

Revitalization Commission

Agenda

Wednesday, January 24, 2024
City Hall, Council Chambers
749 Main Street
8:00 AM

Members of the public are welcome to attend and give comments remotely; however, the in-person meeting may continue even if technology issues prevent remote participation.

- You can call in to [+1 646 876 9923](tel:+16468769923) or [833 548 0282](tel:8335480282) (toll free) Webinar ID [#852 0147 8768](tel:85201478768)
- You can log in via your computer. Please visit the City's website here to link to the meeting: www.louisvilleco.gov/revitalizationcommission.

The Board will accommodate public comments during the meeting. Anyone may also email comments to the Board prior to the meeting at ABrown@LouisvilleCO.gov.

1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Approval of December 20, 2023 Meeting Minutes
5. Public Comments on Items Not on the Agenda
6. Reports of Commission
 - a. Staff Updates
 - b. 2024 Open Government and Ethics Pamphlet
 - c. Board and Commission Rules of Procedure

Persons planning to attend the meeting who need sign language interpretation, translation services, assisted listening systems, Braille, taped material, or special transportation, should contact the City Clerk's Office at 303 335-4536 or MeredythM@LouisvilleCO.gov. A forty-eight-hour notice is requested.

Si requiere una copia en español de esta publicación o necesita un intérprete durante la reunión, por favor llame a la Ciudad al 303.335.4536 o 303.335.4574.

- d. Downtown Business Association Updates
- e. Chamber of Commerce Updates
- 7. Business Matters of Commission
 - a. Approval of 2024 Posting Locations for Public Meetings
 - b. Approval of 2024 LRC Meeting Dates
 - c. Election of Officers for 2024
 - d. Approval of Property Tax Increment Rebate Agreement with Schlageter Properties, LLC
 - e. Discussion – DeLo West Update
 - f. Discussion – Bag Tax Funded Sustainability Programs Overview
- 8. Future Agenda Items
- 9. Discussion Items for Next Meeting
 - a. Property Improvement Program
 - b. South Street Underpass Funding
 - c. Comp Plan and Downtown Vision Plan Updates
 - d. Executive Session for Property Acquisition
 - e. Façade Improvement Program Applications
- 10. Commissioners' Comments
- 11. Adjourn

Revitalization Commission

Wednesday, December 20, 2023 | 8:00AM

City Hall, Council Chambers
749 Main Street

The Commission will accommodate public comments during the meeting. Anyone may also email comments to the Commission prior to the meeting at ABrown@LouisvilleCO.gov.

Call to Order – Chair Adler called the meeting to order at 8:07 AM and took roll call.

Commissioner Attendance: Present

Yes	Alexis Adler
Yes	Clif Harald
Yes	Mayor Chris Leh
Yes	Bob Tofte
Yes	Corrie Williams
Yes	Barbie Iglesias
Yes	Jeff Lipton (not voting today)

Staff Present:

Austin Brown, Economic Vitality Specialist
Jeff Durbin, City Manager
Nick Cotton-Baez, Attorney to the City of Louisville - virtual
Rob Zuccaro, Director of Planning and Building Safety
Ligea Ferraro, Executive Administrator
Samma Fox, Deputy City Manager

Others Present:

Councilmember Fahey
members of the public

Approval of Agenda:

Councilmember Leh made a motion to approve the agenda. Commissioner Williams seconded. Approved.

Approval of November 15, 2023 Meeting Minutes:

Councilmember Leh made a motion to approve the minutes. Commissioner Harald seconded. Approved.

Public Comments on Items Not on the Agenda:

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Rick Kron, DBA President expressed appreciation for the ice rink and mentioned additional lighting is needed for better visibility on the rink. He also mentioned that the distillery approved by the planning commission for the Empire Road site next to the city facility is in the LRC area.

Reports of Commission:

Staff updates

The Economic Vitality Specialist presented a draft LRC letter of support to the DBA for a proposed seasonal Main Street closure in 2024. Staff requested review and approval of the letter.

Commissioner Tofte asked how the Labor Day parade would be affected if Main Street is closed. Commissioner Williams noted that if there is a through lane, it might still be conducive for parades. It was noted that the one year the parade wasn't held downtown was not successful. City Staff will address this issue and bring a possible solution to LRC. It was noted that RTD circulation will also be affected. Staff will edit the letter and send it to LRC for final approval and Chair Adler's signature.

The EV Specialist presented an update on fees for legal services to the LRC.

The EV Specialist announced that there will be a South Street underpass design charette on January 17. Up to 2 LRC members of the LRC are invited to participate. Commissioner Tofte volunteered to attend. The LRC will discuss LRC funding of the underpass at the January meeting.

The EV Specialist presented an Ice Rink update. The ice rink opened on Friday, December 1. Chair Adler asked for information about revenues. The EV Specialist will check with the Recreation staff and provide that information to the LRC. There was a discussion around community feedback and the vendor's refusal to allow cultural events. There was also a brief discussion on the lack of a protective area from the wind.

The Economic Vitality Specialist gave an update on the Downtown Vision Plan. Results on the feedback received is forthcoming from the consultant and will be shared with the LRC.

The EV Specialist gave an update on the Comprehensive Plan.

The EV Specialist gave an update on the Community Decarbonization Plan, which will be presented to the council in March.

Downtown Business Association Updates

DBA President Rick Kron provided updates from the DBA. The ice rink was the main topic; the weekend without the ice rink was a bad business weekend. He endorses the letter of support for a seasonal Main Street closure.

Chamber of Commerce Updates:

The Chamber of Commerce had their December board meeting yesterday and the City is renewing the services agreement for 2024. Ecotoberfest will be added to this agreement. The Parade of Lights was deemed a success and people enjoyed visiting Santa at the chamber.

Commissioner Comments on Items not on the agenda: None

Business Matters of Commission:

Discussion/Direction: 916 Main Street Direct Financial Assistance Application

The Economic Vitality Specialist presented the Direct Financial Assistance Application for 916 Main Street. The EV Specialist also reviewed the ways LRC is able to provide direct financial assistance and the criteria and process for doing so. Economic & Planning Systems, Inc. presented the financial analysis to the commission. The applicant and architect were in attendance. City Staff and the City Attorney prepared a draft agreement in the event that the application is approved. The EV Specialist reviewed specific points of the agreement. Staff recommends review and direction of the LRC to staff.

Commissioner Comments:

There was a discussion around the \$200,000 cap being identified as a nominal amount. There was a discussion around how the BAP and Historic Preservation programs relate to the LRC direct financial assistance program.

There was a discussion around how the \$200,000 in support assists meeting the \$1.5M gap described in the financial analysis. It was noted that an Owner/Operated business is unique; a lot of but/for analysis assumes an investor project with a different expectation for the rate of return. The consultant also considered that the project is underway in its review. It was noted that the policy isn't written to exclude projects underway, and there is an interest for the LRC to help make the project as successful as possible. The property owner presented her perspective and noted that assistance will help meet a reasonable return and doesn't have to bridge the entire gap but still provides meaningful assistance. The architect added that there are 2 agreements in question and noted the closer you get to the expiration of the agreement, the amount of assistance is curtailed. It was noted that option 2 is better for the applicant.

There was a detailed discussion on the but/for analysis and concern about setting an unanticipated precedent. It was suggested that language could be added to provide public benefit without bridging the gap entirely. There was a discussion around the purpose of the program to eliminate blight and whether the LRC should review the policy and how it should be applied to future applications.

There was a discussion around the differences between the two possible agreements and which the LRC should support. Chair Adler asked the Commissioners to identify whether they support option 1 or option 2. Option 2 expires after the term of the TIF expires and there was a discussion around how that would work.

Public Comment:

Rick Kron DBA president supports the application and the business. He agreed that the project meets the program's criteria and supported this business to be downtown long-term. He noted that this is not a precedent because this is not a court and that applications should be considered on their own merits.

Resident Sherry Sommer noted that direct financial assistance has only been done once before and asked what the perspective is from the budget. She noted that she understands how this business fits downtown and that business is supposed to provide exceptional and unique public benefits for direct financial support. She noted that it was previously discussed how retail is something we want to support. She noted that she doesn't think this is a business she would frequent and that it would be important to know that every business that comes up should be able to have this package. She also noted that this program is supposed to support a future range of use types and that this is a niche product and not a range type of business.

Commissioner Tofte motioned to approve the resolution to approve the 916 Main Street Direct Financial Assistance Application. Commissioner Iglesias seconded. Roll call vote: unanimously approved by voting members.

A vote was taken on which agreement to recommend to Council. Commissioner Williams motioned to approve the second agreement capped at \$200k for 10 years, extended beyond the TIF expiration. Commissioner Tofte Seconded. Roll call vote: unanimously approved by voting members.

Councilmember Leh requested that LRC members be available to attend the Council meeting when this is presented to Council. Staff will inform the LRC of that council date.

Discussion/Direction – Property Improvement Program: deferred to next meeting.

Discussion: DeLo West Update: deferred to next meeting.

Future Agenda Items

-

Discussion Items for Next Regular Meeting, Wednesday, January 17, 2024:

1. South Street Underpass Funding
2. Executive Session on property acquisition.
3. Façade Improvement Program Applications

Commissioner Comments: None

The EV Specialist will poll the LRC for a new date for the January meeting due to three commissioners being unavailable for the current date.

Public Comment: None.

Commissioner Harald motioned to adjourn; Commissioner Tofte seconded.

Adjourn: The meeting adjourned at 9:52 AM.

SUBJECT: STAFF UPDATES

DATE: JANUARY 24, 2024

PRESENTED BY: AUSTIN BROWN, ECONOMIC VITALITY SPECIALIST

SUMMARY:

In the following, staff provides business and property updates related to activity within the Highway 42 Urban Renewal Area.

Staffing Update

Vanessa Zarate was hired as the City's new Economic Vitality Manager. Vanessa is a certified Economic Developer with over 10 years of economic development experience in the Denver area. Vanessa's first day with the City was January 16.

Main Street Closure

During its January 16, 2024 meeting, City Council gave staff direction to explore a temporary closure of portions of Main Street in downtown Louisville. This item will also be discussed by the Economic Vitality Committee during its January 26, 2024 meeting.

Energy Code Update

An Electric Vehicle (EV) charging update will be going to Planning Commission in February. It's anticipated that the EV update will go to Council in March along with a proposed building code update.

Downtown Vision Plan

There will be an Open House for the Downtown Vision Plan in late January. This event will be an opportunity for the general public to engage with the project. The consultant team is also planning to begin engaging with Louisville Boards and Commissions in February. It's anticipated that the team will provide an update to the LRC in February.

Comprehensive Plan Update

The Comprehensive Plan update is getting started with a public launch anticipated for early 2024. The project team will be introducing the project and asking for feedback from City Boards and Commissions from January – March 2024. Input from these meetings will supplement broader public engagement.

City staff is planning to present an update on the Comprehensive Plan to the LRC during the February meeting. A draft engagement timeline is included below for reference:

SUBJECT: STAFF UPDATES

DATE: JANUARY 24, 2024

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Comprehensive Plan Update Abbreviated Schedule (subject to change)							
	2024				2025		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Community Engagement Windows <ul style="list-style-type: none">• Boards and Commissions• Public Engagement (surveys, open houses, etc.)	Topics: Kickoff; vision and values conversations			Topics: Community choices, priorities			
Draft Comprehensive Plan							Planned adoption late Summer 2025

Work Plan

The most recent Work Plan is included as *Attachment #1*.

ATTACHMENT(S):

1. LRC Work Plan



**Louisville Revitalization Commission
2023 Work Plan Prioritization Table**



2023 Priority Projects

Project	Potential Steps	Timeline	Estimated Number of Meetings	Funding
Downtown Coordinated Streetscape Plan	<ul style="list-style-type: none"> • Discuss scope and funding • Review Request for Proposal • Council approval/collaboration • Contract for consultant • Public Engagement/plan development • Plan adoption • May include EV charging, alleyway activation, and district branding signage 	Q1-Q4	4-6	TBD
Commission and Board URA Project Support	<ul style="list-style-type: none"> • Create proposal process and criteria for Boards and Commissions • Conduct outreach to Cultural Council and others that may be interested in participation • Review and approve proposals 	Q1-Q4	3+	\$50,000
Funding/Incentive Development	<ul style="list-style-type: none"> • Amend cooperation agreement • Review and develop new incentive programs for existing business improvements • New business attraction and business retention incentives for the URA • Could include historic preservation component • Market program • Review/approve funding opportunities 	Q2-Q4	3+	TBD
Sustainability Grant Program	<ul style="list-style-type: none"> • Explore program for energy efficiency building upgrades/EV charging grants (consider partnership with County PACE) • Consult with Sustainability Coordinator 	Q3-Q4	2+	TBD
Marketing Strategy for URA	<ul style="list-style-type: none"> • Update current marketing materials • Potential hiring of marketing/graphics consultant • Develop materials for new LRC programs 	Q1-Q4	As needed	\$150,000



**Louisville Revitalization Commission
2023 Work Plan Prioritization Table**



Project	Potential Steps	Timeline	Estimated Number of Meetings	Funding
South Street Underpass	<ul style="list-style-type: none"> Engage with City Council on next steps for funding and design Potential DRCOG TIP grant 	Q2-Q3	1+	TBD
DBA Engagement	<ul style="list-style-type: none"> Meeting w/ DBA to identify projects and partnership opportunities Support creation of DBA BID district funding/election 	Q3	1-2	TBD
Small Business Retention/Attraction	<ul style="list-style-type: none"> Consider Development of Grant Program to attract/retain small businesses within URA 	Q3-Q4	2-4	TBD
Hwy 42 Plan Development	<ul style="list-style-type: none"> DRCOG TIP funded design grant Engage in planning and design 	Q3-Q4	1-2	N/A
SBR Corridor Plan	<ul style="list-style-type: none"> DRCOG corridor planning grant Engage in planning and design 	Q3-Q4	1-2	N/A
2024 CIP Planning/Coordination	<ul style="list-style-type: none"> Develop project list Projects may include bicycle and pedestrian improvements, SBR sidewalk widening, etc. Make recommendations on projects and funding/cost share on priority projects 	Q3	2-3	N/A
10 Year Comprehensive Plan Update	<ul style="list-style-type: none"> Provide feedback on plan development Project will extend into 2024 	Q3 or Q4	1-2	N/A
Façade Improvement Program Application Review	<ul style="list-style-type: none"> Review and approve applications Expand marketing materials 	Q1-Q4	As needed	\$300,000
Development Assistance Application Review	<ul style="list-style-type: none"> Review proposals and develop incentive agreements 	Q1-Q4	As needed	TBD
Downtown Street Light Conversion	<ul style="list-style-type: none"> Potential project update 	TBD	1	\$480,000
Downtown ADA Project	<ul style="list-style-type: none"> Potential project update 	TBD	1	\$120,00
Electric Vehicle Charging Stations	<ul style="list-style-type: none"> Potential project update 	TBD	1	\$26,000
Downtown Conduit and Paver Repair	<ul style="list-style-type: none"> Potential project update 	TBD	1	\$420,000



**Louisville Revitalization Commission
2023 Work Plan Prioritization Table**



Other Potential Projects

Project	Potential Steps	Timeline	Estimated Number of Meetings	Funding
Small Business Survey	<ul style="list-style-type: none"> Possible partnership with DBA and/or Chamber 	TBD	TBD	TBD
Shuttle Service to CTC	<ul style="list-style-type: none"> Create program and hire private shuttle service between CTC and Downtown Survey DTC to see if it would be desired. 	TBD	TBD	TBD
Inventory Local Events	<ul style="list-style-type: none"> Create inventory of events and track attendance Focus on marketing local events Develop strategy/use for data 	TBD	TBD	TBD
Cooperative Incubator	<ul style="list-style-type: none"> Define scope and intent of program Identify location, staffing and resources needed Lease incubator space for business start up 	TBD	TBD	TBD
Commissioner Outreach to Property Owners	<ul style="list-style-type: none"> Develop strategy for direct Commissioner outreach to property owners regarding redevelopment opportunities Inform businesses of current programs/façade program 	TBD	TBD	TBD
Parking Lot Management	<ul style="list-style-type: none"> Improve Sports Complex parking to provide additional downtown parking 	TBD	TBD	TBD
Downtown WiFi Network	<ul style="list-style-type: none"> Develop program and contribute to funding Presentation on Downtown communications options 	TBD	TBD	TBD



***OPEN GOVERNMENT &
ETHICS PAMPHLET
2024***

*City Clerk's Office
749 Main Street
Louisville CO 80027
ClerksOffice@LouisvilleCO.gov
303.335.4536*



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Citizen Participation in Government

The City of Louisville encourages citizen involvement and participation in its public policy process. There are many opportunities for citizens to be informed about and participate in City activities and decisions. All meetings of City Council, and of appointed Boards and Commissions, are open to the public and include an opportunity for public comments. No action or substantive discussion on an item may take place unless that item has been specifically listed as an agenda item for a regular or special meeting. Some opportunities for you to participate include:

Reading and inquiring about City Council activities and agenda items, and attending and speaking on topics of interest at public meetings

City Council Meetings:

- Regular meetings are generally held the first and third Tuesdays of each month at 6:00 PM in the City Council Chambers, located on the second floor of City Hall, 749 Main Street;
- Study sessions are generally held the second and fourth Tuesdays of each month at 6:00 PM in the Library Meeting Room, located on the first floor of the Library, 951 Spruce Street;
- Regular meetings include a remote participation option via Zoom, are broadcast live on Comcast Channel 8, and are available on demand on the City's website;
- Special meetings may be held occasionally on specific topics. Agendas are posted a minimum of 48 hours prior to the meeting.

Meeting Agendas for City Council meetings, other than special meetings, are posted a minimum of 72 hours prior to the meeting at the following locations:

- City Hall, 749 Main Street
- Police Department/Municipal Court, 992 West Via Appia
- Recreation/Senior Center, 900 West Via Appia
- Louisville Public Library, 951 Spruce Street
- City website at www.LouisvilleCO.gov

Meeting packets with all agenda-related materials for regular meetings are available 72 hours prior to each meeting and may be found at these locations:

- Louisville Public Library Reference Area,
- 951 Spruce Street,
- City Clerk's Office, City Hall, 749 Main Street,
- City website at www.LouisvilleCO.gov

You may receive eNotifications of City Council news as well as meeting agendas and summaries of City Council actions by registering for eNotifications on the City's web site at www.LouisvilleCO.gov.

Meeting minutes of all regular and special meetings are available in the City Clerk's office and on the City's website (www.LouisvilleCO.gov) once they are approved.

Information about City activities and projects, as well as City Council decisions, is included in the *Community Update* newsletter, mailed to all City residents and businesses. Information is also often included in the monthly eNewsletter.

Communicating Directly with the Mayor and City Council Members

Contact information for the Mayor and City Councilmembers is available at www.LouisvilleCO.gov, as well as at City Hall, the Louisville Public Library, and the Recreation/Senior Center. You may email the Mayor and City Council as a group at CityCouncil@LouisvilleCO.gov.

Mayor's Town Meetings and City Council Ward Meetings are scheduled periodically. These are informal meetings at which all residents, points of view, and issues are welcome. These meetings are advertised at City facilities and on the City's website (www.LouisvilleCO.gov).

Mayor or City Council Elections

City Council members are elected from three Wards within the City and serve staggered four-year terms. There are two Council representatives from each ward. The mayor is elected at-large and serves a four-year term. City Council elections are held in November of odd-numbered years. For information about City elections, including running for City Council, please contact the City Clerk's Office, at ClerksOffice@LouisvilleCO.gov or 303.335.4536.

Serving as an Appointed Member on a City Board or Commission

The City Council makes Board and Commission appointments annually. Some of the City's Boards and Commissions are advisory, others have some decision-making powers. The City Council refers questions and issues to these appointed officials for input and advice. (Please note the Youth Advisory Board has a separate appointment process.)

The City's Boards and Commissions are:

- Board of Adjustment
- Building Code Board of Appeals
- Cultural Council
- Historic Preservation Commission
- Historical Commission
- Library Board of Trustees
- Local Licensing Authority
- Open Space Advisory Board
- Parks & Public Landscaping Advisory Board
- Planning Commission
- Recreation Advisory Board
- Revitalization Commission
- Sustainability Advisory Board
- Youth Advisory Board

Board information, meeting agendas, and schedules are available on the City's website (www.LouisvilleCO.gov).

Agendas for all Board and Commission meetings are posted a minimum of 72 hours prior to each meeting at these locations:

- City Hall, 749 Main Street
- Police Department/Municipal Court, 992 West Via Appia
- Recreation/Senior Center, 900 West Via Appia
- Louisville Public Library, 951 Spruce Street
- City web site at www.LouisvilleCO.gov

Copies of meeting packets containing agenda-related materials are available at least 72 hours prior to each meeting and may be found at the following locations:

- Louisville Public Library Reference Area, 951 Spruce Street;
- City Clerk's Office, City Hall, 749 Main Street
- City web site at www.LouisvilleCO.gov

Planning Commission

The Planning Commission evaluates land use proposals against zoning laws and holds public hearings as outlined in City codes. Following a public hearing, the Commission makes a recommendation of approval or denial to the City Council for all land use proposals.

- Regular Planning Commission meetings are held at 6:30 PM on the second Thursday of each month.
- Overflow meetings are scheduled for 6:30 PM on the 4th Thursday of the month as needed.
- Study Sessions are held occasionally as needed.
- Regular meetings include a remote participation option via Zoom, are broadcast live on Comcast Channel 8, and are available on demand on the City's website.

Open Government Training

All City Council members and members of a permanent Board or Commission are required to participate in at least one City-sponsored open government-related seminar, workshop, or other training program at least once every two years.

Open Meetings

The City follows the Colorado Open Meetings Law ("Sunshine Law") as well as additional open meetings requirements found in the City's Home Rule Charter. These rules and practices apply to the City Council and appointed Boards and Commissions (referred to as a "public bodies" for ease of reference). Important open meetings rules and practices include the following:

Regular Meetings

All meetings of three or more members of a public body (or a quorum, whichever is fewer) are open to the public.

All meetings of public bodies must be held in public buildings and public facilities accessible to all members of the public. Meetings may be held electronically under specific circumstances.

All meetings must be preceded by proper notice. Agendas and agenda-related materials are posted

at least 72 hours in advance of the meeting at the following locations:

- City Hall, 749 Main Street
- Police Department/Municipal Court, 992 West Via Appia
- Recreation/Senior Center, 900 West Via Appia
- Louisville Public Library, 951 Spruce Street
- On the City web site at www.LouisvilleCO.gov

Study Sessions

Study sessions are also open to the public however, study sessions have a limited purpose:

- Study sessions are to obtain information and discuss matters in a less formal atmosphere;
- No preliminary or final decision or action may be made or taken at any study session; further, full debate and deliberation of a matter is to be reserved for formal meetings. If a person believes in good faith that a study session is proceeding contrary to these limitations, they may submit a written objection. The presiding officer will then review the objection and determine how the study session should proceed.
- A written summary of each study session is prepared and is available on the City's website.

Executive Sessions

The City Charter also sets out specific procedures and limitations on the use of executive sessions. These rules, found in Article 5 of the Charter, are intended to further the City policy that the activities of City government be conducted in public to the greatest extent feasible, in order to assure public participation and enhance public accountability. The City's rules regarding executive sessions include the following:

Timing and Procedures

The City Council and City Boards and Commissions may hold an executive session only at a regular or special meeting. No formal action of any type, and no informal or "straw" vote, may occur at any executive session. Rather, formal actions,

such as the adoption of a proposed policy, position, rule or other action, may only occur in open session.

Prior to holding an executive session, there must be a public announcement of the request and the legal authority for convening in closed session. There must be a detailed and specific statement as to the topics to be discussed and the reasons for requesting the session.

The request must be approved by a supermajority (two-thirds of the full Council, Board, or Commission). Prior to voting on the request, the clerk reads a statement of the rules pertaining to executive sessions. Once in executive session, the limitations on the session must be discussed and the propriety of the session confirmed. If there are objections and/or concerns over the propriety of the session, those are to be resolved in open session.

Once the session is over, an announcement is made of any procedures that will follow from the session.

Executive sessions are recorded, with access to those tapes limited as provided by state law. Those state laws allow a judge to review the propriety of a session if in a court filing it is shown that there is a reasonable belief that the executive session went beyond its permitted scope. Executive session records are not available outside of a court proceeding.

Authorized Topics

For City Council, an executive session may be held only for discussion of the following topics:

- Matters where the information being discussed is required to be kept confidential by federal or state law;
- Certain personnel matters relating to employees directly appointed by the Council, and other personnel matters only upon request of the City Manager or Mayor for informational purposes only;
- Consideration of water rights and real property acquisitions and dispositions, but only as to appraisals and other value estimates and strategy for the acquisition or disposition; and

- Consultation with an attorney representing the City with respect to pending litigation. This includes cases that are actually filed as well as situations where the person requesting the executive session believes in good faith that a lawsuit may result, and allows for discussion of settlement strategies.

