area;
- 2) What would constitute a major modification of a plan; and
- 3) The base tax that the District would continue to receive.

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Board of Directors items

- Mr. Anderson reported on the NRPA annual congress, held last week in Charlotte. Over 7,000 members of the industry attended.
- The opening presentation was a panel of three experts in civil rights, and the topic was social equity; there is still a lot to do in the area of social equity, health & wellness, and opportunities for open space and parks & recreation as well.

A range of topics were covered in the educational events. Mr. Anderson shared photos from two local parks, set in a suburban and densely urban areas, and contrasted the amenities, aesthetics and more. A variety of parks have been developed in the Charlotte area, some quite elaborate and some basic, and many developed in partnership with community groups.

Summaries of the NRPA talks are on the internet, and attendees can make the talks available to Boardmembers.

The agency that won the Gold Medal in South Suburban's category was Carmel Clay Parks & Recreation, Indiana. The District has employed an entrepreneurial approach to managing services and has achieved an 84% cost recovery. The Indiana Wildlife Federation and Carmel have developed a wildlife-friendly park.

South Suburban is now a "class 3" park and recreation district.

- Mrs. Eller reported the art dedication at the South Suburban Golf Course was well done, and it's a beautiful piece, and the artist is an interesting person.

Mrs. Eller and her family went to the Chihuly art exhibit at the Denver Botanic Gardens, and she highly recommended it. She was amazed at the improvements that the Gardens has done in a relatively short period of time, following a master plan; part one is completed, an \$83 million investment.

She is on the mailing list for the City of Englewood's Broken Tee Golf Course, and they have a new promotion including rounds of golf and other services, a \$55 package, good through Spring 2015, available at some hours for seven days a week, with an opportunity to get something more by sharing the link with 10-12 other golfers. She encouraged the District to take a look at this as a marketing tool.

To Mrs. Eller's question, Mr. Lorenz explained the issues of finding the right qualifications recently, to hire a Child Discovery Time program management staffmember for the Lone Tree Recreation Center. Since this was reported in Tuesday News (employee newsletter), staff has made an offer to an individual.

- Mrs. Rosser reported on her conversations with citizens regarding ballot issue # 4C; a lot are supportive of the question. And, a lot of people already have voted their mail ballots for the November 4 election.

Mrs. Rosser met with a realtor who has expressed interest in acquiring the Jamison property. Mr. Lorenz reported the individual contacted him as well.

- Mr. LaBrash reported he also has been fielding questions about the proposed mill levy increase.

Announcements and emergency items

Mr. Ostermiller announced

- A Special Study Session (Board retreat) on October 23, 2014, start time 8 am, Lone Tree Golf Clubhouse, 9808 Sunningdale Boulevard. Primary topic: a review of the proposed 2015 Budget. The retreat is open to the general public.
- A quorum gathering on Election night, November 4: at Administration Building, 6631 S. University Blvd., downstairs conference room, to await election results from three counties. The gathering is open to the general public.
- And a special meeting, October 29, 7 pm, announced previously this evening.

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Executive Session

At 8:45 pm, Mr. Lorenz requested an Executive Session to discuss a negotiations matter.

MR. LABRASH MOVED TO ENTER INTO EXECUTIVE SESSION PURSUANT TO, OR, AS AUTHORIZED BY... C.R.S. SECTION 24-6-402(4), #

- (E) FOR THE PURPOSES OF DETERMINING POSITIONS RELATIVE TO MATTERS THAT MAY BE SUBJECT TO NEGOTIATIONS, DEVELOPING STRATEGY FOR NEGOTIATIONS, AND INSTRUCTING NEGOTIATORS.**

Mrs. Rosser seconded the motion, which was approved unanimously (5-0).

The Board immediately continued into Executive Session, and returned from Executive Session at 9 pm.

Adjournment

There being no further business to come before the Board, the group adjourned for the evening at 9 pm.

Donna Shephard
Executive Assistant

/ds