The City's Boards and Commissions may only hold an executive session for consultation with its attorney regarding pending litigation.

Ethics

Ethics are the foundation of good government. Louisville has adopted its own Code of Ethics, which is found in the City Charter and which applies to elected officials, public body members, and employees. The Louisville Code of Ethics applies in addition to any higher standards in state law. Louisville's position on ethics is perhaps best summarized in the following statement taken from the City Charter:

Those entrusted with positions in the City government must commit to adhering to the letter and spirit of the Code of Ethics. Only when the people are confident that those in positions of public responsibility are committed to high levels of ethical and moral conduct, will they have faith that their government is acting for the good of the public. This faith in the motives of officers, public body members, and employees is critical for a harmonious and trusting relationship between the City government and the people it serves.

The City's Code of Ethics (Sections 5-6 through 5-17 of the Charter) is summarized in the following paragraphs. While the focus is to provide a general overview of the rules, it is important to note that all persons subject to the Code of Ethics must strive to follow both the letter and the spirit of the Code, so as to avoid not only actual violations, but public perceptions of violations. Indeed, perceptions of violations can have the same negative impact on public trust as actual violations.

Conflicts of Interest

One of the most common ethical rules visited in the local government arena is the "conflict of interest rule." While some technical aspects of the rule are discussed below, the general rule under the Code of Ethics is that if a Council, Board, or Commission member has an "interest" that will be affected by his or her "official action," then there is a conflict of interest and the member must:

- Disclose the conflict, on the record and with particularity;
- Not participate in the discussion;
- Leave the room; and
- Not attempt to influence others.

An "interest" is a pecuniary, property, or commercial benefit, or any other benefit the primary significance of which is economic gain or the avoidance of economic loss. However, an "interest" does not include any matter conferring similar benefits on all property or persons similarly situated. (Therefore, a City Council member is not prohibited from voting on a sales tax increase or decrease if the member's only interest is that he or she, like other residents, will be subject to the higher or lower tax.) Additionally, an "interest" does not include a stock interest of less than one percent of the company's outstanding shares.

The Code of Ethics extends the concept of prohibited interest to persons or entities with whom the member is associated. In particular, an interest of the following persons and entities is also an interest of the member: relatives (including persons related by blood or marriage to certain degrees, and others); a business in which the member is an officer, director, employee, partner, principal, member, or owner; and a business in which member owns more than one percent of outstanding shares.

The concept of an interest in a business applies to profit and nonprofit corporations, and applies in situations in which the official action would affect a business competitor. Additionally, an interest is deemed to continue for one year after the interest has ceased. Finally, "official action" for purposes of the conflict of interest rule, includes not only legislative actions, but also administrative actions and "quasi-judicial" proceedings where the entity is acting like a judge in applying rules to the specific

rights of individuals (such as a variance request or liquor license). Thus, the conflict rules apply essentially to all types of actions a member may take.

Conflicts

In addition to its purchasing policies and other rules intended to secure contracts that are in the best interest of the City, the Code of Ethics prohibits various actions regarding contracts. For example, no public body member who has decision-making authority or influence over a City contract can have an interest in the contract, unless the member has complied with the disclosure and recusal rules. Further, members are not to appear before the City on behalf of other entities that hold a City contract, nor are they to solicit or accept employment from a contracting entity if it is related to the member's action on a contract with that entity.

Gifts and Nepotism

The Code of Ethics, as well as state law, regulates the receipt of gifts. City officials and employees may not solicit or accept a present or future gift, favor, discount, service or other thing of value from a party to a City contract, or from a person seeking to influence an official action. There is an exception for the "occasional nonpecuniary gift" of \$15 or less, but this exception does not apply if the gift, no matter how small, may be associated with the official's or employee's official action, whether concerning a contract or some other matter. The gift ban also extends to independent contractors who may exercise official actions on behalf of the City.

The Code of Ethics also prohibits common forms of nepotism. For example, no officer, public body member, or employee shall be responsible for employment matters concerning a relative. Nor can they influence compensation paid to a relative, and a relative of a current officer, public body member or employee cannot be hired unless certain personnel rules are followed.

Other Ethics Rules of Interest

Like state law, Louisville's Code of Ethics prohibits the use of non-public information for personal or private gain. It also prohibits acts of advantage or

favoritism and, in that regard, prohibits special considerations, use of employee time for personal or private reasons, and use of City vehicles or equipment, except in same manner as available to any other person (or in manner that will substantially benefit City). The City also has a "revolving door" rule that prohibits elected officials from becoming City employees either during their time in office or for two years after leaving office. These and other rules of conduct are found in Section 5-9 of the Code of Ethics.

Disclosure, Enforcement, and Advisory Opinions

The Code of Ethics requires that those holding or running for City Council file a financial disclosure statement with the City Clerk. The statement must include, among other information, the person's employer and occupation, sources of income, and a list of business and property holdings.

The Code of Ethics provides fair and certain procedures for its enforcement. Complaints of violations may be filed with the City prosecutor; the complaint must be a detailed written and verified statement. If the complaint is against an elected or appointed official, it is forwarded to an independent judge who appoints a special, independent prosecutor for purposes of investigation and appropriate action. If against an employee, the City prosecutor will investigate the complaint and take appropriate action. In all cases, the person who is subject to the complaint is given the opportunity to provide information concerning the complaint.

Finally, the Code allows persons who are subject to the Code to request an advisory opinion if they are uncertain as to applicability of the Code to a particular situation, or as to the definition of terms used in the Code. Such requests are handled by an advisory judge, selected from a panel of independent, disinterested judges who have agreed to provide their services. This device allows persons who are subject to the Code to resolve uncertainty before acting, so that a proper course of conduct may be identified. Any person who requests and acts in accordance with an advisory opinion issued by an advisory judge is not subject to City penalty, unless material facts were omitted or misstated in the request. Advisory opinions are posted for public

inspection; the advisory judge may order a delay in posting if the judge determines the delay is in the City's best interest.

Citizens are encouraged to contact the City Clerk's Office with any questions about the City's Code of Ethics or to request a copy. A copy of the Code is also available at the City's website (www.LouisvilleCO.gov).

Other Laws on Citizen Participation in Government

Preceding sections of this pamphlet describe Louisville's practices intended to further citizen participation in government. Those practices are intended to further dissemination of information and participation in the governing process. Some other laws of interest regarding citizen participation include:

Initiative and Referendum

The right to petition for municipal legislation is reserved to the citizens by the Colorado Constitution and the City Charter. An initiative is a petition for legislation brought directly by the citizens; a referendum is a petition brought by the citizens to refer to the voters a piece of legislation that has been approved by the City Council. In addition to these two petitioning procedures, the City Council may refer matters directly to the voters in the absence of any petition. Initiative and referendum petitions must concern municipal legislation—as opposed to administrative or other non-legislative matters. By law the City Clerk is the official responsible for many of the activities related to a petition process, such as approval of the petition forms, review of the signed petitions, and consideration of protests and other matters. There are minimum signature requirements for petitions to be moved to the ballot; in Louisville, an initiative petition must be signed by at least five percent of the total number of registered electors. A referendum petition must be signed by at least two and one-half percent of the registered electors.

Public Hearings

In addition to the opportunity afforded at each regular City Council meeting to comment on items not on the agenda, most City Council actions provide opportunity for public comment through a public hearing process. For example, the City Charter provides that a public hearing shall be held on every ordinance before its adoption. This includes opportunities for public comment prior to initial City Council discussion of the ordinance, as well as after Council's initial discussion but before action. Many actions of the City are required to be taken by ordinance, and thus this device allows for citizen public hearing comments on matters ranging from zoning ordinances to ordinances establishing offenses that are subject to enforcement through the municipal court.

Additionally, federal, state, and/or local law requires a public hearing on a number of matters irrespective of whether an ordinance is involved. For example, a public hearing is held on the City budget, the City Comprehensive Plan and similar plans, and a variety of site-specific or person-specific activities, such as annexations of land into the city, rezonings, special use permits, variances, and new liquor licenses. Anyone may provide comments during these hearings.

Public Records

Access to public records is an important aspect of citizen participation in government. Louisville follows the Colorado Open Records Act (CORA) and the additional public records provisions in the City Charter. In particular, the Charter promotes the liberal construction of public records law, so as to promote the prompt disclosure of City records to citizens at no cost or no greater cost than the actual costs to the City.

The City Clerk is the custodian of the City's public records, except for police records which are handled by the Police Department. The City maintains a public policy on access to public records, which includes a records request form, a statement of fees, and other guidelines. No fee is charged for the inspection of records or for locating or making records available for copying, except in cases of voluminous requests or dated records, or when the

time spent in locating records exceeds two hours. No fees are charged for the first 25 copies requested or for electronic records.

Many records, particularly those related to agenda items for City Council and current Board and Commission meetings, are available directly on the City's website (www.LouisvilleCO.gov). In addition to posting agenda-related material, the City maintains a communication file (email) for the City Council which is available on the City's website (www.LouisvilleCO.gov).

CORA lists the categories of public records that are not generally open to public inspection. These include, for example, certain personnel records and information, financial and other information about users of City facilities, privileged information, medical records, letters of reference, and other items listed in detail in CORA. When public records are not made available, the custodian will specifically advise the requestor of the reason.

Citizens are encouraged to review the City's website (www.LouisvilleCo.gov) for information, and to contact the City with any questions regarding City records.

Public Involvement Policy

Public participation is an essential element of the City's representative form of government. To promote effective public participation City officials, advisory board members, staff and participants should all observe the following guiding principles, roles and responsibilities:

Guiding Principles for Public Involvement

Inclusive not Exclusive - Everyone's participation is welcome. Anyone with a known interest in the issue will be identified, invited and encouraged to be involved early in the process.

Voluntary Participation - The process will seek the support of those participants willing to invest the time necessary to make it work.

Purpose Driven - The process will be clearly linked to when and how decisions are made. These links will be communicated to participants.

Time, Financial and Legal Constraints - The process will operate within an appropriate time frame and budget and observe existing legal and regulatory requirements.

Communication - The process and its progress will be communicated to participants and the community at-large using appropriate methods and technologies.

Adaptability - The process will be adaptable so that the level of public involvement is reflective of the magnitude of the issue and the needs of the participants.

Access to Information - The process will provide participants with timely access to all relevant information in an understandable and user-friendly way. Education and training requirements will be considered.

Access to Decision Making - The process will give participants the opportunity to influence decision making.

Respect for Diverse Interests - The process will foster respect for the diverse values, interests and knowledge of those involved.

Accountability - The process will reflect that participants are accountable to both their constituents and to the success of the process.

Evaluation - The success and results of the process will be measured and evaluated.

Roles and Responsibilities - City Council

City Council is ultimately responsible to all the citizens of Louisville and must weigh each of its decisions accordingly. Councilors are responsible to their local constituents under the ward system; however they must carefully consider the concerns expressed by all parties. Council must ultimately meet the needs of the entire community—including current and future generations—and act in the best interests of the City as a whole.

During its review and decision-making process, Council has an obligation to recognize the efforts and activities that have preceded its deliberations. Council should have regard for the public involvement processes that have been completed in support or opposition of projects.

Roles and Responsibilities - City Staff and Advisory Boards

The City should be designed and run to meet the needs and priorities of its citizens. Staff and advisory boards must ensure the Guiding Principles direct their work. In addition to the Guiding Principles, staff and advisory boards are responsible for:

- ensuring that decisions and recommendations reflect the needs and desires of the community as a whole;
- pursuing public involvement with a positive spirit because it helps clarify those needs and desires and also adds value to projects;
- fostering long-term relationships based on respect and trust in all public involvement activities;
- encouraging positive working partnerships;
- ensuring that no participant or group is marginalized or ignored;
- drawing out the silent majority, the voiceless and the disempowered; and being familiar with a variety of public involvement techniques and the strengths and weaknesses of various approaches.

All Participants

The public is also accountable for the public involvement process and for the results it produces. All parties (including Council, advisory boards, staff, proponents, opponents and the public) are responsible for:

- working within the process in a cooperative and civil manner;
- focusing on real issues and not on furthering personal agendas;
- balancing personal concerns with the needs of the community as a whole;
- having realistic expectations;
- participating openly, honestly and constructively,
- offering ideas, suggestions and alternatives;
- listening carefully and actively considering everyone's perspectives;

- identifying their concerns and issues early in the process;
- providing their names and contact information if they want direct feedback;
- remembering that no single voice is more important than all others, and that there are diverse opinions to be considered;
- making every effort to work within the project schedule and if this is not possible, discussing this with the proponent without delay;
- recognizing that process schedules may be constrained by external factors such as limited funding, broader project schedules or legislative requirements;
- accepting some responsibility for keeping themselves aware of current issues, making others aware of project activities and soliciting their involvement and input; and
- considering that the quality of the outcome and how that outcome is achieved are both important.

Updated December 2023

This pamphlet is prepared pursuant to the Home Rule Charter of the City of Louisville.

This is a compilation of Articles 4 and 5 of the Charter of the City of Louisville and is available at all times in the City Clerk's Office, 749 Main Street, Louisville, Colorado, and on the City's web site at www.LouisvilleCO.gov.

This pamphlet is also provided to every member of a public body (board or commission) at that body's first meeting each year.



BOARD & COMMISSION

RULES OF PROCEDURE

Adopted November 6, 2023 – by Resolution No. 66, Series 2023

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RULES OF PROCEDURE FOR THE BOARDS AND COMMISSIONS OF LOUISVILLE, COLORADO

I. DEFINITIONS

“Advisory Board” means all of the following boards which are tasked with giving advice to the City Council as specified in their formation documents:

- Arts & Culture Advisory Board
- Historical Museum Advisory Board
- Library Board of Trustees
- Open Space Advisory Board
- Parks & Public Landscaping Advisory Board
- Recreation Advisory Board
- Revitalization Commission
- Sustainability Advisory Board
- Youth Advisory Board

“Charter” means the [Home Rule Charter of the City of Louisville, Colorado](#).

“Chair” means the member of the Board who presides over a meeting subject to Rule VII.B below.

“City” means the City of Louisville, Colorado.

“Code” means the Louisville Municipal Code.

“Board” means any of the following bodies:

- Arts & Culture Advisory Board
- Board of Adjustment
- Building Code Board of Appeals
- Historic Preservation Commission
- Historical Museum Advisory Board
- Library Board of Trustees
- Local Licensing Authority
- Open Space Advisory Board
- Parks & Public Landscaping Advisory Board
- Planning Commission
- Recreation Advisory Board
- Revitalization Commission
- Sustainability Advisory Board
- Youth Advisory Board

“Board Member” means each member of a City board.

“Electronic Participation” means attendance at a meeting by computer, telephone, or other electronic means.

“Entire Board” means all current members of a board.

“Member of the Board” means each board member.

“Quasi-Judicial Board” means any of the following boards which have specific legal decision-making authority under the Charter or Code:

- Board of Adjustment
- Building Code Board of Appeals
- Historic Preservation Commission
- Local Licensing Authority
- Planning Commission

“Rules” means the Board & Commission Rules of Procedure.

“Staff Liaison” means the City staff member assigned by the City Manager to assist the board and to ensure all rules and regulations are met.

II. AUTHORITY

The following Rules shall be in effect upon their adoption by the City Council until such time as they are amended or new Rules adopted.

In order to efficiently and effectively complete City business facing a Board, all meetings must be conducted in an orderly and respectful manner. These Rules are intended to provide guidelines for the procedures to be followed for the conduct of all Board meetings.

If any Rule, on its face or as applied, conflicts with applicable provisions of the [Home Rule Charter of the City of Louisville](#) or ordinances, those provisions shall apply and that Rule shall not. Nothing herein shall prevent a Board from adopting its own rules of procedure specific to its roles and responsibilities so long as they do not conflict with these Rules.

III. MEETING CIVILITY

- A. CIVILITY AMONG MEMBERS OF THE BOARD: The Board shall preserve reasonable order and decorum and confine members of the public to discussion of the questions under consideration.

During Board meetings, members shall preserve reasonable order and decorum and shall not delay or interrupt the proceedings or refuse to obey

the order of the Chair or the Rules. Every member of the Board desiring to speak shall address the Chair, and upon recognition by the Chair, shall confine themselves to the questions under debate. Once recognized, no member of the Board shall be interrupted while speaking unless called to order by the Chair or unless a point of order is raised by another member.

- B. MEMBERS OF THE PUBLIC: Members of the public desiring to address the Board on any item on the agenda shall be recognized by the Chair, state their names, and are requested to state their place of residence (by city, town, or county of residence). Each member of the public shall speak in an audible tone for the record.

IV. **GENERAL RULES**

- A. LOCATION: All in-person Board meetings shall take place in a public building that is accessible to members of the public, with or without reasonable accommodation in accordance with applicable law.
- B. OPEN TO THE PUBLIC: All meetings, including those conducted by Electronic Participation pursuant to Section V.F, shall be open to the public. A Board may conduct executive sessions only in accordance with the Charter, Code, and applicable provisions of the Colorado Open Meetings Law.
- C. MEETING NOTICE: Notice for all meetings sessions shall be given as required by the Charter and as set by administrative rule. At the first regular meeting of every year, each Board shall designate the locations for posting of notices of its meetings.
- D. MINUTES: Minutes of each regular and special meeting shall be taken and retained permanently in the records of the City.
- E. QUORUM: A quorum is needed for the transaction of business at each meeting of a Board. A quorum shall be defined as a majority of the members of the Board holding office at the time of the meeting.
- F. ABSENCES: No member of the Board shall miss more than twenty-five percent (25%) of regular Board meetings during any calendar year. Missing more than twenty-five percent (25%) of meetings shall be cause for removal.
- G. APPLICABILITY OF THE OPEN GOVERNMENT POLICIES AND CODE OF ETHICS: Each member of the Board shall adhere to the City's Open

Government Rules and the Code of Ethics (Charter Section 5-6).

- H. DISCLOSURE OF INTEREST AND RECUSAL: Any member of the Board who has an interest in, or whose interest would be affected by, any proposed official action before the Board shall immediately and publicly disclose the nature and extent of the interest; shall not participate in any discussion or decision concerning the proposed action; shall not attempt to publicly or privately influence the Board, any public body, or any employee in connection with the action; and shall leave the room where the discussion or decision is taking place during the time the proposed action is being discussed and the decision is being made.
- I. CHAIR: The Chair is the member of the Board who presides over a Board meeting and shall do so according to these Rules and applicable law. The Chair serves as Chair of all Board meetings at which the Chair is present. In the Chair's absence, the Vice-Chair will serve as Chair. In the absence of the Chair and Vice-Chair, Board members will appoint one member to act as Chair for that meeting.

V. MEETINGS

- A. REGULAR MEETINGS: Each Board shall set a regular meeting schedule at the first meeting of each year identifying the date, time, and location of meetings.
- B. COMMITTEE MEETINGS: A committee meeting may be called if it can be properly noticed a minimum of 72 hours in advance. Committee meetings must meet all the same rules as a regular meeting.
- C. EXECUTIVE SESSIONS: A board may hold an executive session only for pending litigation and only with the City Attorney present.
- D. RESCHEDULING: A Board may reschedule meetings for dates and times outside its annual meeting schedule to avoid holidays, elections, and other matters, to achieve a quorum, or to allow for additional time for a meeting. To reschedule such meetings, the Board first must provide notice and approve of the proposal to reschedule.
- E. CANCELLATION: Any scheduled meeting may be cancelled by members or the Staff Liaison in the event there are no items for the board to discuss or in the event unforeseen emergent conditions exist which make conduct of the meeting impractical (for example, in the case of power outage) or travel to the meeting unduly hazardous (for example, in the case of blizzard conditions).

- F. **ELECTRONIC PARTICIPATION:** When it is feasible, an electronic attendance option shall be available for Board members, applicants, and members of the public including for quasi-judicial hearings. If it is not feasible due to technological or other reasons, the in person meeting shall continue if a quorum is present.
1. All meetings that have a remote attendance option will note that on the agenda and include information on the agenda about how to join the meeting electronically.
 2. Board members and members of the public attending electronically shall participate in the meeting under the same rules as those in the room.
 3. Public hearings on quasi-judicial matters may be taken during a meeting with Electronic Participation.
- G. **FULLY REMOTE MEETINGS:** The Staff Liaison with input from the board members may, in their discretion, change board meetings to a fully remote setting if needed. If a fully remote meeting is scheduled, it must be properly noticed as such and public access options must be provided on the meeting agenda.

VI. CHAIR AND VICE-CHAIR

- A. Each Board will elect a Chair and Vice-Chair at the first meeting of the year. The City recommends the Chair and Vice-Chair be rotated among Board members each year.
- B. The Chair shall preside over meetings of the Board when present and able to perform these responsibilities. The Chair shall have the same voting powers as any Board member.
- C. The Vice-Chair shall assume the duties of Chair when the Chair is absent or otherwise unable to perform the responsibilities of Chair.
- D. In the absence of the Chair and Vice-Chair, Board members will appoint one member to act as Chair for that meeting.

VII. MEETING PROCEDURE

A. PREAMBLE

1. A bedrock principle of a representative democracy is notice of impending governmental action and an opportunity for members of the public and their representatives to be heard. Principles of good government include deep respect for citizens; prudent stewardship of public resources, including the time of its citizens, staff members and appointed officials; direction that is clear and decisive; and decision making that is reasonably consistent, equitable, flexible, and transparent.
2. Through the application of these Rules, the City intends to ensure that it balances the principles described in the previous section in a way that ensures robust debate and accountability of City government to its residents. To that end, these procedures are not meant to be employed for the purpose of unreasonable rigidity, surprise, suppression of competing views, or needless prolonging of action.

B. CHAIR'S DISCRETION & RIGHT OF APPEAL The Chair shall have reasonable discretion in the application of these procedures subject to section XI.A.

C. AGENDAS: Each board will have a formal agenda for each meeting. The agenda will be set by staff for quasi-judicial boards and set by the chair in conjunction with the staff liaison for advisory boards. Each agenda will be posted as required prior to the meeting. Items cannot be added to the agenda at the meeting.

D. PUBLIC COMMENTS AT MEETINGS: All Board meetings, including Committee meetings, shall be open to the public. Members of the public shall have a reasonable opportunity to be heard at Board meetings.

The following provisions apply to any section of the agenda where public comments are allowed.

1. Members of the public desiring to address the Board on any item on the agenda shall be recognized by the Chair, state their name, and are requested to state their place of residence (by city, town, or county of residence).

2. Each board will have a section on its agenda for “Public Comments on Items Not on the Agenda.” Each speaker shall be limited to three (3) minutes.
 3. Each Board will permit public comment on any item at the time such item is being discussed by the Board. Each speaker shall be limited to three (3) minutes.
 4. Multiple citizens may designate someone to speak for them and aggregate their three-minute limit time up to a maximum of six (6) minutes of speaking time for their designated spokesperson. Those pooling their time must be physically present, identify themselves, and designate their spokesperson. A designated spokesperson may not speak for more than one group.
 5. The Chair, the Staff Liaison, or a designated board member shall enforce compliance with the time limits, and time shall be kept on a public comment clock.
- E. WRITTEN COMMUNICATIONS: Interested parties, or their authorized representatives, may address the Board by submitting written communication concerning any matter on the Board agenda. Such a written communication may be submitted by electronic mail or by addressing the communication to the Staff Liaison who will distribute copies to the Board. The communication will be entered into the record without the necessity of reading. A copy of the communication shall be posted at the meeting for the public to review. Anonymous written communications will not be accepted into the record.
- F. VOTING: For a motion to pass it requires the affirmative vote of a majority of the members of the Board present.

VIII. EXPECTATIONS OF STAFF LIAISON

A. COMMUNICATION:

1. The Staff Liaison will provide Board members with direct, open, and transparent communication about city priorities, projects, and budget.
2. The Staff Liaison will act as the conduit of information from the Board to City Council and from City Council to the board.
3. The Staff Liaison will respond to emails, phone calls, and text messages from Board members within two (2) business days and will

communicate with the Board members if a response will take more than two (2) business days.

B. **ADVOCACY:** The Staff Liaison will advocate ideas to City staff and leadership on the Board's behalf. The Staff Liaison will advocate for budget requests and CIP requests from the Board through the City's established budget process.

C. **MEETINGS:**

1. The Staff Liaison with input from the Board chair will create and publish meeting agendas and packets in accordance with bylaws, rules, and schedule established by the City Clerk's Office.
2. The Staff Liaison will work with the Chair to ensure meetings are concise and do not run exceedingly long and to ensure the discussion is limited to those items on the agenda.
3. The Staff Liaison will attend all meetings, to the best of their ability. If the Staff Liaison cannot attend a Board meeting, an alternate staff liaison will be appointed and the Chair will be notified in advance.

D. **COLLABORATION:**

1. The Staff Liaison will include Board members, when appropriate, in relevant projects and planning processes.
2. The Staff Liaison will include Board members on relevant communications, when appropriate, with outside organizations and individuals.

IX. EXPECTATIONS OF BOARD MEMBERS

A. **COMMUNICATION:**

1. There will be open and consistent communication between Board members and the Staff Liaison.
2. Board members will not speak on behalf of the Board unless specifically appointed to do so by the Board. Board members will include the Staff Liaison on all communications with outside organizations.

3. The Staff Liaison is the point of contact for all City operations related to the Board. The Staff Liaison will bring in any additional City staff as necessary for Board projects.
4. The Staff Liaison or the City's Communications Division will create all memos, marketing, and outreach materials for the Board. Board members shall not use City logos or letterhead without City approval.
5. Board members shall not create social media accounts on behalf of the Board or speak on social media on behalf of the Board or City.
6. Board members will only contact their Staff Liaison through a dedicated City email address, office phone, or cell phone (including texting) and will not contact the Staff Liaison through their personal emails, social media, or personal cell phones.

B. ADVOCACY:

1. Board members will go through proper channels when advocating for Board projects.
2. Board members will adhere to all regulations of the Fair Campaign Practices Act as they relate to City elections.

C. MEETINGS:

1. Board members will attend all meetings, to the best of their ability. If a Board member cannot attend a meeting, the member will send communication via email to the Staff Liaison with as much advance notice as possible.
2. If a Board member would like an item on an agenda, the member will reach out in advance to the Staff Liaison and the Chair. Topics not included on the agenda may not be discussed at a meeting per the City Charter.
3. Board members will meet all packet deadlines as established by the Staff Liaison and the City Clerk's Office. Items that are late may be postponed to a later meeting.

X. QUASI-JUDICIAL ACTIONS

A. PROCESS:

1. Quasi-judicial decisions are a determination of the rights, duties or obligations of a specific individual or entity. Board members making quasi-judicial decisions must do so based on the facts developed at a public hearing and through the application of presently existing legal standards of policy considerations of the facts.
2. Legally reversible decisions are almost always based on a lack of due process or procedural irregularities

B. DUE PROCESS: A quasi-judicial public hearing must include property public notice, a meaningful opportunity for interested parties to be heard, and basic fairness in procedure.

C. PREPARATION: Board members will review the meeting packet prepared by staff, understand the scope of the hearing, and be familiar with the relevant decision criteria in a case. Board members must act as impartial decision makers

D. EX PARTE CONVERSATIONS: Board members will not speak with one side or the other before or outside of the hearing process. This includes via email. Board members will disclose any unavoidable “ex parte” conversations and participate only if they are sure they can still make an unbiased decision.

E. CONDUCTING THE HEARING: Follow uniform/consistent steps for all hearings.

- Introduce Item
- Call for Disclosures
- Open Public Hearing
- Staff Report
- Applicant Presentation
- Public Comment
- Questions by Board members
- Close Public Hearing
- Deliberations
- Action

Once a hearing is closed the Board will not re-open it to hear only certain individuals, if a hearing is re-opened anyone who has not already spoken

may have the opportunity to speak.

If the Board holds and closes a hearing at one meeting and deliberates at the next, the Board cannot reopen the hearing without providing additional notice.

F. MAKING THE DECISION

1. Board members shall not make their decision on the basis of irrelevant criteria. Board members shall not base a decision on things a member “knows” but did not “learn” at the hearing. Board members will not participate in the decision if they cannot be fair and unbiased.
2. A Board members shall not participate in the decision if they did not participate in the entire hearing.

If a public hearing is opened and then continued to a later meeting, a member who missed the first meeting may review the video and all materials from the first meeting and then participate in the next one. This should be disclosed at the hearing.

3. Board members should ask for staff advice if they are unsure of the decision they are being asked to make or if they are unsure of the applicable legal criteria.
4. If appropriate, a Board may make a tentative decision and direct staff to prepare a draft written decision.

XI. PARLIAMENTARY PROCEDURE

- A. POINTS OF ORDER: The Chair shall determine all points of order, subject to the rights of any member of the Board to appeal to the Board, in which case the point of order shall be resolved by vote of a majority of the members of Board present.
- B. RIGHT OF THE FLOOR: Any member of the Board desiring to speak shall be recognized by the Chair.
- C. MOTIONS: Motions may be made by any member of the Board, including the Chair, provided that before the Chair offers a motion, the opportunity for making a motion should be offered to other members of the Board. Any member of the Board, other than the person offering the motion, may second a motion.

D. PROCEDURES FOR MOTIONS: The following is the general procedure for making motions:

1. Before a motion can be considered or debated it must be seconded; however, no action taken shall be invalidated simply because a motion was not properly made, seconded or recorded.
2. Once the matter has been discussed and the Chair calls for a vote, no further discussion will be allowed; provided, however, that members of the Board may be allowed to explain their votes.

E. DISCUSSION: Board members shall confine themselves to the question under discussion. All discussion must be germane to the agenda item.

F. MOTION TO END DEBATE: Any member of the Board may make a motion to end debate (also known as “calling the question”). If such a motion is made and seconded, the Chair shall immediately call for a vote on the motion. If the motion is not approved by 2/3 of the members of the Board present and voting, the Chair shall allow for debate to continue. If the motion is approved, the Chair shall call for a motion on the matter under consideration.

G. ALL MEMBERS MAY SPEAK: Each member of the Board shall have the right to speak and ask questions prior to a vote.

H. AFTER VOTING: Once a vote has been taken on a motion, there shall be no further discussion on that motion unless a motion to reconsider is properly made, seconded, and adopted.

XII. REMOVAL FROM BOARD

(City Council Resolutions No. 16, Series 2009 & No. 59, Series 2016)

A. The City Council greatly appreciates the contributions made by City residents who volunteer their time to serve on the City’s various boards and commissions. In order to help encourage citizens to volunteer and to promote an environment in which participation is productive and rewarding, the Council expects all board and commission members to work in a cooperative, constructive and civil manner.

B. To help maintain this environment the City Council has established that, during the term of office, a board member shall be removed only for cause. Cause shall include but not be limited to:

1. Violation of city or state ethics laws;

2. Conviction of a felony or of any other crime involving moral turpitude;
3. Absence from more than 25 percent of the regular meetings in any 12-month period;
4. Inefficiency, neglect of duty or malfeasance in office;
5. Knowing violation of any statute, ordinance, resolution, rule, policy or bylaw applicable to the board or commission;
6. Physical or mental disability rendering the board or commission member unable to perform his or her duties;
7. Knowing disclosure of confidential information, which is defined to mean information which is not available to the general public under applicable laws, ordinances and regulations, and which is obtained by reason of the board or commission member's position with the City;
8. Failure to maintain the qualifications of a board or commission member for the board or commission on which the member serves;
9. Behaving in a harassing, hostile, threatening or otherwise inappropriate manner, or unreasonably disrupting or interfering with the conduct of any meeting of a board or commission; or
10. Other grounds constituting cause as established by law.

C. The procedure for removal of a member of a City board or commission shall be as follows:

1. Any person who believes that there is cause to remove a member of a City board or commission as provided above shall present the evidence of such cause to the City Manager.
2. The City Manager (or their designee) shall review the evidence presented and conduct additional investigations as the City Manager deems necessary. If the City Manager determines there is sufficient evidence supporting further action, the City Manager shall contact the board or commission member who is the subject of the allegation, outline the allegation against the member and provide the member with an opportunity to respond to the allegation. After considering all information received, the City Manager shall make a

determination as to whether removal or other action is warranted.

3. If the City Manager determines there are grounds for removal, the City Manager shall present a proposed resolution for removal to the City Council for its consideration and action. The member shall be provided written notice of the grounds for removal and the time and place of the City Council's consideration of the matter, at which time the member may address the City Council regarding the grounds for removal. Removal of a member shall require the affirmative vote of a majority of the entire City Council.
4. A member may resign from a board or commission at any time by providing a written resignation letter to the Mayor or City Manager. A resignation is effective upon submission or such later date as stated in the resignation letter, without requirement for acceptance thereof.

SUBJECT: APPROVAL OF 2024 POSTING LOCATIONS FOR PUBLIC MEETINGS

DATE: JANUARY 24, 2024

PRESENTED BY: AUSTIN BROWN, ECONOMIC VITALITY SPECIALIST

SUMMARY:

Section 24-6-402(2)(c) of the Colorado Open Meetings Law requires that all public bodies designate the public place or places for posting of notices of public meetings. The Louisville Revitalization Commission (LRC) must annually approve posting locations by either vote or resolution.

RECOMMENDATION:

All LRC meetings will be noticed by the posting of an agenda at the following locations:

- City Hall, 749 Main Street
- Louisville Public Library, 951 Spruce Street
- Police Department/Municipal Court, 992 West Via Appia
- Recreation /Senior Center, 900 West Via Appia
- City Website, www.LouisvilleCO.gov

SUBJECT: APPROVAL OF 2024 LRC MEETING DATES

DATE: JANUARY 24, 2024

PRESENTED BY: AUSTIN BROWN, ECONOMIC VITALITY SPECIALIST

SUMMARY:

The Louisville Revitalization Commission will meet regularly on the third Wednesday of each month from 8 AM – 9:30 AM. All meetings will be held in Council Chambers at Louisville City Hall (749 Main Street) unless otherwise noted.

RECOMMENDATION:

The proposed 2024 LRC meeting schedule is shown below. Meeting dates may be changed in the event that a quorum cannot be reached on the scheduled meeting date.

- January 24, 2024
- February 21, 2024
- March 20, 2024
- April 17, 2024
- May 15, 2024
- June 26, 2024 (moved from June 19 to accommodate Juneteenth)
- July 17, 2024
- August 21, 2024
- September 18, 2024
- October 16, 2024
- November 20, 2024
- December 18, 2024

SUBJECT: APPROVAL OF PROPERTY TAX INCREMENT REBATE AGREEMENT WITH SCHLAGETER PROPERTIES, LLC

DATE: JANUARY 24, 2024

PRESENTED BY: AUSTIN BROWN, ECONOMIC VITALITY SPECIALIST

SUMMARY:

During its December 20, 2023 meeting, the LRC recommended approval of the Property Tax Increment Rebate Agreement with Schlageter Properties, LLC (*Attachment #1*). The LRC's recommendation included language providing the LRC an option to authorize pledged revenue payments following the expiration of the TIF provision in 2031.

On January 16, 2024 City Council approved the Property Tax Increment Rebate Agreement with Schlageter Properties, LLC. The January 16, 2024 City Council packet is included as *Attachment #3* for reference.

Per the City's Property Tax Increment Financing Rebate Assistance Policy, the Agreement and Resolution 24-01 approving the agreement (*Attachment #2*) are back before the LRC for final approval. A summary of the main terms of the agreement is included below:

1. Developer will construct and receive a Certificate of Completion from the City for the Project.
2. Once the project is complete, the LRC will begin making annual TIF Rebate payments to Developer equal to 90% of the increased taxes paid on the property less other defined LRC financial obligations (the 2015 Cooperation Agreement, the Tri-Party Agreement, and LRC operating expenses).
3. Total maximum Rebate payments is \$200,000. Annual payments will continue until the payment cap is met or the TIF revenue collection period for the Highway 42 Urban Renewal Area expires. Although the collection period expires in 2031, the proposed agreement provides the LRC with an option to authorize pledged revenue payments following the expiration of the TIF provision.
4. The agreement terminates on December 31, 2024 if the project has not yet been completed.
5. Assignment of the TIF Rebate Agreement is permitted if the assignment is to;
 - a. Any entity who is an affiliate of the Developer provided such assignment is of the Agreement in its entirety to a single entity;

SUBJECT: APPROVAL OF PROPERTY TAX INCREMENT REBATE AGREEMENT

DATE: JANUARY 24, 2024

PAGE 2 OF 2

- b. A successor in title to 100% of the Developer's ownership interest in the Project; and
- c. A lender to the Developer provided such assignment is limited to a collateral assignment or pledge of the amounts payable to the Developer

FISCAL IMPACT:

The TIF Rebate Agreement is based upon the increased property tax revenue generated by the redevelopment. It is a commitment to rebate future revenues not currently being received by the LRC. This agreement does not commit existing TIF revenue, so there is no current year fiscal impact. Future year LRC budgets will incorporate this rebate commitment once the redevelopment project is complete.

This agreement does not impact the City's budget as the committed property tax rebate payments are an obligation of the LRC, a separate organization from the City.

RECOMMENDATION:

Staff finds that the application for direct financial assistance at 916 Main satisfies the following:

- Meets the three primary goals of the Plan;
- Addresses the Criteria for Evaluation required for Direct Assistance; and
- Demonstrates a need for public assistance.

Therefore, staff recommends approval of Resolution 24-01 Approving a Property Tax Increment Rebate Agreement with Schlageter Properties, LLC.

ATTACHMENT(S):

1. Property Tax Increment Rebate Agreement with Schlageter Properties, LLC
2. Resolution 24-01 Approving a Property Tax Increment Rebate Agreement with Schlageter Properties, LLC
3. January 16, 2024 City Council Packet

PROPERTY TAX INCREMENT REBATE AGREEMENT

This Property Tax Increment Rebate Agreement (this “Rebate Agreement”) is made as of _____, 2024, by and between the LOUISVILLE REVITALIZATION COMMISSION (the “LRC”) and SCHLAGETER PROPERTIES, LLC (the “Developer”) (The LRC and Developer are collectively the “Parties”).

RECITALS

A. The LRC is a public body corporate and politic authorized to transact business and exercise its powers as an urban renewal authority under and pursuant to the Colorado Urban Renewal Law, Part 1 of Article 25 of Title 31, C.R.S. (the “Act”).

B. The Developer is the owner of certain real property legally described as follows: Lot 9, less the North 15 feet, Block 1, Town of Louisville located in the SE ¼ Section 8, T1S, R69W of the 6th P.M. City of Louisville (the “Property”).

C. The Developer proposes to renovate and redevelop the Property as a redesigned 3,024 sf retail space (the “Project”), to include associated public and private infrastructure improvements (the “Project Improvements”). A more detailed description of the Project Improvements is attached as Exhibit A.

D. The Project is located within the area (the “Plan Area”) described in the Highway 42 Revitalization Area Urban Renewal Plan (the “Plan”). Completion of the Project and Project Improvements will remove barriers to development and remediate blight and adverse conditions within the Plan Area, and will be carried out in furtherance of the purposes of the Act and Plan.

E. The LRC finds that entering into this Rebate Agreement will promote the redevelopment of an area within the Plan Area and LRC boundaries and will remediate adverse conditions within the Plan Area in a manner consistent with the Plan, and will provide a mechanism for assisting in the financing of Project Improvements that benefit the City of Louisville (the “City”) and its residents.

F. The Plan provides for financing the activities and undertakings of the LRC by means of property tax allocation or tax increment financing (“Property Tax TIF”) in accordance with Section 31-25-107(9) of the Act.

G. The LRC previously entered into that certain Amended and Restated Cooperation Agreement dated _____, 2023 (the “2023 Cooperation Agreement”), which provides that the LRC shall repay to the City Costs and Expenses incurred by the City for the provision of Operating Funds and Support Services for the LRC, as further defined and set forth in the 2023 Cooperation Agreement.

H. The LRC also previously entered into that certain Tri-Party Agreement with the County of Boulder dated December 5, 2006 (the “Tri-Party Agreement”) which provides that commencing on January 1, 2015, there shall be paid to the County certain County TIF Revenues, as further defined and set forth in the Tri-Party Agreement.

I. The LRC also previously executed that certain Term Sheet for the Core Area Infrastructure Project dated May 13, 2013 (the “Core Area Term Sheet”), which provides for the potential future issuance of LRC bonds payable from Property Tax TIF revenues from the Highway 42 Core Project Area as further defined and set forth in the Core Area Term Sheet.

J. The LRC intends that LRC financing assistance for the construction of the Project Improvements be limited to certain Property Tax TIF revenue received by the LRC from the Property (and no other properties in the Plan Area) and available to the LRC after payment of any amounts required to be paid pursuant to the 2023 Cooperation Agreement, the Tri-Party Agreement, and amounts the LRC may reasonably require for ongoing operating, administrative, consulting and other costs (the “LRC Operating Expenses”), and subordinate to bonds issued pursuant to the Core Area Term Sheet, all in accordance with the terms and conditions set forth herein.

K. The LRC is authorized to enter into this Rebate Agreement pursuant to the Act, including without limitation C.R.S. Section 31-25-105(1)(b), which authorizes an urban renewal authority to enter into agreements to carry out the purposes of the Act.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing and the following terms and conditions, the Parties agree as follows:

1. Construction of Project. In conjunction with the development of the Project, Developer will finance, design and construct the Project and Project Improvements with its own funds.

2. LRC Financial Assistance. Commencing with the first full fiscal year following issuance of a certificate of completion for the Project and ending on the Expiration Date (defined below) (“Pledged Revenue Term”), and in accordance with Section 31-25-107(9)(a)(II) of the Act, the LRC shall deposit within a special fund (the “Special Fund”) all property tax revenues received by the LRC as a result of the property tax mill levies imposed upon the valuation of the Property, limited to amounts generated from new valuation resulting from completion of the Project Improvements (by obtaining a Certificate of Completion for the new building) above the January 1, 2023 assessed valuation of the Property (\$285,026), and except for such amounts as the LRC may reasonably require for payment of obligations under the 2023 Cooperation Agreement, the Tri-Party Agreement, and payment of LRC Operating Expenses (which shall be limited

to the Property's pro-rata share of such expenses) (the "Pledged Revenues"). As used in the above definition of Pledged Revenue Term, "Expiration Date" means the date on which the total of all Pledged Revenue Payments made to the Developer reaches \$200,000.00; *except that*, "Expiration Date" shall mean the first to occur of (i) payment to Developer of \$200,000.00 of Pledged Revenue Payments, or (ii) the expiration of the Property Tax TIF provision of the Plan *if* the LRC determines, in its discretion, that following the date on which the Property Tax TIF provision of the Plan expires, the LRC is prohibited by the Act, as then-currently amended, or any other law from making further Pledged Revenue Payments to Developer under this Rebate Agreement, or is required under the Act, including § 31-25-107(9), C.R.S., as then currently amended, or any other law to rebate sums contemplated under this Rebate Agreement to each taxing body (as such term is used in the Act). This Rebate Agreement is limited solely to Pledged Revenues from the Property and includes no revenues generated from any other properties in the Plan Area. An illustrative example of the method for calculations is attached as Exhibit B. The Special Fund may be a new or existing fund and the Pledged Revenues may be comingled with other funds, all as shall be determined by the City Finance Director.

a. The Pledged Revenue shall be used to reimburse Developer for costs associated with the Project Improvements as shown in Exhibit A, and paid according to the payment schedule set forth below (the "Pledged Revenue Payments"). The Pledged Revenue available for reimbursement of costs associated with Project Improvements shall be transferred from the Special Fund to Developer within sixty (60) days after receipt of such funds by the LRC.

b. Notwithstanding any provisions of this Rebate Agreement to the contrary, the Parties agree:

- (i) The Pledged Revenue Payments shall be limited to no more than ninety percent (90%) of all Pledged Revenue generated from the Property.
- (ii) The total of all Pledged Revenue Payments made according to this Rebate Agreement is limited to \$200,000 or whatever lesser amount is generated from the Property during the Pledged Revenue Term prior to the Expiration Date.
- (iii) If, in any year, no Property Tax TIF revenue is generated by the Property and received by the LRC, no rebate payments under this Rebate Agreement shall be due to the Developer for that year.
- (iv) If, in any year, the LRC receives no Property Tax TIF revenues because there is for the Plan Area no increment value in excess of

the base value for the Plan Area, no rebate payments under this Rebate Agreement shall be due to the Developer for that year.

- (v) If, in any year, the LRC receives Property Tax TIF revenues but the amount received is less than the amount necessary to pay all obligations that are on parity with this Rebate Agreement, then the rebate payments made to the Developer under this Rebate Agreement for such year shall be on a pro-rata basis.
- (vi) The LRC may prepay at any time without penalty any amounts payable under this Rebate Agreement, and may make payment with any source of funds available to the LRC.
- (vii) The LRC may use for any lawful purpose amounts not required for payments under this Rebate Agreement.

c. The Parties shall each keep, or cause to be kept, proper and current books and accounts in which complete and accurate entries shall be made for costs associated with the Project and amounts paid out from the Special Fund.

3. Entire Agreement. This instrument shall constitute the entire agreement between the LRC and Developer and supersedes any prior agreements between the Parties and their agents or representatives, all of which are merged into and revoked by this Rebate Agreement with respect to its subject matter. Contact information is as follows:

If to Developer:

Schlageter Properties LLC
Attn: Stephanie Schlageter
7534 Brockway Drive
Boulder, CO 80303
Phone: (727) 466-8999
stephanie@radiancemedspa.com

If to LRC:

Louisville Revitalization Commission
Attn: Economic Development
749 Main Street
Louisville, CO 80027
303.335.4529
abrown@louisvilleco.gov

4. Termination. This Rebate Agreement shall terminate and become void and of no force or effect upon the LRC if, by December 31, 2024, Developer has not completed

the Project Improvements (as evidenced by a successful final inspections for the Project Improvements); or should fail to comply with any City code after proper notice and reasonable opportunity to cure the same. This Rebate Agreement shall automatically terminate upon the Expiration Date, and upon such expiration or termination, the Parties' obligations hereunder shall terminate, whether or not any Pledged Revenues have been paid to Developer.

5. Subordination. The LRC's obligations pursuant to this Rebate Agreement are subordinate to the LRC's obligations for the repayment of any current bonded indebtedness, to the extent such obligations are in effect as of the date of this Rebate Agreement, and to the LRC's obligations for the repayment of any bonds issued pursuant to the Core Area Term Sheet and, further, are contingent upon the existence of a surplus of Property Tax TIF revenues in excess of the Property Tax TIF revenues necessary to meet such existing or future bonded indebtedness. The LRC shall meet its obligations under this Rebate Agreement only after the LRC has satisfied all other obligations with respect to the use of Property Tax TIF revenues for such existing or future bond repayment purposes. For the purposes of this Rebate Agreement, the terms "bonded indebtedness," "bonds," and similar terms describing the possible forms of indebtedness include all forms of indebtedness incurred by the LRC, including, but not limited to, general obligation bonds, revenue bonds, revenue anticipation notes, tax increment notes, tax increment bonds, and all other forms of contractual indebtedness of whatsoever nature that is in any way secured or collateralized by Property Tax TIF revenues of the LRC as of the date of this Rebate Agreement, including, the 2023 Cooperation Agreement, the Tri-Party Agreement, and such terms also include any bonds issued pursuant to the Core Area Term Sheet and payment of the Property's pro-rata share of LRC Operating Expenses, to all of which this Rebate Agreement is expressly subordinate. The LRC further shall have the right to issue other bonds that are on parity with or are junior to this Rebate Agreement.

6. Governing Law: Venue. This Rebate Agreement shall be governed and construed in accordance with the laws of the State of Colorado. In the event of a dispute concerning any provision of this Rebate Agreement, the Parties agree that prior to commencing any litigation, they shall first engage in good faith the services of a mutually acceptable, qualified, and experience mediator, or panel of mediators for the purpose of resolving such dispute. In the event such dispute is not fully resolved by mediation or otherwise within 60 days a request for mediation by either Party, then either Party may commence legal proceedings regarding the dispute. The venue for any lawsuit concerning this Rebate Agreement shall be in the District Court for Boulder County, Colorado.

7. Legal Challenge; Escrow. The LRC shall have no obligation to make any payment hereunder during the pendency of any legal challenge to this Rebate Agreement or either of the Party's rights or obligations hereunder. The Parties covenant that neither will initiate any legal challenge to the validity or enforceability of this Rebate Agreement,

and the Parties will cooperate in defending the validity or enforceability of this Rebate Agreement against any challenge by any third Party. Any funds appropriated for payment under this Rebate Agreement shall be escrowed in a separate LRC account in the event there is a legal challenge to this Rebate Agreement. In the event performance of any material term of this Rebate Agreement is rendered impossible as the result of any legal challenge, the LRC at its option may terminate this Rebate Agreement, in which case the Parties' obligations hereunder shall terminate; provided, however, that the LRC shall pay to Developer any Pledged Revenues accrued and appropriated for payment under this Rebate Agreement prior to such termination, to the extent permitted by law and any applicable court order.

8. Assignment. This Rebate Agreement is personal to Developer and Developer may not assign any of the obligations, benefits or provisions of the Rebate Agreement in whole or in any part without the expressed written authorization of the LRC, which consent shall not be unreasonably withheld; provided, that an assignment shall be permitted (i) to any entity who is an affiliate of the Developer provided such assignment is of the Agreement in its entirety to a single entity; (ii) to a successor in title to 100% of the Developer's ownership interest in the Project; and (iii) to a lender to the Developer provided such assignment is limited to a collateral assignment or pledge of the amounts payable to the Developer hereunder. Any purported assignment, transfer, pledge, or encumbrance made without such prior written authorization shall be void.

9. No Joint Venture. Nothing in this Rebate Agreement is intended or shall be construed to create a joint venture between the LRC and Developer and the LRC shall never be liable or responsible for any debt or obligation of Developer.

NEXT PAGE IS THE SIGNATURE PAGE

This Rebate Agreement is enacted this _____ day of _____, 20__.

SCHLAGETER PROPERTIES, LLC

A Colorado Limited Liability Company

**LOUISVILLE REVITALIZATION
COMMISSION**

By: _____
Stephanie Schlageter, Owner

Alexis Adler, Chair

ATTEST:

Print Name

ATTEST:

Corrie Williams, Secretary

EXHIBIT A

Description of Project Improvements

- Redesigned Main Street storefront façade design that is cohesive with the Downtown Design Guidelines and adjacent storefront vocabulary, and upgrade of east alley elevation using the same materials as the Main Street elevation.
- Creation of a wheelchair accessible entrance that is ADA compliant and code compliant to augment the main entry.
- Screening of mechanical equipment, trash enclosure, and added bike parking.
- Renovation of the entire one-story building to meet code and current standards for Class-A commercial buildings, including exterior wall repair, structural floor repair, structural roof repairs and accommodation for new rooftop equipment. New building systems will be provided including Mechanical (HVAC and plumbing), Electrical, and building thermal envelope (insulation).

Estimated Project Costs

\$1,500,000 Property Purchase

\$769,836 Building Core and Shell Renovation

\$304,500 Tenant Finish Allowance

\$87,846 Soft Costs (professional fees, permit)

Total Project Improvements Cost: \$2,662,182

Exhibit B

Calculations to determine TIF Rebate for a Budget Year

Amounts described are for illustrative purposes only and are not amounts for the property subject to this agreement.

Taxable Value of Parcel for Budget Year (Value as January 1 of the previous Year)	\$200,000.00
Less: Taxable Value of Parcel for Base Year	<u>\$100,000.00</u>
Equals: Taxable Increment	\$100,000.00
Multiplied by Mill Levy (tax per \$1000 of taxable valuation)	85.187
Equals: Property Tax Increment from Property ($\$100,000 * 85.187 / 1000$)	\$8,518.70
Less: Property's portion of Tri-Party Agreement (Assessed Value of Property / Total Assessed Value of Urban Renewal Area * Total Increment collected * Tri-Party Agreement payment percentage) $\$200,000 / \$30,000,000 * \$65,000 * 14.3\%$	\$61.96
Less: Property's portion of 2023 Cooperation Agreement (Taxable Value of Property / Total Value of Urban Renewal Area * 2023 Cooperation Agreement payment for Budget Year) $\$200,000 / \$30,000,000 * \$31,000$	\$206.66
Less: Property's Portion of LRC Operating Expenses (Taxable Value of Property / Total Value of Urban Renewal Area * LRC Operating Expenses payment for Budget Year) $\$200,000 / \$30,000,000 * \$32,000$	<u>\$213.33</u>
Equals: Total Pledged Revenues	\$8,036.75

Annual payment is 90% of Pledged Revenue calculated.

**LOUISVILLE REVITALIZATION COMMISSION
RESOLUTION NO. 24-05**

**A RESOLUTION APPROVING A PROPERTY TAX INCREMENT REBATE
AGREEMENT WITH SCHLAGETER PROPERTIES, LLC**

WHEREAS, the Louisville Revitalization Commission (the “LRC”) is charged with addressing issues contributing to blight within the Urban Renewal Area; and

WHEREAS, Schlageter Properties, LLC (the “Developer”), the property owner and developer of the property at 916 Main Street has requested direct financial assistance from the LRC to remediate and prevent the spread of blight within the area of the Highway 42 Revitalization Area Urban Renewal Plan (the “Plan Area”); and

WHEREAS, remediating and preventing the spread of blight within the Plan Area will encourage property owners within the area to redevelop their properties in furtherance of the goals and purposes of the Highway 42 Revitalization Area Urban Renewal Plan; and

WHEREAS, a Property Tax Increment Rebate Agreement (the “Agreement”) has been proposed between the LRC and the Developer to provide the requested financial assistance in the form of a partial rebate of property tax increment (“TIF”) revenues received by the LRC and generated only by the Developer’s project, as set forth in the Agreement; and

WHEREAS, in accordance with Section 5.6 of the Highway 42 Revitalization Area Urban Renewal Plan and Section 5.d of the Amended and Restated Cooperation Agreement between the LRC and the City of Louisville, the Agreement was submitted to City Council for review and approval, and the City Council approved such Agreement on _____, 2023; and

WHEREAS, the Board of Commissioners of the Louisville Revitalization Commission have reviewed the proposed Agreement, finds its terms acceptable, and desires by this resolution to approve the same.

**NOW THEREFORE, BE IT RESOLVED BY THE LOUISVILLE
REVITALIZATION COMMISSION:**

Section 1. The Property Tax Increment Rebate Agreement between the Louisville Revitalization Commission and Schlageter Properties, LLC is hereby approved in the form of such Agreement accompanying this Resolution.

Section 2. The LRC Chair is authorized to execute the Agreement on behalf of the LRC, and is further authorized to negotiate and approve such

revisions to the proposed Agreement as the Chair determines are in the best interests of the LRC, provided the essential terms and conditions of the Agreement are not altered.

ADOPTED this ____ day of _____, 2024.

ATTEST:

Corrie Williams, Secretary

Alexis Adler, Chair

SUBJECT: RESOLUTION NO. 4. SERIES 2024 – A RESOLUTION APPROVING A PROPERTY TAX INCREMENT REBATE AGREEMENT WITH SCHLAGETER PROPERTIES, LLC PURSUANT TO THE INTERGOVERNMENTAL AGREEMENT BETWEEN THE LOUISVILLE REVITALIZATION COMMISSION AND THE CITY OF LOUISVILLE

DATE: JANUARY 16, 2024

PRESENTED BY: AUSTIN BROWN, ECONOMIC VITALITY SPECIALIST

SUMMARY:

Schlageter Properties, LLC submitted an application for direct financial assistance for their renovation project at 916 Main Street in downtown Louisville. The applicant is requesting a 90% rebate of the expected increase in property taxes generated by the redevelopment over a ten-year period.

The applicant purchased the property at 916 Main Street with the intention of renovating the property and opening a new retail and service business, Radiance MedSpa. Radiance MedSpa will offer a variety of state-of-the art nonsurgical medspa treatments along with an assortment of retail products for sale.

The project entails a combination of preservation, renovation, and upgrading of the 72-year old existing structure as further described in the applicant's project narrative. The primary undertakings include:

- Maintaining the existing storefront in its original configuration with modifications proposed to enlarge the windows and entry door to better support the retail use;
- A full interior renovation to meet code and current standards for Class-A commercial buildings including new building systems;
- Exterior improvements to the alley-facing elevation; and
- Provide for ADA compliance and numerous other upgrades and enhancements.

The Louisville Revitalization Commission (LRC) previously reviewed this request during its May 10, 2023 meeting. The LRC indicated that they supported this request at a high level and directed staff to advance the application to a third-party financial review. Economic & Planning Systems (EPS) completed its review on December 8, 2023.

The LRC approved the attached Property Tax Increment Rebate Agreement with Schlageter Properties, LLC (*Attachment #1*) at its December 20, 2023 meeting. The agreement must also be approved by City Council in accordance with the Amended and Restated Cooperation Agreement between the LRC and the City of Louisville.

BACKGROUND

The LRC can partner with developers/businesses to provide financial assistance for a project in two ways:

- 1) Public Infrastructure Improvements: Assists with the cost for public infrastructure improvements needed to facilitate the revitalization of property. Such infrastructure can be public or privately owned, but must be needed to remediate or prevent blight; OR
- 2) Direct Financial Assistance (Property Tax Rebate): Provides assistance to achieve financial feasibility for the project.

While the LRC has considered several projects for TIF financial assistance over the years, only one prior project has been considered for *direct financial assistance* for private development, the Terraces at 712-722 Main Street by Boulder Creek Neighborhoods in 2019; all other projects were considered for public infrastructure improvement assistance. Therefore, staff feels it is appropriate to provide an overview of the review process required for direct financial assistance applications, as well as the program assistance parameters.

Review Process Overview

Per the City’s policy for direct financial assistance there is multi-step review procedure process to be conducted by the LRC as follows:

- Step 1: The LRC is to review the proposed project at a high level. If the majority of the LRC is supportive of the project at this level, the project will be advanced to a third-party financial review.
 - The cost of the third-party review will be shared between the applicant and the LRC with each party paying 50% of the cost. If the project is ultimately constructed, the LRC will rebate the applicant its 50% share upon issuance of the Certificate of Occupancy.
- Step 2: At a future meeting, the analysis from the third-party financial review will be considered by the LRC, and a determination will be made as to whether they support or oppose providing Direct Assistance for the project, subject to the applicant’s entrance into a Property Tax Increment Rebate Agreement. Should the LRC support the project, the LRC will give guidance about the parameters of terms for such Agreement.
- Step 3: Staff will prepare the Property Tax Increment Rebate Agreement per the terms identified by the LRC. The Agreement will then be presented to the City Council for review and consideration.
- Step 4: After consideration by the City Council, the Agreement will be brought to a meeting of the LRC for final approval.

Today’s discussion with City Council constitutes Step 3 of the process.

Direct Financial Assistance Parameters

To be awarded financial support, projects must demonstrate that they would provide exceptional and unique public benefits and would not be reasonably expected to be feasible without City financial or other economic support. If the project demonstrates this, the LRC and City may consider awarding a 50% property tax increment rebate for a period of up to five (5) years from the direct collection of the *incremental* property taxes attributable to the project. However, for projects that provide extraordinary community benefits or will generate substantial sales and other taxes for the City an award of up to a 90% property tax increment rebate for a period of up to ten (10) years may be considered.

REQUEST:

The applicant is proposing a full renovation of the existing building which was constructed in 1950. This includes demolition of all existing interior improvements, new interior build-out for Radiance MedSpa including all walls, ceilings, finishes, new HVAC, plumbing and electrical, preserve the front façade and improve with larger storefront windows and entry door to support the retail use, and other exterior improvements and sitework. The applicant anticipates that the project will be completed by February 2024.

In their application, the applicant states that the project is not financially feasible given the required projects costs compared to the amount of income generation that is possible using comparable lease rates in downtown Louisville. The assistance requested is a 90% rebate of the increased property taxes resulting from the new value of development above the existing value of the property over a 10-year period.

DISCUSSION:

The following includes a brief overview of the Highway 42 Urban Renewal Plan (the ‘Plan’) purpose, project requirements to be considered for financial assistance, and staff’s review of the proposed project in terms of its alignment with the Plan objectives, the Property Tax Increment Financing Rebate Assistance Policy, and other applicable evaluation criteria. It also includes a high-level review of the project’s need for financial assistance.

Plan Purpose & Goals

The purpose of the Plan is to “reduce, eliminate and prevent the spread of blight within the Urban Renewal Area (URA) and to stimulate growth and reinvestment within the URA boundaries, on surrounding blocks, and throughout the Downtown.” Properties within the URA may be eligible for financial assistance where the rehabilitation, redevelopment or improvement of existing structures and infrastructure will promote new investment and reinvestment.

In 2019 the Louisville City Council and LRC adopted a “Property Tax Increment Financing Rebate Assistance Policy,” (*Attachment #2*) by which the LRC is authorized to make rebates of a percentage of property tax increment revenues generated by

properties within the URA to the property owner in order to support projects that may provide exceptional and unique public benefits (“Direct Assistance”).

For a project to be considered for Direct Assistance under the Property Tax Increment Financing Rebate Assistance Policy, it must support the overall goals of the City and the Plan, including promoting an environment which allows for a range of uses and product types which can respond to market conditions over time; further the goals and objectives of the Louisville Comprehensive Plan, the Plan, Historic Preservation Plan, and other relevant policies; and leverage the community’s investment in public improvements projects in the Area.

In addition to eliminating and preventing blight, proposed projects must also address at least three or more of the objectives outlined in the Plan, including:

- A. Improve relationship between the URA and surrounding areas
- B. Provided uses supportive of and complimentary to planned improvements
- C. Encourage a mix of uses and/or mixed-use projects
- D. Promote a variety of products to address multiple income segments
- E. Provide ease of vehicular and pedestrian circulation and improve connections
- F. Encourage continued presence of businesses consistent with the plan vision
- G. Mitigate impacts from future transportation improvements
- H. Encourage public-private partnerships to implement the plan
- I. Encourage shared parking among projects in the area
- J. Landscape streetscapes to unify uses and plan components

Staff finds that the proposed project may be considered for assistance because it supports the overall goals of the plan, and it addresses at least three of the objectives outlined above, including:

- C. Provides a mix of retail and services uses;
- E. Provides ease of pedestrian circulation on the site and within the building by making improvements to comply with ADA accessibility; and
- F. Encourages the continued presence of retail and service-based business in the URA.

Criteria for Evaluation

In addition to consideration of how the application furthers the Plan Goals, and how it addresses at least three or more of the Plan objectives, applications for direct assistance are evaluated on how they provide positive impacts to the community and how the project addresses the following criteria:

- 1. The elimination or prevention of blight in the URA.
- 2. The ability to stimulate growth and reinvestment in the URA.
- 3. The economic benefits to the community from the project.
- 4. The effect of the project on surrounding property.

5. The increase in property value created from the project.
6. For property within downtown Louisville, the project is consistent with the City's historic preservation goals and objectives.

The LRC will give special consideration to projects that will also provide potential sales and other forms of tax revenue increases to the City and/or other significant community benefits which might include but would not be limited to: providing outdoor and indoor public spaces, public art, affordable housing, transportation infrastructure improvements, parking beyond the needs of the project and historic building restoration or improvements.

STAFF ANALYSIS

The following is staff's analysis of the project in terms of how it does or does not meet the following:

- Supports the overall goals of the Plan;
- Addresses the Criteria for Evaluation required for Direct Assistance; and
- Demonstration of need for public assistance.

Advancement of the URA

The Highway 42 Urban Renewal Plan's purpose states the desire to eliminate blight and to stimulate growth and reinvestment. This project is an investment of over \$2.5 million (including acquisition) in downtown.

The Development and Design Objectives within the Highway 42 Urban Renewal Plan area as follows:

The development objectives for the Urban Renewal Area include establishment of a variety of uses that will allow projects to respond to changing market conditions. Proposed land uses within the Urban Renewal Area include commercial, office, residential, commuter, public, and parking. Design objectives for the Urban Renewal Area also promote flexibility, adaptability to a range of uses and product types and consistency with prevailing market conditions. Other objectives include:

- a) *Eliminate and prevent blight*
- b) *Improve relationship between this area and surrounding areas (neighborhoods, downtown, open space)*
- c) *Increase property values*
- d) *Provide uses supportive of and complementary to planned improvements (transit)*
- e) *Encourage a mix of uses and/or mixed-use projects*
- f) *Promote a variety of products to address multiple income segments*
- g) *Provide ease of vehicular and pedestrian circulation and improve connections*

- h) Encourage continued presence of businesses consistent with the plan vision*
- i) Provide a range of financing mechanisms for private property re-investment and investment*
- j) Mitigate impacts from future transportation improvements*
- k) Encourage public-private partnerships to implement the plan*
- l) Adjust parking ratios to reflect future densities*
- m) Encourage shared parking among projects in area*
- n) Develop higher design standards including flexible lighting and signage standards*
- o) Landscape streetscapes to unify uses and plan components*

The proposed project appears to meet the development and design objectives for several reasons:

- It will address the three blighting factors, as described above.
- It will enhance the downtown area with new retail and service space.
- The resulting property values will be significantly more than the current value of the property.
- The project will enhance pedestrian circulation through the site and within the building by making ADA improvements.
- Assisting the development is an example of public-private partnerships.
- The project results in preservation of the original façade with some enhancements.

Staff finds that this project meets the intent of the Highway 42 Urban Renewal Plan and advances its goals.

Criteria for Evaluation

Elimination or Prevention of Blight in the URA

The determination of blight for the Highway 42 Urban Renewal Plan is for the entire defined district. It is not a determination for each and every parcel within the URA. Therefore, all properties within the URA are determined to have blighting factors present.

As part of the blight determination, a Louisville Highway 42 Revitalization Area Conditions Survey was completed in 2006 which identified properties that contributed to the blight conditions present in the area. Those blight conditions are as follows:

- a. Deteriorating Structures
- b. Faulty Street Layout
- c. Faulty Lots
- d. Unsanitary/unsafe Conditions
- e. Deteriorating Site or Other Improvements
- f. Unusual Topography or Inadequate Public Improvements
- h. Conditions that Endanger Life or Other Property

i. Unsafe or Unhealthy Buildings

k.5. High Service Requirements or Site Underutilization

The Conditions Survey in 2006, which was used to determine whether blighting factors exist in the URA, identified 916 Main Street as contributing to two of the identified blight factors.

1. Condition F – Unusual topography or inadequate public improvements.

- The downtown area is reliant upon overhead power and telecommunications infrastructure. It is considered an impediment to modern development and redevelopment in the current real estate market.
- The applicant added that the site slopes from north to south and from west to east (front to rear of the lot). The existing building does not have a code-compliant handicap accessible entrance, and the rear entrance is approximately 4 feet lower than the main entrance. A new ADA accessible entrance and interior accommodations are necessary to mitigate the current conditions.

2. Condition H – Danger to life or property from fire or other causes.

- Most commercial structures lack sprinkler systems.

The applicant has indicated in their estimation the property meets additional blighting factors which include the following:

- Condition A - Deteriorating Structures.
 - The building is approximately 75 years old and deferred maintenance is an issue. Repairs of existing exterior walls, doors and windows, roof, mechanical, electrical and plumbing systems will be accomplished as part of the building renovation.

In summary, Staff finds the Project will address three blight factors associated with the current development in the following ways:

- Unusual topography or inadequate public improvements. The renovation will include updating systems to meet current code requirements. In addition ADA-accessibility will be addressed at the building entrances and within the interior of the building.
- Danger to life or property from fire or other causes. The renovation will be brought up to meet all building and fire code requirements.
- Deteriorating Structures. Repairs/replacement of the existing exterior walls, doors, windows, roof, and outdated mechanical, electrical and plumbing systems will be accomplished.

Ability to Stimulate Growth and Reinvestment in the URA, Economic Benefits to the Community, Effect of the Project on Surrounding Property, and Increase in Property Value Created from the Project

Specifically related to the use of property tax increment financing, a proposed project must clearly demonstrate that the project will provide the clear and present potential to generate substantial increases to the property tax values directly attributable to the project which could support the sharing of the incremental property tax increments between the property owners and the LRC.

The project when completed will have significant positive impact on property value. The following are the assumptions for valuing the property after the Radiance MedSpa project is completed:

	<u>Total Value</u>
Existing Property (2022 value)	\$1,021,600
Future Property value	\$1,400,000 (\$442 per sf)

This is a significant increase in downtown commercial property values and is worthy of due consideration for further evaluation from the LRC.

Attached is a 10-year TIF valuation analysis for 916 Main Street (*Attachment #4*). The applicant's TIF 90% rebate request for a 10-year period would equal \$75,313 assuming the 90% rebate applies to the increases in property taxes levied on the development less its pro-rata share of the County's 7.15% shareback and City Staff payments.

TIF revenues are collected and distributed on a one-year lag, so the Applicant is expected to receive funds through 2032. The total annual TIF generated from this project at full buildout would be \$17,293 in 2032. This is an increase in downtown commercial property values and is worthy of due consideration for assistance from the LRC.

Consistency with the City's Historic Preservation Goals and Objectives

The proposed project retains the majority of the current storefront façade in-tact, which is consistent with the historic preservation goals and objectives. Minor enhancements are proposed to better support the proposed retail component of the new business, including widened windows and entry door. These modifications are subject to review by the HPC.

Demonstration of Need for Financial Assistance

As the Applicant is requesting direct financial assistance from the LRC by way of Tax Increment Financing, analysis needs to be conducted to determine whether the development needs the assistance to be successful. In urban renewal terms, this is the "but for" test. The development will not happen "but for" the assistance being provided. The applicant has submitted a 10-year project pro-forma to review its need for assistance. Staff also had EPS review the financial analysis.

Within the submitted financial documents, several assumptions are being made to model the financial performance of the project. The main assumptions are:

- Triple Net lease rate of \$47.27 per square foot (psf). Vacancy rate of 5%. Rental rates increase 2% annually.
- Total cost of \$2,662,182 including acquisition cost, hard costs, and soft costs.
- Façade Improvement Program funding of \$154,267.
- Exit in year 10 by way of a property sale for \$1,932,339.

All of these assumptions appear to be reasonable from a proforma exercise as they are within the range of the downtown Louisville market and pricing expectations.

The key component of determining if the project needs the assistance is if the rate of return meets, exceeds, or is below a reasonable range for a project commensurate with its risk profile. In Colorado, commercial real estate development is highly speculative, takes a significant amount of time, expertise, and planning to receive approval for development, and the rental market can swing wildly with the macro economic conditions. Commercial projects tend to move forward when a project proforma identifies a capital rate of return greater than 15% annual return over a long period of time. Projects with a proforma less than that either don't move forward, have characteristics which allow for returns to be less (i.e. an owner occupied project), or they need assistance to get the profit expectations higher to better reflect the associated risk.

Because this is an owner-occupied project, we are assuming that an annual rate of return of 11% is required for the project to move forward. Based on the third-party analysis, the rate of return is 1.52% without any public investment and 2.50% with both Façade Improvement Program funding and TIF financing.

The expected rate of return of 2.50% with TIF financing is a low expected return given the risk profile of a Louisville downtown redevelopment project. Without the TIF assistance, the expected rate of return of 1.52% is too low for a for-profit developer to choose to move forward with the project.

Staff finds the request for TIF assistance to meet the "but for" test in that the project would not move forward without the public assistance. Staff acknowledges that the applicant has already moved forward with the project without any guarantee of public assistance. The applicant would likely benefit from public assistance to help reduce its development and operating costs. The applicant's need for financial investment is justified as they are not realizing the desired returns for the project.

In its analysis, EPS recommends implementing a \$200,000 cap to limit the maximum amount of TIF rebates received. The cap will also allow the applicant to continue to receive any future TIF revenues from increases in property value due to higher future property values above the current estimates. The recommended cap of \$200,000 is lower than the estimated project gap. This means that if \$200,000 in TIF revenues were

to be realized by this project, the applicant would still not receive an unreasonable rate of return.

Redevelopment Agreement:

Staff and the City Attorney prepared the attached TIF Rebate Agreement for LRC review. Below is a summary of the main terms of the agreement:

1. Developer will construct and receive a Certificate of Completion from the City for the Project.
2. Once the project is complete, the LRC will begin making annual TIF Rebate payments to Developer equal to 90% of the increased taxes paid on the property less other defined LRC financial obligations (the 2015 Cooperation Agreement, the Tri-Party Agreement, and LRC operating expenses).
3. Total maximum Rebate payments is \$200,000. Annual payments will continue until the payment cap is met or the TIF revenue collection period for the Highway 42 Urban Renewal Area expires. Although the collection period expires in 2031, the proposed agreement provides the LRC with an option to authorize pledged revenue payments following the expiration of the TIF provision.
4. The agreement terminates on December 31, 2024 if the project has not yet been completed.
5. Assignment of the TIF Rebate Agreement is permitted if the assignment is to;
 - a. Any entity who is an affiliate of the Developer provided such assignment is of the Agreement in its entirety to a single entity;
 - b. A successor in title to 100% of the Developer's ownership interest in the Project; and
 - c. A lender to the Developer provided such assignment is limited to a collateral assignment or pledge of the amounts payable to the Developer

FISCAL IMPACT:

The TIF Rebate Agreement is based upon the increased property tax revenue generated by the redevelopment. It is a commitment to rebate future revenues not currently being received by the LRC. This agreement does not commit existing TIF revenue, so there is no current year fiscal impact. Future year LRC budgets will incorporate this rebate commitment once the redevelopment project is complete.

This agreement does not impact the City's budget as the committed property tax rebate payments are an obligation of the LRC, a separate organization from the City.

PROGRAM/SUB-PROGRAM IMPACT:

This application for direct financial assistance from the LRC supports the Business Retention & Development sub-program objective to assist property owners in finding locations and/or constructing new buildings in the City and the Economic Prosperity Program Goal to promote a thriving business climate that provides job opportunities, facilitates investment, and produces reliable revenue to support City services.

RECOMMENDATION:

Staff finds that the application for direct financial assistance at 916 Main satisfies the following:







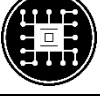

- Meets the three primary goals of the Plan;
- Addresses the Criteria for Evaluation required for Direct Assistance; and
- Demonstrates a need for public assistance.

Therefore, staff recommends that City Council review the proposed Property Tax Increment Rebate Agreement between the LRC and Schlageter Properties, LLC. Council consideration is requested in accordance with the Amended and Restated Cooperation Agreement. Should Council support direct financial assistance for the project, it can approve the attached resolution (*Attachment #2*) approving the Property Tax Increment Rebate Agreement with Schlageter Properties, LLC.

ATTACHMENT(S):

1. Resolution No. 4, Series 2024
2. Property Tax Increment Rebate Agreement with Schlageter Properties, LLC
3. Property Tax Increment Financing Rebate Assistance Policy
4. Economic & Planning Systems Financial Analysis
5. Economic & Planning Systems Presentation
6. Schlageter Properties, LLC Application for Assistance

STRATEGIC PLAN IMPACT:

<input type="checkbox"/>		Financial Stewardship & Asset Management	<input type="checkbox"/>		Reliable Core Services
<input checked="" type="checkbox"/>		Vibrant Economic Climate	<input type="checkbox"/>		Quality Programs & Amenities
<input type="checkbox"/>		Engaged Community	<input type="checkbox"/>		Healthy Workforce
<input type="checkbox"/>		Supportive Technology	<input type="checkbox"/>		Collaborative Regional Partner

**RESOLUTION NO. 4
SERIES 2024**

**A RESOLUTION APPROVING A PROPERTY TAX INCREMENT REBATE
AGREEMENT WITH SCHLAGETER PROPERTIES, LLC PURSUANT TO THE
INTERGOVERNMENTAL AGREEMENT BETWEEN THE LOUISVILLE
REVITALIZATION COMMISSION AND THE CITY OF LOUISVILLE**

WHEREAS, the Louisville Revitalization Commission (the “LRC”) is charged with addressing issues contributing to blight within the Urban Renewal Area; and

WHEREAS, Schlageter Properties, LLC (the “Developer”), the property owner and developer of the property at 916 Main Street has requested direct financial assistance from the LRC to remediate and prevent the spread of blight within the area of the Highway 42 Revitalization Area Urban Renewal Plan (the “Plan Area”); and

WHEREAS, remediating and preventing the spread of blight within the Plan Area will encourage property owners within the area to redevelop their properties in furtherance of the goals and purposes of the Highway 42 Revitalization Area Urban Renewal Plan; and

WHEREAS, a Property Tax Increment Rebate Agreement (the “Agreement”) has been proposed between the LRC and the Developer to provide the requested financial assistance in the form of a partial rebate of property tax increment (“TIF”) revenues received by the LRC and generated only by the Developer’s project, as set forth in the Agreement; and

WHEREAS, in accordance with Section 5.6 of the Highway 42 Revitalization Area Urban Renewal Plan and Section 5.d of the Amended and Restated Cooperation Agreement between the LRC and the City of Louisville, prior to issuing bonds or any other capital financial obligations or financial obligations extending beyond the end of the current fiscal year of the LRC, the LRC shall notify the City Council in writing of its intention to do so, and shall promptly furnish to the City Council such information and documents relating to such bonds or other capital or long-term financial obligations as the City Council may request. The LRC shall not commit to or proceed with any such bonds or other capital or long-term financial obligations unless a majority of the City Council has adopted a resolution determining that the City’s interests in connection with such bonds or other obligations are adequately protected.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOUISVILLE, COLORADO THAT:

Section 1. The City Council hereby approves the LRC proceeding with the Property Tax Increment Rebate Agreement with Schlageter Properties, LLC.

Section 2. The financial assistance contemplated within the Property Tax Increment Rebate Agreement is not to be an obligation of the City of Louisville, and the City Council determines the City's interests in connection with the Property Tax Increment Rebate Agreement with Schlageter Properties, LLC are adequately protected.

PASSED AND ADOPTED this 16th day of January, 2024.

Christopher M. Leh, Mayor

ATTEST:

Meredyth Muth, City Clerk

PROPERTY TAX INCREMENT REBATE AGREEMENT

This Property Tax Increment Rebate Agreement (this “Rebate Agreement”) is made as of _____, 2024, by and between the LOUISVILLE REVITALIZATION COMMISSION (the “LRC”) and SCHLAGETER PROPERTIES, LLC (the “Developer”) (The LRC and Developer are collectively the “Parties”).

RECITALS

A. The LRC is a public body corporate and politic authorized to transact business and exercise its powers as an urban renewal authority under and pursuant to the Colorado Urban Renewal Law, Part 1 of Article 25 of Title 31, C.R.S. (the “Act”).

B. The Developer is the owner of certain real property legally described as follows: Lot 9, less the North 15 feet, Block 1, Town of Louisville located in the SE ¼ Section 8, T1S, R69W of the 6th P.M. City of Louisville (the “Property”).

C. The Developer proposes to renovate and redevelop the Property as a redesigned 3,024 sf retail space (the “Project”), to include associated public and private infrastructure improvements (the “Project Improvements”). A more detailed description of the Project Improvements is attached as Exhibit A.

D. The Project is located within the area (the “Plan Area”) described in the Highway 42 Revitalization Area Urban Renewal Plan (the “Plan”). Completion of the Project and Project Improvements will remove barriers to development and remediate blight and adverse conditions within the Plan Area, and will be carried out in furtherance of the purposes of the Act and Plan.

E. The LRC finds that entering into this Rebate Agreement will promote the redevelopment of an area within the Plan Area and LRC boundaries and will remediate adverse conditions within the Plan Area in a manner consistent with the Plan, and will provide a mechanism for assisting in the financing of Project Improvements that benefit the City of Louisville (the “City”) and its residents.

F. The Plan provides for financing the activities and undertakings of the LRC by means of property tax allocation or tax increment financing (“Property Tax TIF”) in accordance with Section 31-25-107(9) of the Act.

G. The LRC previously entered into that certain Amended and Restated Cooperation Agreement dated _____, 2023 (the “2023 Cooperation Agreement”), which provides that the LRC shall repay to the City Costs and Expenses incurred by the City for the provision of Operating Funds and Support Services for the LRC, as further defined and set forth in the 2023 Cooperation Agreement.

H. The LRC also previously entered into that certain Tri-Party Agreement with the County of Boulder dated December 5, 2006 (the “Tri-Party Agreement”) which provides that commencing on January 1, 2015, there shall be paid to the County certain County TIF Revenues, as further defined and set forth in the Tri-Party Agreement.

I. The LRC also previously executed that certain Term Sheet for the Core Area Infrastructure Project dated May 13, 2013 (the “Core Area Term Sheet”), which provides for the potential future issuance of LRC bonds payable from Property Tax TIF revenues from the Highway 42 Core Project Area as further defined and set forth in the Core Area Term Sheet.

J. The LRC intends that LRC financing assistance for the construction of the Project Improvements be limited to certain Property Tax TIF revenue received by the LRC from the Property (and no other properties in the Plan Area) and available to the LRC after payment of any amounts required to be paid pursuant to the 2023 Cooperation Agreement, the Tri-Party Agreement, and amounts the LRC may reasonably require for ongoing operating, administrative, consulting and other costs (the “LRC Operating Expenses”), and subordinate to bonds issued pursuant to the Core Area Term Sheet, all in accordance with the terms and conditions set forth herein.

K. The LRC is authorized to enter into this Rebate Agreement pursuant to the Act, including without limitation C.R.S. Section 31-25-105(1)(b), which authorizes an urban renewal authority to enter into agreements to carry out the purposes of the Act.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing and the following terms and conditions, the Parties agree as follows:

1. Construction of Project. In conjunction with the development of the Project, Developer will finance, design and construct the Project and Project Improvements with its own funds.

2. LRC Financial Assistance. Commencing with the first full fiscal year following issuance of a certificate of completion for the Project and ending on the Expiration Date (defined below) (“Pledged Revenue Term”), and in accordance with Section 31-25-107(9)(a)(II) of the Act, the LRC shall deposit within a special fund (the “Special Fund”) all property tax revenues received by the LRC as a result of the property tax mill levies imposed upon the valuation of the Property, limited to amounts generated from new valuation resulting from completion of the Project Improvements (by obtaining a Certificate of Completion for the new building) above the January 1, 2023 assessed valuation of the Property (\$285,026), and except for such amounts as the LRC may reasonably require for payment of obligations under the 2023 Cooperation Agreement, the Tri-Party Agreement, and payment of LRC Operating Expenses (which shall be limited

to the Property's pro-rata share of such expenses) (the "Pledged Revenues"). As used in the above definition of Pledged Revenue Term, "Expiration Date" means the date on which the total of all Pledged Revenue Payments made to the Developer reaches \$200,000.00; *except that*, "Expiration Date" shall mean the first to occur of (i) payment to Developer of \$200,000.00 of Pledged Revenue Payments, or (ii) the expiration of the Property Tax TIF provision of the Plan *if* the LRC determines, in its discretion, that following the date on which the Property Tax TIF provision of the Plan expires, the LRC is prohibited by the Act, as then-currently amended, or any other law from making further Pledged Revenue Payments to Developer under this Rebate Agreement, or is required under the Act, including § 31-25-107(9), C.R.S., as then currently amended, or any other law to rebate sums contemplated under this Rebate Agreement to each taxing body (as such term is used in the Act). This Rebate Agreement is limited solely to Pledged Revenues from the Property and includes no revenues generated from any other properties in the Plan Area. An illustrative example of the method for calculations is attached as Exhibit B. The Special Fund may be a new or existing fund and the Pledged Revenues may be comingled with other funds, all as shall be determined by the City Finance Director.

a. The Pledged Revenue shall be used to reimburse Developer for costs associated with the Project Improvements as shown in Exhibit A, and paid according to the payment schedule set forth below (the "Pledged Revenue Payments"). The Pledged Revenue available for reimbursement of costs associated with Project Improvements shall be transferred from the Special Fund to Developer within sixty (60) days after receipt of such funds by the LRC.

b. Notwithstanding any provisions of this Rebate Agreement to the contrary, the Parties agree:

- (i) The Pledged Revenue Payments shall be limited to no more than ninety percent (90%) of all Pledged Revenue generated from the Property.
- (ii) The total of all Pledged Revenue Payments made according to this Rebate Agreement is limited to \$200,000 or whatever lesser amount is generated from the Property during the Pledged Revenue Term prior to the Expiration Date.
- (iii) If, in any year, no Property Tax TIF revenue is generated by the Property and received by the LRC, no rebate payments under this Rebate Agreement shall be due to the Developer for that year.
- (iv) If, in any year, the LRC receives no Property Tax TIF revenues because there is for the Plan Area no increment value in excess of

the base value for the Plan Area, no rebate payments under this Rebate Agreement shall be due to the Developer for that year.

- (v) If, in any year, the LRC receives Property Tax TIF revenues but the amount received is less than the amount necessary to pay all obligations that are on parity with this Rebate Agreement, then the rebate payments made to the Developer under this Rebate Agreement for such year shall be on a pro-rata basis.
- (vi) The LRC may prepay at any time without penalty any amounts payable under this Rebate Agreement, and may make payment with any source of funds available to the LRC.
- (vii) The LRC may use for any lawful purpose amounts not required for payments under this Rebate Agreement.

c. The Parties shall each keep, or cause to be kept, proper and current books and accounts in which complete and accurate entries shall be made for costs associated with the Project and amounts paid out from the Special Fund.

3. Entire Agreement. This instrument shall constitute the entire agreement between the LRC and Developer and supersedes any prior agreements between the Parties and their agents or representatives, all of which are merged into and revoked by this Rebate Agreement with respect to its subject matter. Contact information is as follows:

If to Developer:

Schlageter Properties LLC
Attn: Stephanie Schlageter
7534 Brockway Drive
Boulder, CO 80303
Phone: (727) 466-8999
stephanie@radiancemedspa.com

If to LRC:

Louisville Revitalization Commission
Attn: Economic Development
749 Main Street
Louisville, CO 80027
303.335.4529
abrown@louisvilleco.gov

4. Termination. This Rebate Agreement shall terminate and become void and of no force or effect upon the LRC if, by December 31, 2024, Developer has not completed

the Project Improvements (as evidenced by a successful final inspections for the Project Improvements); or should fail to comply with any City code after proper notice and reasonable opportunity to cure the same. This Rebate Agreement shall automatically terminate upon the Expiration Date, and upon such expiration or termination, the Parties' obligations hereunder shall terminate, whether or not any Pledged Revenues have been paid to Developer.

5. Subordination. The LRC's obligations pursuant to this Rebate Agreement are subordinate to the LRC's obligations for the repayment of any current bonded indebtedness, to the extent such obligations are in effect as of the date of this Rebate Agreement, and to the LRC's obligations for the repayment of any bonds issued pursuant to the Core Area Term Sheet and, further, are contingent upon the existence of a surplus of Property Tax TIF revenues in excess of the Property Tax TIF revenues necessary to meet such existing or future bonded indebtedness. The LRC shall meet its obligations under this Rebate Agreement only after the LRC has satisfied all other obligations with respect to the use of Property Tax TIF revenues for such existing or future bond repayment purposes. For the purposes of this Rebate Agreement, the terms "bonded indebtedness," "bonds," and similar terms describing the possible forms of indebtedness include all forms of indebtedness incurred by the LRC, including, but not limited to, general obligation bonds, revenue bonds, revenue anticipation notes, tax increment notes, tax increment bonds, and all other forms of contractual indebtedness of whatsoever nature that is in any way secured or collateralized by Property Tax TIF revenues of the LRC as of the date of this Rebate Agreement, including, the 2023 Cooperation Agreement, the Tri-Party Agreement, and such terms also include any bonds issued pursuant to the Core Area Term Sheet and payment of the Property's pro-rata share of LRC Operating Expenses, to all of which this Rebate Agreement is expressly subordinate. The LRC further shall have the right to issue other bonds that are on parity with or are junior to this Rebate Agreement.

6. Governing Law: Venue. This Rebate Agreement shall be governed and construed in accordance with the laws of the State of Colorado. In the event of a dispute concerning any provision of this Rebate Agreement, the Parties agree that prior to commencing any litigation, they shall first engage in good faith the services of a mutually acceptable, qualified, and experience mediator, or panel of mediators for the purpose of resolving such dispute. In the event such dispute is not fully resolved by mediation or otherwise within 60 days a request for mediation by either Party, then either Party may commence legal proceedings regarding the dispute. The venue for any lawsuit concerning this Rebate Agreement shall be in the District Court for Boulder County, Colorado.

7. Legal Challenge; Escrow. The LRC shall have no obligation to make any payment hereunder during the pendency of any legal challenge to this Rebate Agreement or either of the Party's rights or obligations hereunder. The Parties covenant that neither will initiate any legal challenge to the validity or enforceability of this Rebate Agreement,

and the Parties will cooperate in defending the validity or enforceability of this Rebate Agreement against any challenge by any third Party. Any funds appropriated for payment under this Rebate Agreement shall be escrowed in a separate LRC account in the event there is a legal challenge to this Rebate Agreement. In the event performance of any material term of this Rebate Agreement is rendered impossible as the result of any legal challenge, the LRC at its option may terminate this Rebate Agreement, in which case the Parties' obligations hereunder shall terminate; provided, however, that the LRC shall pay to Developer any Pledged Revenues accrued and appropriated for payment under this Rebate Agreement prior to such termination, to the extent permitted by law and any applicable court order.

8. Assignment. This Rebate Agreement is personal to Developer and Developer may not assign any of the obligations, benefits or provisions of the Rebate Agreement in whole or in any part without the expressed written authorization of the LRC, which consent shall not be unreasonably withheld; provided, that an assignment shall be permitted (i) to any entity who is an affiliate of the Developer provided such assignment is of the Agreement in its entirety to a single entity; (ii) to a successor in title to 100% of the Developer's ownership interest in the Project; and (iii) to a lender to the Developer provided such assignment is limited to a collateral assignment or pledge of the amounts payable to the Developer hereunder. Any purported assignment, transfer, pledge, or encumbrance made without such prior written authorization shall be void.

9. No Joint Venture. Nothing in this Rebate Agreement is intended or shall be construed to create a joint venture between the LRC and Developer and the LRC shall never be liable or responsible for any debt or obligation of Developer.

NEXT PAGE IS THE SIGNATURE PAGE

This Rebate Agreement is enacted this _____ day of _____, 20__.

SCHLAGETER PROPERTIES, LLC

A Colorado Limited Liability Company

**LOUISVILLE REVITALIZATION
COMMISSION**

By: _____
Stephanie Schlageter, Owner

Alexis Adler, Chair

ATTEST:

Print Name

ATTEST:

Corrie Williams, Secretary

EXHIBIT A

Description of Project Improvements

- Redesigned Main Street storefront façade design that is cohesive with the Downtown Design Guidelines and adjacent storefront vocabulary, and upgrade of east alley elevation using the same materials as the Main Street elevation.
- Creation of a wheelchair accessible entrance that is ADA compliant and code compliant to augment the main entry.
- Screening of mechanical equipment, trash enclosure, and added bike parking.
- Renovation of the entire one-story building to meet code and current standards for Class-A commercial buildings, including exterior wall repair, structural floor repair, structural roof repairs and accommodation for new rooftop equipment. New building systems will be provided including Mechanical (HVAC and plumbing), Electrical, and building thermal envelope (insulation).

Estimated Project Costs

\$1,500,000 Property Purchase

\$769,836 Building Core and Shell Renovation

\$304,500 Tenant Finish Allowance

\$87,846 Soft Costs (professional fees, permit)

Total Project Improvements Cost: \$2,662,182

Exhibit B

Calculations to determine TIF Rebate for a Budget Year

Amounts described are for illustrative purposes only and are not amounts for the property subject to this agreement.

Taxable Value of Parcel for Budget Year (Value as January 1 of the previous Year)	\$200,000.00
Less: Taxable Value of Parcel for Base Year	<u>\$100,000.00</u>
Equals: Taxable Increment	\$100,000.00
Multiplied by Mill Levy (tax per \$1000 of taxable valuation)	85.187
Equals: Property Tax Increment from Property ($\$100,000 * 85.187 / 1000$)	\$8,518.70
Less: Property's portion of Tri-Party Agreement (Assessed Value of Property / Total Assessed Value of Urban Renewal Area * Total Increment collected * Tri-Party Agreement payment percentage) $\$200,000 / \$30,000,000 * \$65,000 * 14.3\%$	\$61.96
Less: Property's portion of 2023 Cooperation Agreement (Taxable Value of Property / Total Value of Urban Renewal Area * 2023 Cooperation Agreement payment for Budget Year) $\$200,000 / \$30,000,000 * \$31,000$	\$206.66
Less: Property's Portion of LRC Operating Expenses (Taxable Value of Property / Total Value of Urban Renewal Area * LRC Operating Expenses payment for Budget Year) $\$200,000 / \$30,000,000 * \$32,000$	<u>\$213.33</u>
Equals: Total Pledged Revenues	\$8,036.75

Annual payment is 90% of Pledged Revenue calculated.

LOUISVILLE REVITALIZATION COMMISSION

Property Tax Increment Financing Rebate Assistance Policy

Implementation Date: 7/15/19

Introduction:

The Louisville Revitalization Commission (“LRC”) is the Urban Renewal Authority for the City of Louisville, Colorado (“City”). The LRC’s mission includes implementing the Highway 42 Revitalization Area Urban Renewal Plan (the “Plan”) which was adopted by the City of Louisville in December 2006.

The purpose of the Plan is to reduce, eliminate and prevent the spread of blight within the Urban Renewal Area (“URA”) and to stimulate growth and reinvestment within the Area boundaries, on surrounding blocks and throughout the Louisville downtown business district.

Policy on Use of Property Tax Increment Rebates:

It is the principal goal of the urban renewal effort to afford maximum opportunity, consistent with the sound needs of the City as a whole, to redevelop and rehabilitate the Area by private enterprise. The rehabilitation and redevelopment of properties within the Urban Renewal Area will be accomplished through the improvement of existing structures and infrastructure, attraction of new investment and reinvestment, and preventing deterioration of properties in the Area. It is the City’s general intent to use urban renewal funds to support public infrastructure improvements that are needed to facilitate private investment and reinvestment in the plan area.

In unique situations, and on a case-by-case basis, in the sole and absolute discretion of the LRC and the City, certain forms of financial and other economic assistance may be awarded to a private property owner to undertake projects to redevelop or rehabilitate properties contained in the Area. Projects that are awarded support must demonstrate that they would provide exceptional and unique public benefits to qualify and would not be reasonably expected to be feasible without City financial or other economic support.

Property Tax Increment Rebates for Private Development:

It is the policy of the LRC and the City that consideration may be given to requests for financial assistance by the use of property tax increment rebates to private property owners within the LRC authority to collect incremental property taxes from taxable new construction in the Area and to provide assistance to projects meeting the goals and objectives in the Highway 42 Urban Renewal Plan and which are also deemed to be in the best interests of the City.

To be considered for assistance, proposed projects must support the overall goals of the City and the Plan which specifically include promoting an environment which allows for a range of uses and product types which can respond to market conditions over time along with furthering the goals and objectives of the Louisville Comprehensive Plan; Highway 42 Framework Plan, Historic Preservation Plan and other relevant policies, while leveraging the community's investment in public improvement projects in the Area.

In addition to eliminating and preventing blight, proposed projects must address at least three or more of the objectives outlined in the Plan. Those objectives include:

- A. Improve relationship between the URA and surrounding areas
- B. Provide uses supportive of and complementary to planned improvements
- C. Encourage a mix of uses and/or mixed-use projects
- D. Promote a variety of products to address multiple income segments
- E. Provide ease of vehicular and pedestrian circulation and improve connections
- F. Encourage continued presence of businesses consistent with the plan vision
- G. Mitigate impacts from future transportation improvements
- H. Encourage public-private partnerships to implement the plan
- I. Encourage shared parking among projects in the area
- J. Landscape streetscapes to unify uses and plan components.

As specifically related to the use of property tax increment financing, a proposed project must clearly demonstrate that the project will provide the clear and present potential to generate substantial increases to the property tax values directly attributable to the project which could support the sharing of the incremental property tax increments between the property owners and the LRC.

Criteria for Evaluation

After a property owner submits an application for property tax increment rebate assistance, the project will be evaluated based on how the project provides positive impacts to the community and how the project addresses the following criteria:

1. The elimination or prevention of blight in the URA
2. The ability to stimulate growth and reinvestment in the URA
3. The economic benefits to the community from the project
4. The effect of the project on surrounding property
5. The increase in property value created from the project
6. For property within downtown Louisville, the project is consistent with the City's historic preservation goals and objectives.

In addition to the criteria listed above, the LRC will give special consideration to projects that will also provide potential sales and other forms of tax revenue increases to the City and/or other significant community benefits, which might include but would not be limited to; providing outdoor and indoor public spaces, public art, affordable housing,

transportation infrastructure improvements, parking beyond the needs of the project and historic building restoration or improvements.

Potential Property Tax Increment Rebate Consideration

The LRC and the City may consider awarding a 50% property tax increment rebate for a period up to five (5) years from the direct collection of the incremental property taxes attributable to the project. However, for projects that provide extraordinary community benefits or will generate substantial sales and other taxes for the City, the LRC and the City Council may consider awarding up to a 90% property tax increment rebate for a period of up to ten (10) years. No assistance will be granted to a project beyond the 2033 LRC budget year.

Project Transfer Criteria

Transfers of a property tax increment rebate agreement may be made under at least one of the following circumstances:

- The new entity is wholly or significantly owned by the previous owners of the project
- The project is being transferred to at least one of the business/tenant (or an entity owned and controlled by the business/tenant) occupying the building
- To a non-related entity only after the project receives a Certificate of Occupancy after construction is complete, and only with the written consent of the City and LRC.

A property tax increment rebate agreement will contain an expiration date, upon which the agreement will expire if the project is not timely completed.

Applicants for tax increment property tax rebates or other financial assistance must first obtain the City's required land-use approvals for the project prior to receiving approval by the LRC and by the City for the financial assistance.

Applicants must submit all pertinent project financial information related to the project and the developer organization, including estimated development costs and a financing and operating plan. All financial information shall be referred by the City to a qualified professional for third-party review. The cost of the third-party review will be shared between the LRC and applicant, with each party paying a 50% share. If the project is ultimately constructed, when the Certificate of Occupancy is issued, the LRC will rebate to the applicant its 50% payment.

All information submitted to the LRC or to the City is subject to public disclosure consistent with the requirements of the Colorado Open Records Act, the City of Louisville Charter, and related City, policies and ordinances.

The application for property tax increment rebate assistance may be found on the City's website at the following address:

Contact Information

For additional information on Louisville's Urban Renewal assistance options, please contact Economic Vitality at abrown@louisvilleco.gov.

MEMORANDUM

To: City of Louisville Revitalization Commission

From: Daniel Guimond, Colton Harguth, and Christian Carroll
Economic & Planning Systems

Subject: Louisville URA TIF Review; EPS #233093

Date: December 8, 2023

Introduction

The City of Louisville Revitalization Commission (LRC) retained Economic & Planning Systems (EPS) to provide an independent third-party review of a request for tax increment financing (TIF) revenues and a Façade Reimbursement Program rebate. This memorandum summarizes the analysis and conclusions of EPS concerning the 916 Main Street proposal submitted by Schlageter Properties LLC (Applicant) as presented in the following sections:

- **Development Program** – A summary of the proposed development project including project location, amount and type of development, proposed market values, and expected timing of construction and absorption.
- **Market Conditions** – A high-level analysis of market conditions in the City of Louisville and the Highway 42 Urban Renewal Area (URA), including data on total inventory, recent growth, and current rental and vacancy rates for retail/commercial developments. This research, along with a review of recently completed comparable projects in downtown Louisville, provides a basis for evaluating the reasonableness of the revenue assumptions in the Applicant's financial pro forma.
- **Development and Construction Values** – A summary of the project's estimated development and construction costs and operating costs and revenues. Project revenues include the estimated rental and escalation rates.

The Economics of Land Use



*Economic & Planning Systems, Inc.
730 17th Street, Suite 630
Denver, CO 80202-3511
303 623 3557 tel
303 623 9049 fax*

*Denver
Los Angeles
Oakland
Sacramento*

www.epsys.com

- Financial Analysis** – A review and evaluation of the Applicant’s 10-year cash flow pro forma model including development program and timing, construction costs, operating revenues and expenses, and estimated project returns. EPS then developed its own financial model to calculate project returns utilizing the yield on cost (YOC) and time series approaches. The analysis calculated returns with and without a public investment to verify a project funding gap, and that the requested funds were needed for a feasible development project and reasonable developer return.

Development Program

The subject property, located at 916 Main Street, is an older Class C office space built in 1950. The structure is approximately 3,024 square feet and is proposed to be renovated for Radiance Medspa, the owner and tenant of the building. The proposed lease rate is \$32.50 per square foot, which would generate \$98,963 in annual income, as shown in **Table 1**.

Table 1. Development Program

Description	Sq. Ft.	% of Total	Rent PSF	Total Rent
Building Area				
Rentable				
Net Rentable	<u>3,045</u>	<u>100.0%</u>	<u>\$32.50</u>	<u>\$98,963</u>
Subtotal/Average	3,045	100.0%	\$32.50	\$98,963
Other				
N/A	<u>0</u>	<u>0.0%</u>		
Subtotal/Average	0	0.0%		
Total/Average	3,045	100.0%	\$32.50	\$98,963

Source: Developer; Economic & Planning Systems

Recent Development

This subarea added 122,091 square feet of rentable building area (RBA) space over the last decade as shown in **Table 2** below. There is an additional 13,500 square feet of RBA that is scheduled to begin construction in September 2023 at 511 E South Boulder Road. Most projects built over the last 13 years had an RBA of 5,000 to 13,000 square feet and are considered Class B space. The average rental rate for these developments is an estimated \$24.31 per square foot.

Table 2. Highway 42 URA Recent Developments, 2010-2023

Address	Status	Year	Class	RBA (SF)	Avg. Rent (per SF)	Avail. Space (SF)	Vacancy %
Existing							
945 Front St	Existing	2016	B	7,087	\$27.00	1,000	14.1%
1025 Cannon St	Existing	2018	A	31,637	\$23.92	--	0.0%
1055-1071 Courtesy Rd	Existing	2017	B	13,659	\$24.01	6,850	50.2%
630 Front St	Existing	--	C	1,709	\$26.85	--	0.0%
721 Front St	Existing	--	B	4,435	\$22.86	--	0.0%
917 Front St	Existing	--	C	12,500	\$23.32	--	0.0%
957 Main St	Existing	2022	B	8,711	\$24.15	--	0.0%
765 E South Boulder Rd	Existing	2014	B	8,291	\$24.09	--	0.0%
785 E South Boulder Rd	Existing	2014	B	28,295	\$23.98	28,295	100.0%
1655 Courtesy Rd	Existing	2020	B	5,767	\$28.51	--	0.0%
Subtotal/Average				122,091	\$24.31	36,145	29.6%
Proposed							
511 E South Boulder Rd	Proposed	2024	B	13,500	--	--	0.0%
Subtotal/Average				13,500	--	--	0.0%
Existing and Proposed Total/Average				135,591	\$24.31	36,145	26.7%

Source: CoStar; Economic & Planning Systems

A selected sample of recent commercial developments located in the Highway 42 URA are profiled below.



1055-1071 Courtesy Rd

Class B
1055-1071 Courtesy Rd

Size (RBA): 13,659 sq. ft.

Year Built: 2017

Average Rent PSF: \$24.01



917 Front St

Class C
917 Front St

Size (RBA): 12,500 sq. ft.

Year Built: 2010

Average Rent PSF: \$23.32



957 Main St

Class B
957 Main St

Size (RBA): 8,711 sq. ft.

Year Built: 2022

Average Rent PSF: \$24.15



1655 Courtesy Rd

Class B
1655 Courtesy Rd

Size (RBA): 5,767 sq. ft.

Year Built: 2020

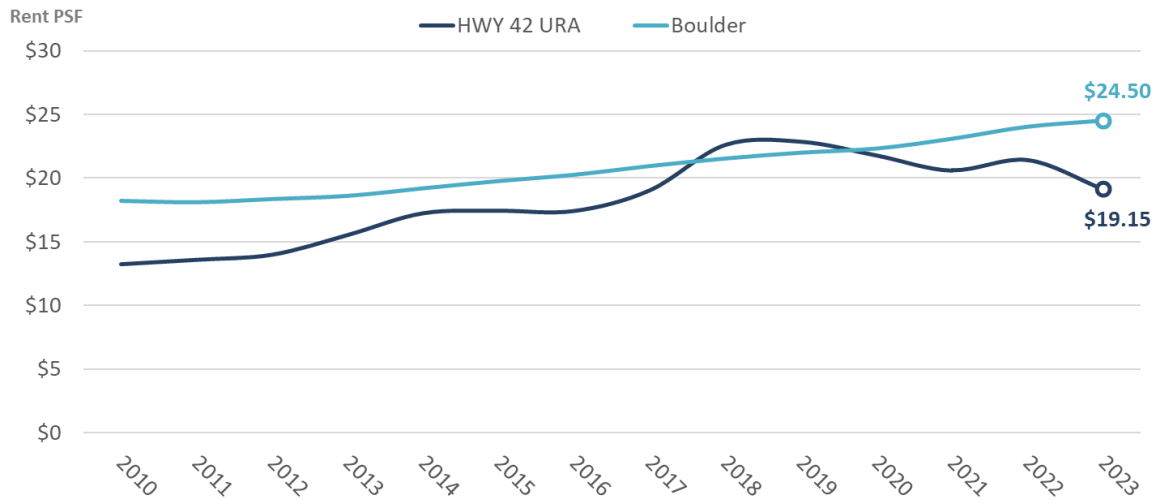
Average Rent PSF: \$28.51

Source: CoStar; Mapillary; Economic & Planning Systems

Rental Rates

Base rental rates are currently estimated at \$19.15 per square foot in the Highway 42 URA and \$24.50 per square foot in the Boulder Metro subarea, as shown **Figure 2**.

Figure 2. Retail Rent Per Square Foot, 2006-2023



Source: CoStar; Economic & Planning Systems

Rental rates in the Highway 42 URA have increased at a higher rate than the Boulder Metro subarea from 2010 to 2023, as shown in **Table 3**. In the Highway 42 URA, rental rates increased by \$5.90 per square foot, or 2.9 percent annually from 2010-2023. In the Boulder Metro subarea, rental rates increased by a total of \$6.30 per square foot over the same period, from \$18.20 per square foot in 2010 to \$24.50 per square foot in 2023, representing an annual increase of 2.3 percent.

Table 3. Retail Rent per Square Foot, 2010-2023

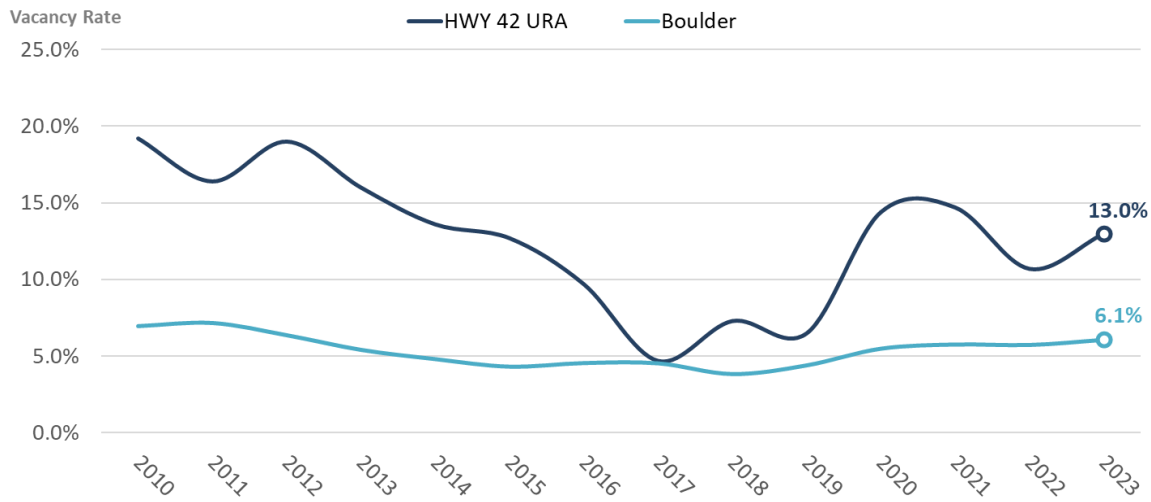
Rental Rate per SF	2010	2015	2023	2010-2023			2015-2023		
				Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
HWY 42 URA	\$13.25	\$17.45	\$19.15	\$5.90	\$0.45	2.9%	\$1.70	\$0.21	1.2%
Boulder	\$18.20	\$19.75	\$24.50	\$6.30	\$0.48	2.3%	\$4.74	\$0.59	2.7%

Source: CoStar; Economic & Planning Systems

Vacancy Rates

In addition to rent increases, vacancy rates in the Highway 42 URA declined from 2010 to 2018, and then increased sharply during the COVID-19 pandemic. In the Highway 42 URA, vacancy rates dropped from 19.2 percent in 2010, to 13.0 percent in 2023, a decrease of 6.2 percent, as shown in **Figure 3**. In the Boulder Metro subarea, vacancy rates dropped from 7.0 percent in 2010, to 6.1 percent in 2023, a decrease of 0.9 percent.

Figure 3. Retail Vacancy Rate, 2006-2023



Source: CoStar; Economic & Planning Systems

Inventory

Inventory of retail space in the Highway 42 URA has increased at a relatively steady pace since 2010, as shown in **Table 4**. The Boulder Metro subarea added a total of 1.2 million square feet of inventory from 2010 to 2023, equating to 90,212 square feet annually. When compared to the Highway 42 URA since 2015, the Boulder Metro subarea has continued to add retail space, while the Highway 42 URA lost inventory. Overall, the Boulder metro subarea has seen an uptick of retail inventory since 2015, with 2,642 square feet of space added per year.

Table 4. Retail Inventory, 2010-2023

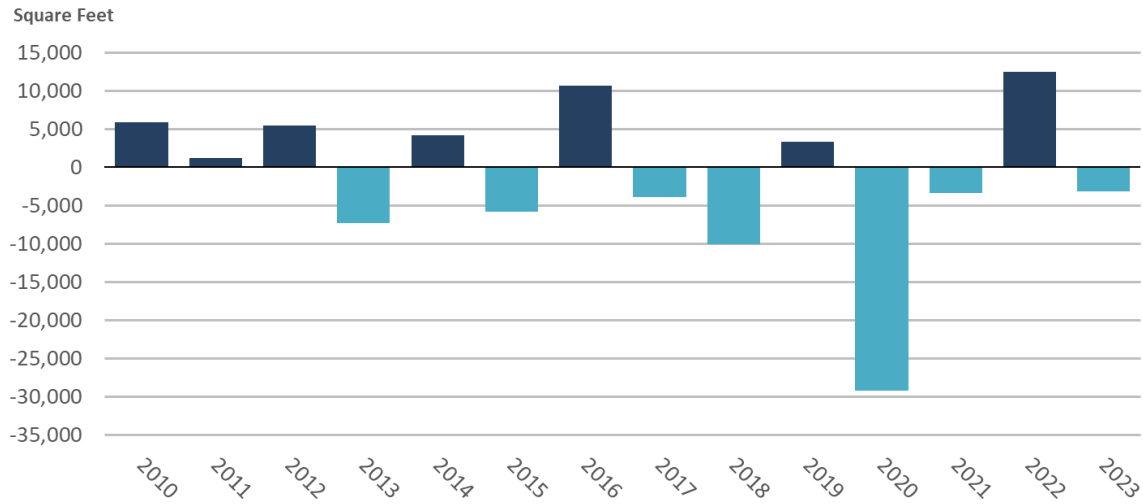
Inventory (sq. ft.)	2010	2015	2023	2010-2023			2015-2023		
				Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
HWY 42 URA	762,981	799,567	794,175	31,194	2,400	0.3%	-5,392	-674	-0.1%
Boulder	17,039,848	17,484,302	18,216,567	1,176,719	90,517	0.5%	732,265	91,533	0.5%

Source: CoStar; Economic & Planning Systems

Highway 42 URA Absorption

From 2010 to 2023, the Highway 42 URA has lost a total of 19,443 square feet of retail space or an average of 674 square feet annually, as shown in **Figure 4**. A contributing factor to the decline was the closure of Alfalfa’s Market in 2020, which comprised 28,295 square feet of the overall inventory. Without this loss, the URA has seen marginal gains in net absorption, with 8,852 square feet of net inventory added since 2010, equating to an annual average of 632 square feet.

Figure 4. Retail Absorption, Highway 42 URA, 2010-2023



Source: CoStar; Economic & Planning Systems

Development Values

This section provides a summary of the project’s estimated development and construction costs and operating costs and revenues. Project revenues include the estimated rental and escalation rates.

Development Costs

The development and construction budget totals \$2.7 million as shown in **Table 5** and summarized below.

- **Acquisition Cost** – The 3,045 square foot building was acquired in November 2022 for \$1.5 million, equating to \$493 per square foot and 56.3 percent of the total project costs.
- **Hard Costs** – Hard costs are estimated at \$1.1 million which equates to \$353 per rentable square foot, accounting for roughly 40.4 percent of total costs.
- **Soft Costs** – The total soft costs are estimated at \$87,846 and equate to 3.3 percent of the total project costs.

Table 5. Developer Project Cost Estimate

Description	Total	per RSF	% of Total
Acquisition Cost	\$ 1,500,000	\$ 492.61	56.3%
Purchase Price	\$ 1,500,000	\$ 492.61	56.3%
Hard Costs	\$ 1,074,336	\$ 352.82	40.4%
Core and Shell	\$ 769,836	\$ 252.82	28.9%
TI Allowance	\$ 304,500	\$ 100.00	11.4%
Soft Costs	\$ 87,846	\$ 28.85	3.3%
Permits	\$ 11,095	\$ 3.64	0.4%
AE Fees	\$ 76,751	\$ 25.21	2.9%
Total Construction Cost	\$ 1,162,182	\$ 381.67	43.7%
Total Cost	\$ 2,662,182	\$ 874.28	100.0%

Source: Developer; Economic & Planning Systems

Project Revenues

The proposed rental rate for the development is estimated at \$32.50 per square foot, higher than the downtown Louisville average of \$24.31, as shown in **Table 6**.

Triple net operating expenses are estimated at \$44,981 or \$14.77 per square foot and include taxes, insurance, management, common area expenses, and maintenance. An additional \$5,563 in advertising and commissions brings total operating expenses to \$50,544.

These expenses are equal to 37.0 percent of gross income, which is consistent with other developments of this nature. Net operating income (NOI) for the project, which is annual gross revenues minus operating expenses, is estimated at \$86,202 per year.

For the purpose of this analysis, operating revenues and expenditures were escalated by 3 percent annually.

Table 6. Development Net Operating Income (NOI)

Type	Value PSF	Total	% of Total
REVENUE			
Rental Income	\$47.27 PSF	\$143,943	100.0% of PGI
Net Rentable	\$32.50 PSF	\$98,963	68.8% of PGI
NNN Recoveries	\$14.77 PSF	\$44,981	31.2% of PGI
POTENTIAL GROSS INCOME (PGI)		\$143,943	100.0% of PGI
Less: General Vacancy	5.0% per year	-\$7,197	-5.0% of PGI
EFFECTIVE GROSS INCOME (EGI)		\$136,746	95.0% of PGI
EXPENDITURES			
NNN Operating Expenditures	-\$14.77 PSF	-\$44,981	32.9% of EGI
Mgmt Fees	4.0% of PGI	-\$3,959	2.9% of EGI
Janitorial	\$0.00 PSF	\$0	0.0% of EGI
Insurance	\$2.02 PSF	-\$6,162	4.5% of EGI
Repairs & Maint	\$0.75 PSF	-\$2,284	1.7% of EGI
Supplies/Misc	\$0.00 PSF	\$0	0.0% of EGI
Taxes-Real Estate	\$9.00 PSF	-\$27,400	20.0% of EGI
Taxes-Other	\$0.10 PSF	-\$305	0.2% of EGI
Telephone	\$0.00 PSF	\$0	0.0% of EGI
Trash & Grounds Maint	\$0.60 PSF	-\$1,827	1.3% of EGI
Utilities - House Meters (no tenant utils)	\$0.00 PSF	\$0	0.0% of EGI
Water & Sewer	\$0.00 PSF	\$0	0.0% of EGI
Other Expense	\$0.00 PSF	\$0	0.0% of EGI
Capital Reserve	\$1.00 PSF	-\$3,045	2.2% of EGI
Other Operating Expenditures	\$1.83 PSF	-\$5,563	4.1% of EGI
Advertising	\$0.30 PSF	-\$927	0.7% of EGI
Commissions	\$1.52 PSF	-\$4,636	3.4% of EGI
TOTAL OPERATING EXPENDITURES		-\$50,544	37.0% of EGI
NET OPERATING INCOME (NOI)		\$86,202	63.0% of EGI

Source: Developer; Economic & Planning Systems

Financial Analysis

In determining whether a project requires public investment to move forward, it is necessary to complete what is commonly referred to as a “but-for” analysis. This approach tests whether a given project will be able to achieve required market returns that reflect the given risk associated with an individual project “but-for” the investment of public revenues. This analysis relies on a comparison of the project’s financial performance to the rate of return required by the market. The calculation of the public subsidy for a given project is based on the amount of public revenues needed to increase the project’s return to a level that aligns with market expectations. To determine the feasibility of this project, EPS has evaluated the financial performance of the project using two approaches that include the yield on cost approach and the time series approach.

- **Yield on Cost Approach** – The first approach relies on an evaluation of the static performance of the project and is referred to as the project’s YOC. Stabilized NOI is divided by its construction cost to calculate the YOC. The performance of the project is then compared to required rates of return calibrated for the Louisville market. For the purposes of this analysis, a YOC hurdle of 8.00 percent is utilized. The YOC hurdle rate is equal to the market capitalization (cap) rate plus 150 basis points (bps) to account for inherent market risk.
- **Time Series Approach** – The second approach used to estimate project feasibility relies on an estimate of the project’s net cash flow over time and is referred to as a times series evaluation of project returns. The project’s net cash flow reflects annual estimates of total project cost, ongoing rental revenues, operating costs, and revenues generated through project disposition in Year 10 (a standard assumption in real estate feasibility analysis). The internal rate of return (IRR) of annual project cash flow generated between Year 0 (project construction) and Year 10 (project disposition) is then compared to an estimated required rate of return that is also calibrated to reflect the Louisville market. For the purposes of this analysis, an IRR hurdle rate of 11.0 percent is applied to all future project cash flows. The IRR hurdle rate was established by estimating the project’s weighted average cost of capital (WACC), which considers the cost of debt and equity.

Public Revenue Sources

The Applicant is requesting public assistance in the form of tax increment financing and a rebate from the Façade Improvement Program for businesses within the URA.

Tax Increment Financing

The LRC has the authority to collect incremental property taxes from improvements in the district through 2031, at which time the URA will sunset. The current (base) valuation of the property is equal to \$1.0 million, and the assessed value is \$285,026 as shown below in **Table 7**.

Table 7. Base Property Valuation

Description	Land	Building	Total
Actual Value			
916 Main Street	<u>\$334,800</u>	<u>\$686,800</u>	<u>\$1,021,600</u>
Subtotal	\$334,800	\$686,800	\$1,021,600
Assessment Rate	27.90%	27.90%	
Assessed Value			
916 Main Street	<u>\$93,409</u>	<u>\$191,617</u>	<u>\$285,026</u>
Subtotal	\$93,409	\$191,617	\$285,026

Source: Boulder County Assessor; Economic & Planning Systems

The difference between the current (base) valuation of the property and the future value of the property represents the tax increment. The future value of the property was estimated utilizing the income approach, which estimates the properties valuation by dividing the properties estimated NOI by the prevailing market capitalization (cap) rate. After the improvements have been made, the value of the property is estimated at \$1.4 million, or \$442 per square foot. To underpin this estimate, EPS also referenced market valuations of comparable retail properties in Louisville, as shown in **Table 8**. The properties had an average market valuation of \$419 per square foot, suggesting that the income approach's estimate is accurate.

Table 8. Comparable Properties Valuation

Address	Year Built	Use	Total Value	Sq. Ft.	Value PSF
Comparable Properties					
1055-1071 Courtesy Rd	2017	Retail	\$4,166,300	13,659	\$305
945 Front St	2016	Retail	\$1,077,600	3,638	\$296
957 Main Street	2022	Retail/Office	\$3,219,201	8,711	\$370
1655 Courtesy Road	2007	Retail	\$1,050,000	3,360	\$313
1700 Dogwood St	2020	Retail	\$5,508,700	5,771	\$955
1413 Hecla Way	2020	Retail	\$1,419,400	2,397	\$592
765 E South Boulder Rd	<u>2014</u>	<u>Retail/Office</u>	<u>\$2,752,700</u>	<u>8,291</u>	<u>\$332</u>
Total	2017	--	\$19,193,901	45,827	\$419

Source: Boulder County Assessor's Office; Economic & Planning Systems

To understand the growth rate of comparable retail properties within Boulder County, EPS examined a data set with approximately 600 retail property valuations from 2015 to 2023. Property valuations for this subset grew at a rate of 6.0 percent, as shown in **Table 9**. This rate was applied to the estimated future value of the property to estimate the available tax increment to the Applicant.

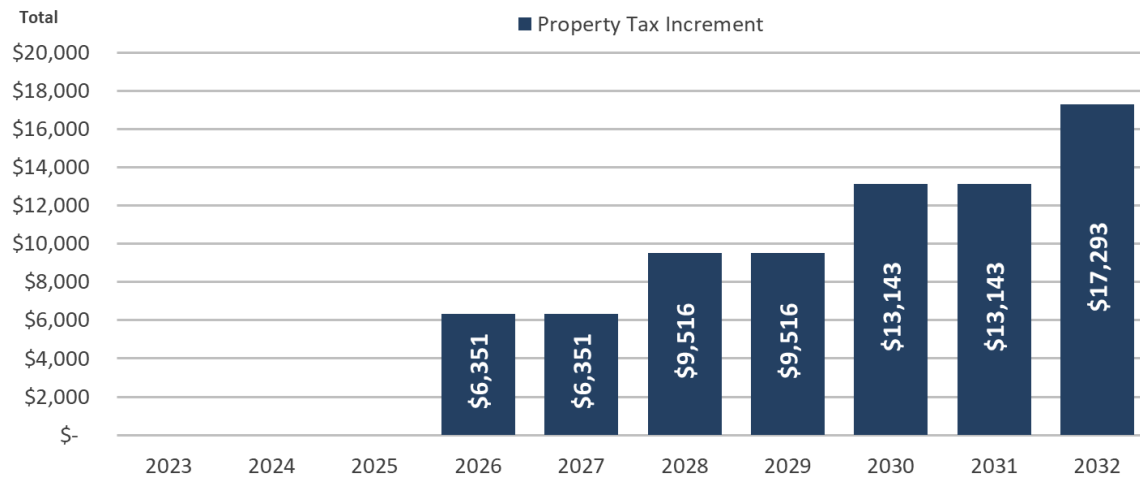
Table 9. Retail Property Valuation Growth, Boulder County Assessor

Description	2015	2019	2023	2015-2023		
				Total	Ann. #	Ann. %
Total Value	\$741,099,139	\$943,449,665	\$1,180,920,095	\$439,820,956	\$54,977,620	6.0%

Source: Boulder County Assessor's Office; Economic & Planning Systems

At the 6.0 percent annual growth rate, TIF revenues from the property are anticipated to range from \$6,351 in 2026 to \$17,293 in 2032, totaling \$75,313, as shown in **Figure 5**. TIF revenues are collected and distributed on a one-year lag, so the Applicant is expected to receive funds through 2032. Additionally, the TIF revenues equate to 90 percent of the total tax increment, the maximum allowed for consideration under the URA plan.

Figure 5. Annual TIF Revenues



Source: Economic & Planning Systems

Façade Improvement Program

In addition to TIF revenues, the Applicant requested a rebate totaling \$154,267 from the Façade Improvement Program. The façade rebate represents 50 percent of the eligible construction costs, per the program's criteria.

Yield on Cost Approach

Under the YOC approach, the baseline project performance equates to a YOC of 3.24 percent and an estimated project gap of \$1.6 million, as shown in **Table 10**. The net present value (NPV) of the TIF revenues and façade grant reduces total project costs to \$2.5 million. Project performance with public investment results in a YOC of 3.51 percent and a project gap of \$1.4 million. The return metrics suggest that the project does not reach the desired hurdle rate, regardless of whether there is public investment or not.

Table 10. Yield on Cost Summary

Description	Amount
Yield on Cost Target (NOI/Cost)	8.0%
Project Performance - Baseline	
Project Cost	
Acquisition Cost	\$1,500,000
Hard Costs	\$1,074,336
Soft Costs	<u>\$87,846</u>
Total Cost	\$2,662,182
Net Operating Income (NOI)	\$86,202
Yield on Cost	3.24%
Project Gap	\$1,584,655
Project Performance - Public Investment	
Project Cost	\$2,662,182
Less: Present Value of Public Subsidy	<u>\$208,919</u>
Net Cost	\$2,453,263
Yield on Cost	3.51%
Project Gap	\$1,375,737

Source: Developer; Economic & Planning Systems

Time Series Approach

Without public investment, the project is estimated to generate an NPV of a negative \$1.4 million equating to an IRR of 1.52 percent, as shown in **Table 11**. With public investment, the project is anticipated to generate an NPV of negative \$1.2 million and an IRR of 2.50 percent, as shown in **Table 12**. The time series metrics indicate the project would not be financially feasible with or without public investment if it were to be developed and leased by an independent developer. There are, however, additional qualitative benefits and tax benefits that make the investment attractive to an owner/occupant.

Table 11. Baseline Project Cash Flows

Description	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Construction Cost												
Acquisition Cost	-\$1,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hard Costs	\$0	-\$1,074,336	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Soft Costs	-\$65,885	-\$21,962	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	-\$1,565,885	-\$1,096,297	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Revenues												
Net Operating Income	\$0	\$0	\$97,354	\$100,274	\$103,283	\$106,381	\$109,573	\$112,860	\$116,246	\$119,733	\$123,325	\$127,025
Net Disposition Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,932,339
Subtotal	\$0	\$0	\$97,354	\$100,274	\$103,283	\$106,381	\$109,573	\$112,860	\$116,246	\$119,733	\$123,325	\$2,059,363
NET REVENUES	-\$1,565,885	-\$1,096,297	\$97,354	\$100,274	\$103,283	\$106,381	\$109,573	\$112,860	\$116,246	\$119,733	\$123,325	\$2,059,363
NPV w/out Subsidy	-\$1,363,013	11.0% discount rate										
Internal Rate of Return	1.52%											

Source: Developer; Economic & Planning Systems

Table 12. Project Cash Flows with Public Investment

Description	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Construction Cost												
Acquisition Cost	-\$1,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hard Costs	\$0	-\$1,074,336	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Soft Costs	-\$65,885	-\$21,962	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	-\$1,565,885	-\$1,096,297	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Revenues												
Public Investment	\$0	\$154,267	\$0	\$6,351	\$6,351	\$9,516	\$9,516	\$13,143	\$13,143	\$17,293	\$0	\$0
Net Operating Income	\$0	\$0	\$97,354	\$100,274	\$103,283	\$106,381	\$109,573	\$112,860	\$116,246	\$119,733	\$123,325	\$127,025
Net Disposition Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,932,339
Subtotal	\$0	\$154,267	\$97,354	\$106,625	\$109,634	\$115,897	\$119,088	\$126,003	\$129,389	\$137,026	\$123,325	\$2,059,363
NET REVENUES	-\$1,565,885	-\$942,030	\$97,354	\$106,625	\$109,634	\$115,897	\$119,088	\$126,003	\$129,389	\$137,026	\$123,325	\$2,059,363
NPV w/ Subsidy	-\$1,185,677	11.0% discount rate										
Internal Rate of Return	2.50%											

Source: Developer; Economic & Planning Systems

TIF Cap

According to the analysis submitted by the Applicant, the projected TIF revenues could potentially reach \$203,222, exceeding the EPS estimate by \$127,909. Considering the baseline project gap estimates of \$1.6 million using the YOC approach and \$1.4 million under the time series approach, EPS suggests capping TIF revenues to \$200,000, aligning closely with the Applicant's estimate and considerably lower than the amount of the gap, suggesting that if the \$200,000 in TIF revenues were realized, the Applicant would still not receive an unreasonable rate of return. If the Boulder County assessor appraises the property at a higher value than EPS has estimated, the Applicant may have the opportunity to attain a higher TIF amount up to the recommended cap.

Conclusions

The above analysis indicates that the project would not be feasible for redevelopment by a third-party developer even with the negotiated TIF reimbursement and Façade Improvement Program rebate. However, as owner-occupants, Schlageter Properties will benefit from the public investment to help reduce its development and operating costs. The Applicant's need for financial investment is justified as they are not realizing the desired returns for the project. Per the Applicant's initial request, EPS recommends capping the TIF reimbursement at \$200,000, which is lower than the estimated gap utilizing both a time series and YOC approach.

REQUEST FOR PROPERTY TAX INCREMENT REBATE ASSISTANCE

Louisville City Council

916 Main Street



Economic & Planning Systems, Inc.
The Economics of Land Use

730 17th Street, Suite 630 ■ Denver, CO 80202
303.623.3557 ■ www.epsys.com
[Agenda Packet P. 96](#)

PRESENTATION OVERVIEW

EVALUATION OF REQUEST FOR TIF

PURPOSE

- To provide the Louisville Revitalization Commission (LRC) and City Council with an overview of the market and financial analysis of the request for property tax increment rebate assistance submitted by the owner of the 916 Main Street property.

PRESENTATION OVERVIEW

- About EPS
- Project Overview
- Retail/Restaurant Market Overview
- “But for” Analysis
- TIF Revenue Estimates
- Summary
- Takeaways

EPS

REAL ESTATE ECONOMICS

PUBLIC FINANCE

LAND USE & TRANSPORTATION

ECONOMIC DEVELOPMENT & REVITALIZATION

FISCAL & ECONOMIC IMPACT ANALYSIS

HOUSING POLICY

PUBLIC PRIVATE PARTNERSHIPS (P3)

PARKS & OPEN SPACE ECONOMICS



PROJECT OVERVIEW

EXISTING CONDITIONS

- **Prior Users:** Louisville Times, Creative Framing & Art Gallery
- **Proposed Use:** Cosmetic services – Radiance Medspa
- **Rental Rate:** Project is anticipated to be owner-occupied. Supportable rental rates were estimated at \$32.50 PSF (NNN), per the applicant.



Description	Sq. Ft.	% of Total	Rent PSF	Total Rent
Building Area				
Rentable				
Net Rentable	3,045	100.0%	\$32.50	\$98,963
Subtotal/Average	3,045	100.0%	\$32.50	\$98,963
Other				
N/A	0	0.0%		
Subtotal/Average	0	0.0%		
Total/Average	3,045	100.0%	\$32.50	\$98,963

Source: Developer; Economic & Planning Systems

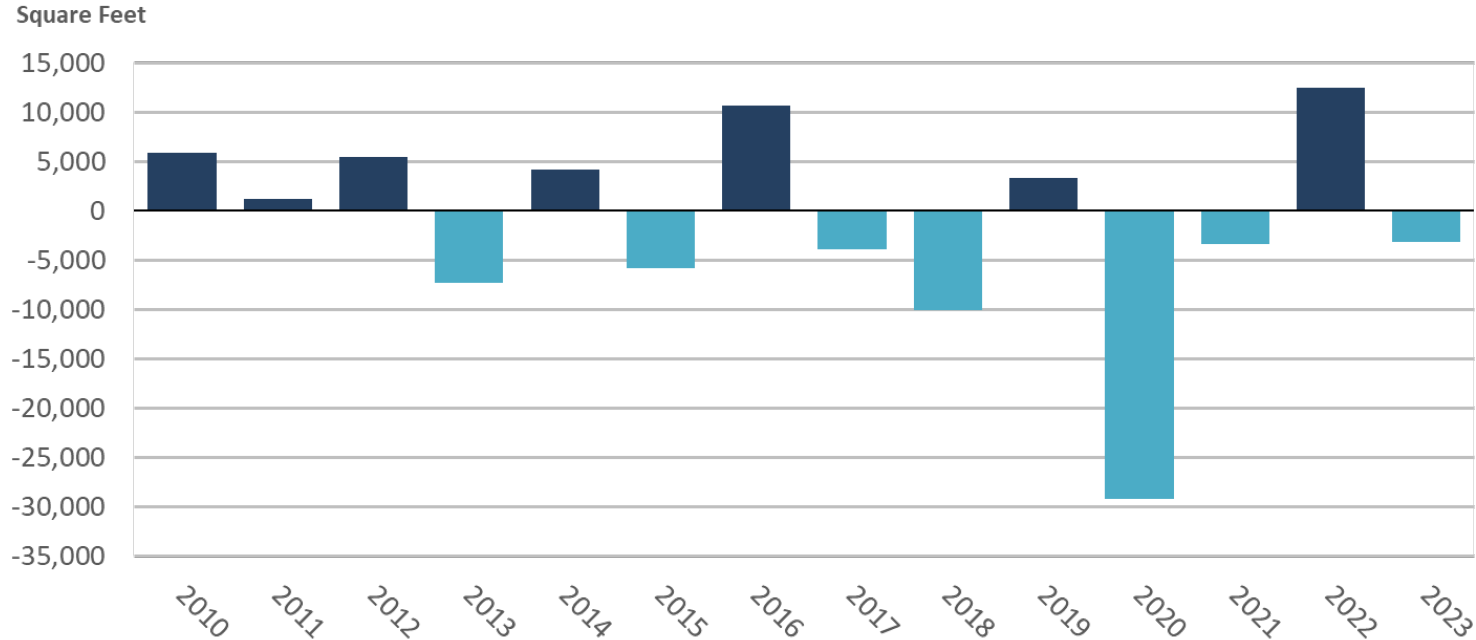
PROJECT OVERVIEW

ALTERNATIVE DESIGN



URA RETAIL/RESTAURANT MARKET OVERVIEW

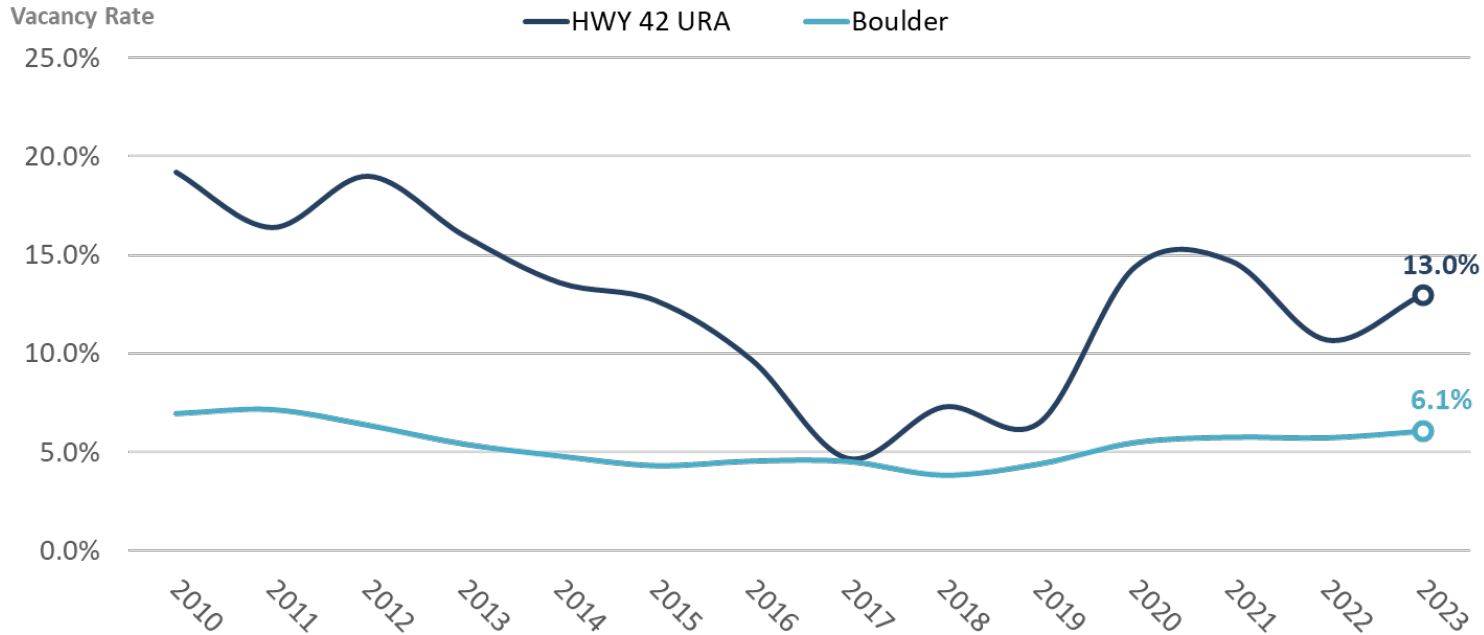
NET ABSORPTION (SF)



Source: CoStar; Economic & Planning Systems

URA RETAIL/RESTAURANT MARKET OVERVIEW

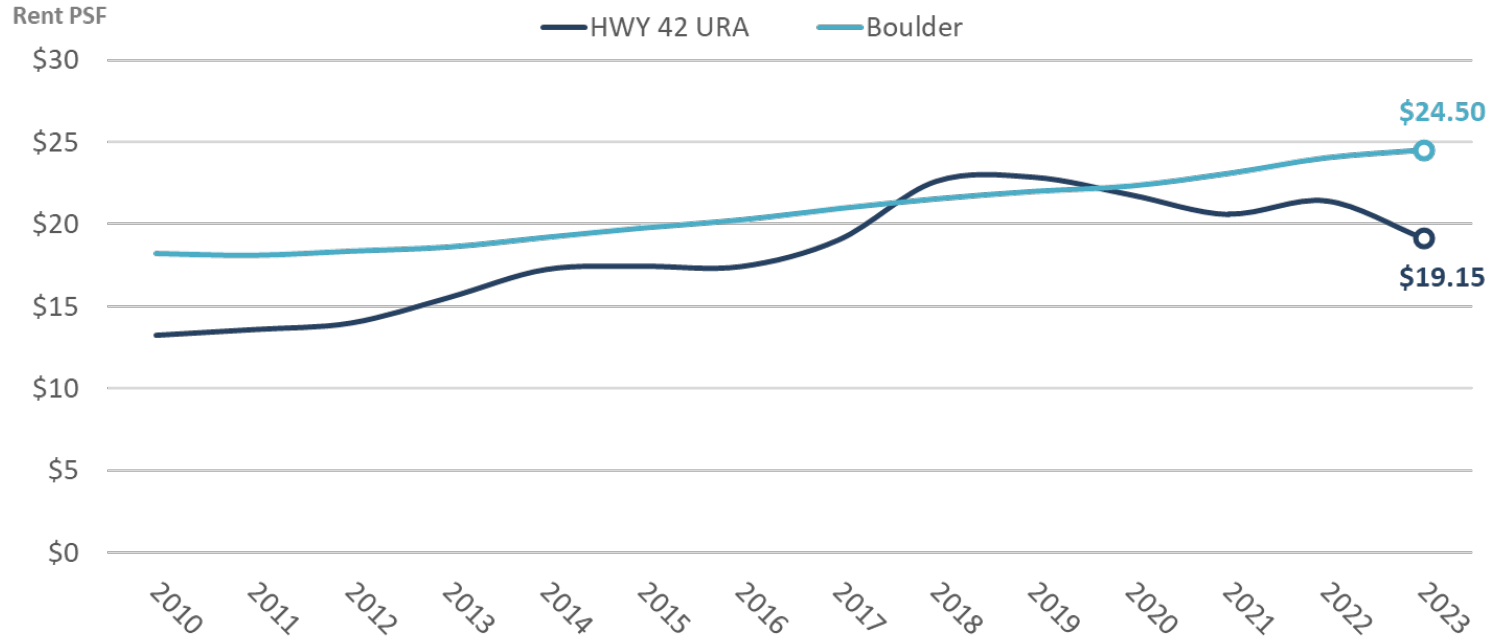
VACANCY RATE



Source: CoStar; Economic & Planning Systems

URA RETAIL/RESTAURANT MARKET OVERVIEW

RETAIL RENTAL RATE



Source: CoStar; Economic & Planning Systems

PROJECT FEASIBILITY EVALUATION – “BUT-FOR” TEST

METHODOLOGY

Evaluate the performance of the project with and without an investment of public funds (i.e., “but-for” the investment of public revenues is the project feasible?)

Yield on Cost (YOC)

- Evaluation of the static performance of the project based on net operating income (NOI) divided by total project costs
- Yield on cost for comparable retail/restaurant development typically ranges from 7.0% to 9.0%
- **Project YOC Hurdle: 8.0%**

Internal Rate of Return (IRR)

- IRR is estimated by evaluating the annual project cash flows over a 10-year period and calculating the project’s internal rate of return through an iterative process
- The project IRR is evaluated on an unleveraged basis and reflects risk factors unique to the project as well as the estimated weighted average cost of capital
- **Project IRR Hurdle: 11.0%**

DEVELOPER RETURN

YOC APPROACH

PROJECT COST

- Includes acquisition, site work, infrastructure, architecture & engineering, vertical construction, and others.

ANNUAL REVENUE

- Net operating income estimates revenues generated from future tenants and accounts for average vacancy and operating costs.

YIELD ON COST GAP ESTIMATE

= \$1.58 million

← YOC Gap Closure Target

Description	Amount
Yield on Cost Target (NOI/Cost)	8.0%
Project Performance - Baseline	
Project Cost	
Acquisition Cost	\$1,500,000
Hard Costs	\$1,074,336
Soft Costs	\$87,846
Total Cost	\$2,662,182
Net Operating Income (NOI)	\$86,202
Yield on Cost	3.24%
Project Gap	\$1,584,655

Source: Developer; Economic & Planning Systems

DEVELOPER RETURN

IRR APPROACH

- NOI escalated at 3.0% every year
- Terminal Cap Rate of 6.5%
- IRR hurdle rate of 11.0%

IRR HURDLE GAP ESTIMATE
= \$1.36 million

← IRR Gap Closure Target

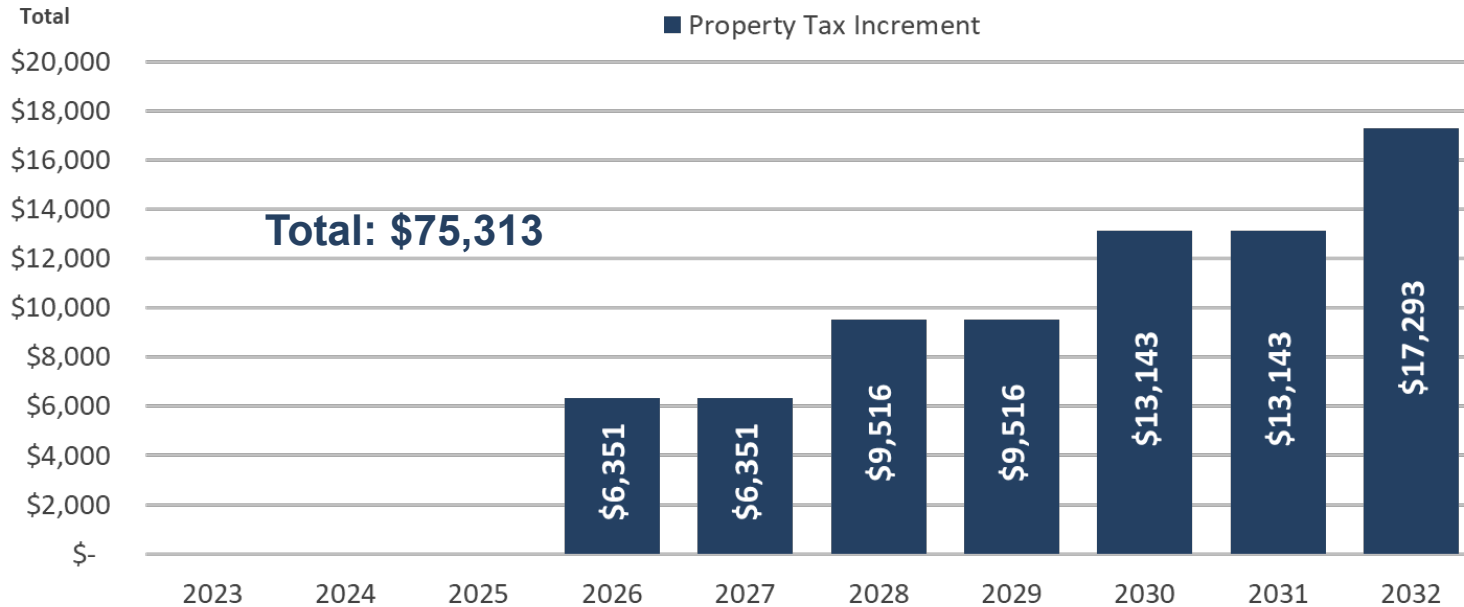
Description	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Construction Cost												
Acquisition Cost	-\$1,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hard Costs	\$0	-\$1,074,336	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Soft Costs	-\$65,885	-\$21,962	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	-\$1,565,885	-\$1,096,297	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Revenues												
Net Operating Income	\$0	\$0	\$97,354	\$100,274	\$103,283	\$106,381	\$109,573	\$112,860	\$116,246	\$119,733	\$123,325	\$127,025
Net Disposition Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,932,339
Subtotal	\$0	\$0	\$97,354	\$100,274	\$103,283	\$106,381	\$109,573	\$112,860	\$116,246	\$119,733	\$123,325	\$2,059,363
NET REVENUES	-\$1,565,885	-\$1,096,297	\$97,354	\$100,274	\$103,283	\$106,381	\$109,573	\$112,860	\$116,246	\$119,733	\$123,325	\$2,059,363
NPV w/out Subsidy	-\$1,363,013											
Internal Rate of Return	1.52%											

Source: Developer; Economic & Planning Systems

AVAILABLE INCREMENT

PROPERTY TAX

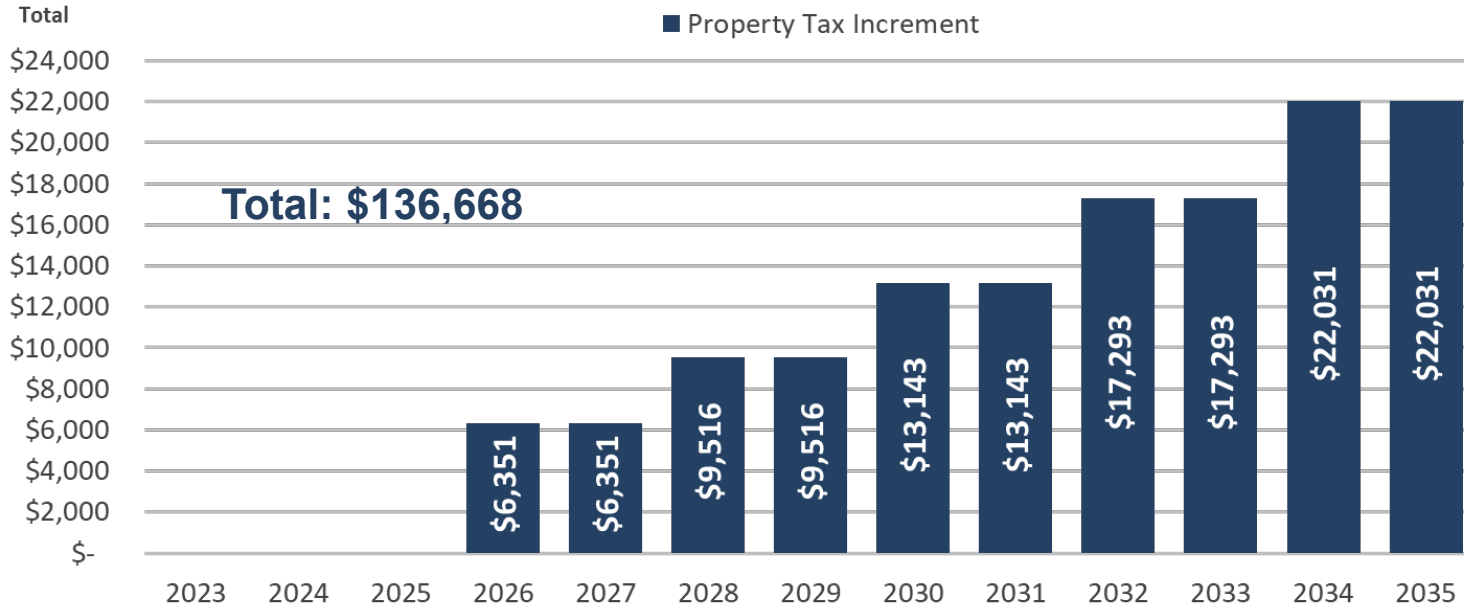
- **Scenario 1:** TIF revenues are collected and distributed on a one-year lag, so the Applicant is expected to receive funds through 2032 (1 year after the URA sunsets)



AVAILABLE INCREMENT

PROPERTY TAX

- **Scenario 2:** The Applicant receives TIF revenues for a full 10-year period, of which the final 3-years of TIF revenues would be generated from URA reserves



RECAP

Developer Request

- \$154,267 façade grant
- TIF revenues:
 - Scenario 1: \$75,313
 - Scenario 2: \$136,668
- Total:
 - Scenario 1: \$229,580
 - Scenario 2: \$290,935

“But-For” Analysis

- YOC Approach:
 - Scenario 1: \$1.38M gap
 - Scenario 2: \$1.35M gap
- IRR Approach:
 - Scenario 1: \$1.19M gap
 - Scenario 2: \$1.17M gap

Developer Return with TIF

- Request of 90% of property tax increment results in a PV of TIF revenues of \$54,652 under Scenario 1 and \$90,417 under Scenario 2
- Total PV of investment including façade reimbursement grant = \$208,919 under Scenario 1 and \$244,684 under Scenario 2
- Rates of Return with Investment:
 - YOC:
 - Scenario 1: 3.51%
 - Scenario 2: 3.55%
 - IRR :
 - Scenario 1: 2.50%
 - Scenario 2: 3.14%

RECAP

URA REVENUES, SHARING PERIOD, AND INVESTMENT AS % OF TOTAL COST

TIF Cap

- \$200,000
 - The Applicant requested \$200,000 over a period of 10–years, which the LRC is proposing as a maximum cap

Sharing Period

- Remainder of LRC TIF period through 2032 or 10–years through 2035

Share of TIF Revenues

- Maximum distribution of 90% of generated TIF

Public Investment as % of Total Cost

- PV of public investment represents 7.8% of total project cost under Scenario 1, 8.7% under Scenario 2, or 11.1% if the \$200,000 cap is reached

TAKEAWAYS

“BUT FOR” ANALYSIS AND NEXT STEPS

- The project would not be financially feasible with or without public investment if it were to be developed and leased by an independent developer
- Should project fail to perform, City would still have a renovated building

HARTRONFT ASSOCIATES P.C.

Planning ■ Architecture ■ Interiors

950 Spruce Street #2A, Louisville, CO 80027
p 303.673.9304 f 303.673.9319



916 MAIN STREET RENOVATION - RADIANCE MEDSPA

Schlageter Properties, LLC

LRC ASSISTANCE PROPOSAL - PROJECT NARRATIVE

Agenda Item for May 10, 2023

The redevelopment of 916 Main is intended to upgrade a 72-year-old existing stucco storefront to a more pedestrian friendly retail presentation that features large windows and upgraded level of finish to reinforce the Owner's business model. This renovation will also provide an accessible entrance that meets ADA codes. The storefront will be maintained in the original configuration as the original front, with modifications to the windows and entry door, and maintains the storefront alignment of the adjacent commercial storefronts.

The proposed storefront is consistent with the desired character and development concepts set forth in the Downtown Design Guidelines for the Commercial Core. The one-story façade is in scale with other one-story buildings along Main Street. See attached file for PUD revision: '916_Main-Façade_Renovation-042423.pdf.'

The design retains the original parapet and general configuration of the 1950 façade and evokes a historic sensibility in the details and proportions of the façade. A precast concrete base is provided below new display windows to provide a durable material at the walkway level and to anchor the enlarged display windows above. Above the storefront there is a traditional sign band. The main entry door is recessed and covered by a wood canopy that provides a sense of shelter and invitation to the pedestrians. Due to ADA requirements, a ramp and new entry door is also provided on the south side near the front façade.

All exterior lighting and signage will meet applicable Louisville design and code requirements.

The interior will be totally renovated with all new walls, finishes, etc. and the exterior walls will be brought up to standards, structural floor wall and roof repairs will be accomplished and new HVAC, Plumbing and Electrical will be provided throughout.

The major aspects of this proposed LRC assistance request are as follows:

- Redesigned Main Street storefront facade design that is cohesive with the Downtown Design Guidelines and adjacent storefront vocabulary, and upgrade of east alley elevation using the same materials as the Main Street elevation.
- Creation of a wheelchair accessible entrance that is ADA compliant and code compliant to augment the main entry.
- Screening of mechanical equipment, trash enclosure, and added bike parking.
- Renovation of the entire one-story building to meet code and current standards for Class-A commercial buildings, including exterior wall repair, structural floor repair, structural roof repairs and accommodation for new rooftop equipment. New building systems will be provided including Mechanical (HVAC and plumbing) Electrical, and building thermal envelope (insulation). Note that only the Landlord's portion of the interior renovation is included in the Project Cost.

LRC Property Tax Increment Rebate Assistance: Application

Application

Please complete all questions below to ensure staff has sufficient information to review and process your application. Applications will not be scheduled for consideration by the LRC until a completed application is received.

All information submitted to the LRC or the City of Louisville is subject to public disclosure, consistent with the requirements of the Colorado Open Records Act, the City of Louisville Charter, and related City policies and procedures.

* Indicates required question

Applicant Name*

Stephanie Schlageter

Applicant Email*

stephanie@radiancemedspa.com

Applicant Phone Number*

727-466-8999

Is applicant the owner? If applicant is not owner, staff will request a letter of authorization to proceed with the application. *

Yes

Project Name*

916 Main Street Renovation - Radiance MedSpa

Project Address*

916 Main Street, Louisville, CO 80027

Project Description*

The project includes a full renovation of the existing building, (built in 1950) including demolition of all existing interior improvements, new interior build out for Radiance Medspa (Tenant) including all walls, ceilings, finishes, new HVAC, plumbing and electrical, renovated front facade with new larger storefront windows and entry to support retail use, and exterior improvements at exterior walls, doors, windows, and roof, plus sitework and other improvements per City of Louisville standards.

Anticipated Project Start*
Date

06/01/2023

Anticipated Project Completion*
Date

10/31/2023

If this proposed project requires any zoning approvals (PUD amendment, variance, Special Review Use, etc.) please describe the status of the zoning application. If no zoning process is required, please answer "Not applicable".*

The exterior improvements require a PUD Amendment and review by the HPC for partial demolition of facade and other applicable exterior building elements. These reviews are currently in progress.

Please describe the Project Benefit to the Hwy 42 Urban Renewal Area as well as adjacent properties and neighborhood.*

A substantial investment in this property, including an updated, renovated facade with a new entry and improved storefront for a successful retail presentation will support the new business at this location. This will increase property values and promote other investment in Downtown. The owner is also pursuing potential landmark status for retaining the character defining portion of the facade which will preserve and enhance downtown Louisville's heritage.

Estimated Total Project Cost*

\$ 1,500,000	Property Purchase
\$ 769,836	Building Core and Shell Renovation
\$ 304,500	Tenant Finish Allowance (Tenant TI Investment = \$470,023)
<u>\$ 87,846</u>	Soft Costs - Professional Fees, Permit
\$ 2,662,182	Total Project Cost (without contingency)
	(Note that owner is also carrying \$458,550 in other soft costs)

Amount of Public Infrastructure Assistance Funding Requested*

The project is very costly compared to the amount of income that is possible using comparable (higher end) lease rates for downtown Louisville. We understand that the LRC Direct Assistance maximum amount would be in the form of TIF reimbursement of 90% of the increased property taxes over 10 years. This is the amount of our request.

Outline of Public Infrastructure Improvements, with costs, to match assistance funding requested. Outline should break-out the improvements, any professional services or fees, and contingency.*

See attached Proforma

Please describe the risks associated with this project.*

- Market / economic downturn
- Occupancy challenges
- High / Increasing cost of labor and materials
- Interest rate increase

Please describe the applicant's experience with similar projects.*

- Schlageter Properties is 100% owned by Stephanie Schlageter who has more than 17 years of experience in business ownership and operations
- Stephanie has managed 3 business expansion projects over 17 years involving the successful planning, financing, and management of 3 major construction projects related to expansion of operations owned and operated in Florida.
- Stephanie has more than 27 years in business and financial management experience

Submit project financials, including a 10-year proforma for the project, a Sources & Uses Budget for the entire project, and assumptions for Retail Sales and Property Assessed Valuation of the project (for residential and commercial uses) by year. Please note: This form of financial assistance requires a third-party financial review. The cost of the third-party review will be shared between the LRC and the applicant (each pay 50%). If the project is ultimately constructed, when the Certificate of Occupancy is issued, the LRC will rebate the applicant's portion of the cost.*

See attached Proforma.

Submit a detailed project narrative and supporting visuals, such as concept plans, building design/elevations, etc. This information will form the substance of a presentation to the Commission to convey the nature and benefit of the project.*

See attached supporting materials.

916 Main Street Renovation Blight Conditions Report

Blight Conditions Report: Please provide a short description of how the project addresses the following blight conditions identified in the Hwy 42 URA. Not all conditions are present on all properties; applicants should focus on describing the conditions related to the proposed Public Infrastructure Improvements for their specific project.

Urban Renewal Plan, see "Qualifying Conditions" section, pg. 12 of report:

<https://www.louisvilleco.gov/home/showpublisheddocument/2901/637304169831030000>

Conditions Survey:

<https://www.louisvilleco.gov/home/showpublisheddocument/7730/637304148574700000>

LRC Property Tax Increment Rebate Assistance: Application

* Indicates required question

A) Slum, deteriorated, or deteriorating structures

N/A

B) Predominance of defective or inadequate street layout

N/A

C) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness

N/A

D) Unsanitary or unsafe conditions

N/A

E) Deterioration of site or other improvements

The existing building is approximately 75 years old and deferred maintenance is an issue. Repairs of existing exterior walls, doors and windows, roof, mechanical, electrical and plumbing systems will be accomplished as part of the building renovation.

F) Unusual topography or inadequate public improvements or utilities

The site slopes from north to south and from west to east (front to rear of the lot). The existing building does not have a code compliant handicapped accessible entrance and the rear entrance is approximately 4 feet lower than the main entrance. A new ADA accessible entrance and interior accommodations are necessary to mitigate the current conditions.

G) Defective or unusual conditions of title rendering the title nonmarketable

N/A

H) Existence of conditions that endanger life or property by fire and other causes

N/A

I) Buildings that are unsafe or unhealthy for persons to live or work

N/A

J) Environmental contamination of buildings or property

N/A

K.5) Existence of health, safety, or welfare factors requiring high levels of services

N/A

By entering your name below, you attest that all of the information contained above is correct and represents the intent to fund public infrastructure investments in the Hwy 42 Urban Renewal Area.*

Stephanie Schlageter
Schlageter Properties LLC
7534 Brockway Drive
Boulder, CO 80303

Date of application submission *

05/02/2023





DRAFT 04-24-23



**916 MAIN STREET RENOVATION
FINAL PUD - ALTERNATIVE DESIGN**



**HARTRONET
ASSOCIATES**
A Professional Corporation

916 Main Street - Project Proforma

C&S Loan Amt (not incl tenant loan)	\$2,662,182	7.5% Interest Rate	25 Year Am.	\$ 19,673.29 /	Month P&I
C&S Construction Cost	\$ 769,836	Annual Principal Pmt	\$105,363	\$110,754	\$116,420 \$122,376
Tenant Finish Allowance	\$ 304,500	Annual Interest Pmt	\$130,716	\$125,326	\$119,659 \$113,703
Not incl full TI Cost	\$470,023 By Tenant				
Land/Building Cost	\$1,500,000				
Soft Costs (permit, A/E fees, etc)	\$ 87,846				
Total Project Cost	\$2,662,182				
Additional Equity	(\$0)	\$539,631 = Non-financed Carrying Costs from Purchase through Construction incl. Mortgage Int. (C&S only) \$296,554 Minimum equity required per loan requirements at current loan amount (C&S only).			

Loan To Proj Cost 100%	\$2,662,182	Loan w/assumed Value of	\$2,662,182	Project Value \$/sf	\$874.28 @	3,045 sf
Loan To Total Cost 83%	\$2,662,182	Loan w/Total Cost of	\$3,201,813	Land Value \$/sf	\$316.12 @	4,745 sf

3.09% Return = NOI / Total Project Costs

\$4,750,000 Retail Sales Projected - 10 years
\$430,350 Sales Tax @ 9.06%

INPUT VALUES:	3,045 RSF Leaseable Area (1st Level)
	\$32.50 /sf Lease Rate (NNN Lease)
	\$12.77 /sf NNN Expenses - Estimate
	3.0% /yr Rent Escalation
	10% Assumed Vacancy Rate



Live **FORWARD**
DEVELOPMENT

DeLo West Louisville
LRC Presentation
1.24.24

ABOUT LIVEFORWARD DEVELOPMENT

With over 100 collective years of development experience among our four partners, LiveForward Development brings incredible experience to each project. But our partners also deliver a unique background and skill set that enables decisions to be made fluidly. With collective strengths in finance, entitlement, sales, design, construction, and project management they possess a comprehensive approach that is unparalleled.

This unique ability allows LiveForward Development to create finance, design, development, and construction solutions that attract and retain renters and buyers, and produce higher, faster returns for investors.

Our partner's completed local and regional developments have already set the standard for relatable design and density with a modern style and integrated green features. With numerous new projects on the horizon, our partners are primed to deliver even more impressive results.



SCOTT KILKENY
PARTNER



TODD KILKENY
PARTNER



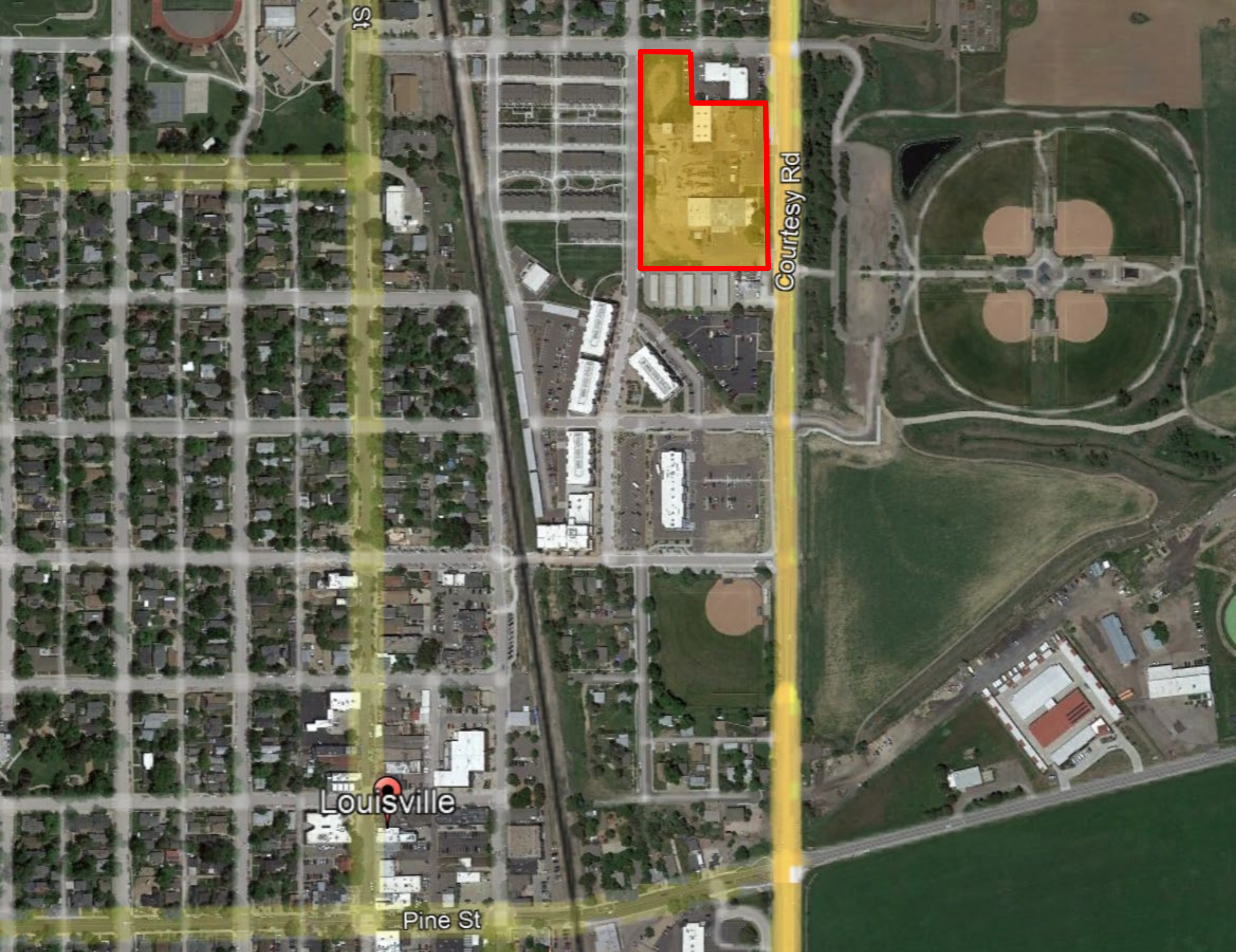
JILL HARRIS
OPERATIONS



HUNTER FLOYD
PARTNER

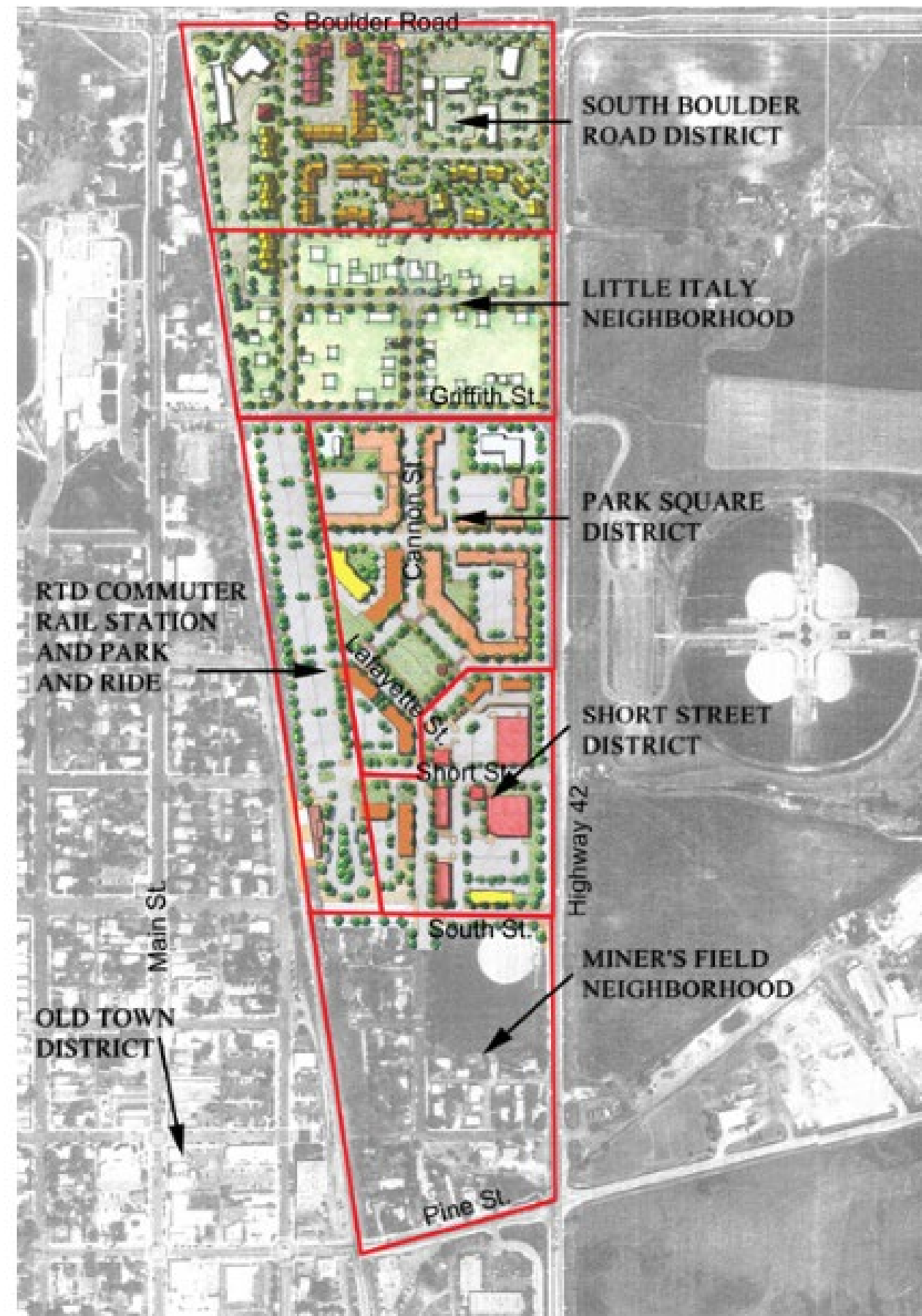


NICK COKER
PARTNER

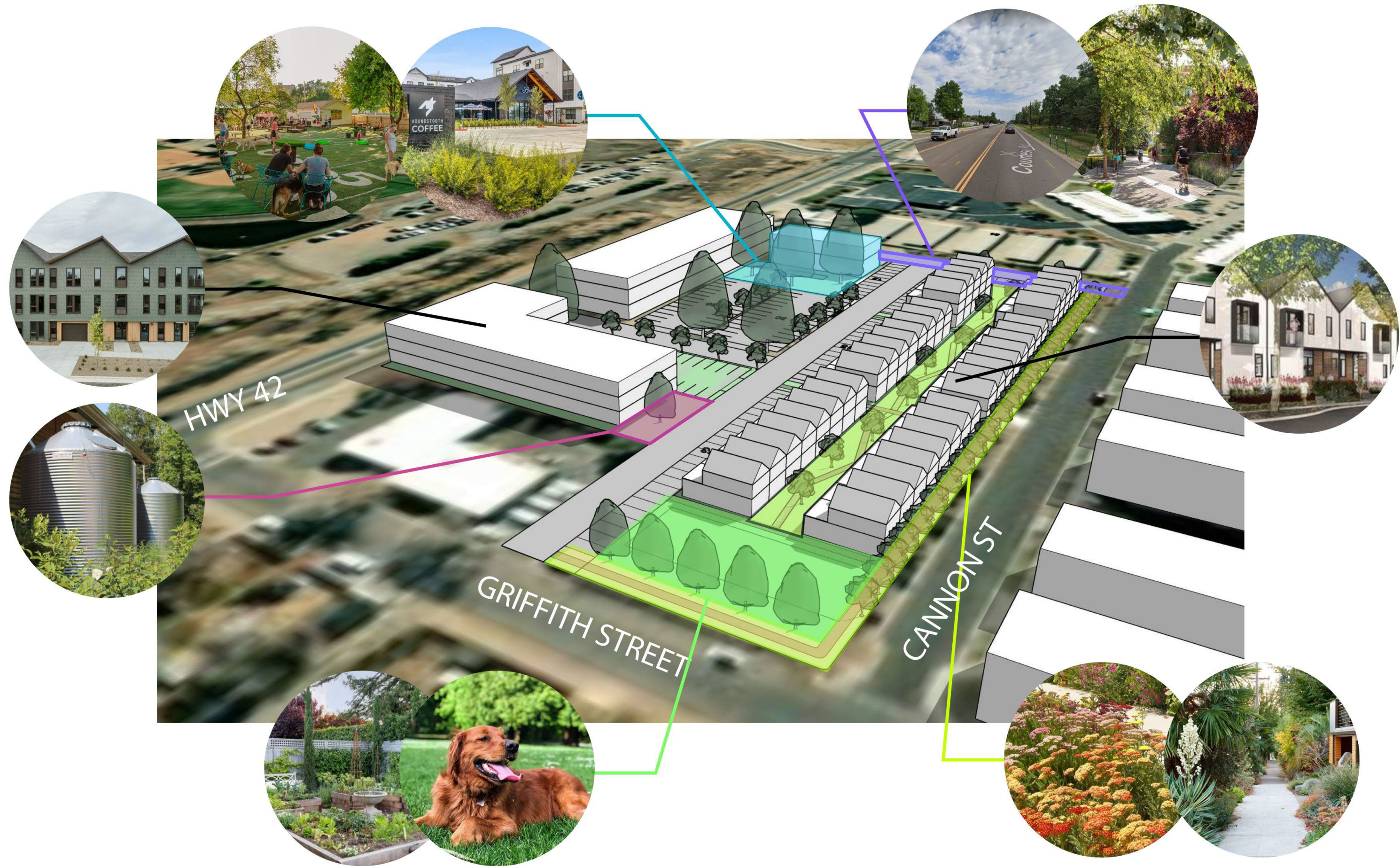


1390 CANNON STREET

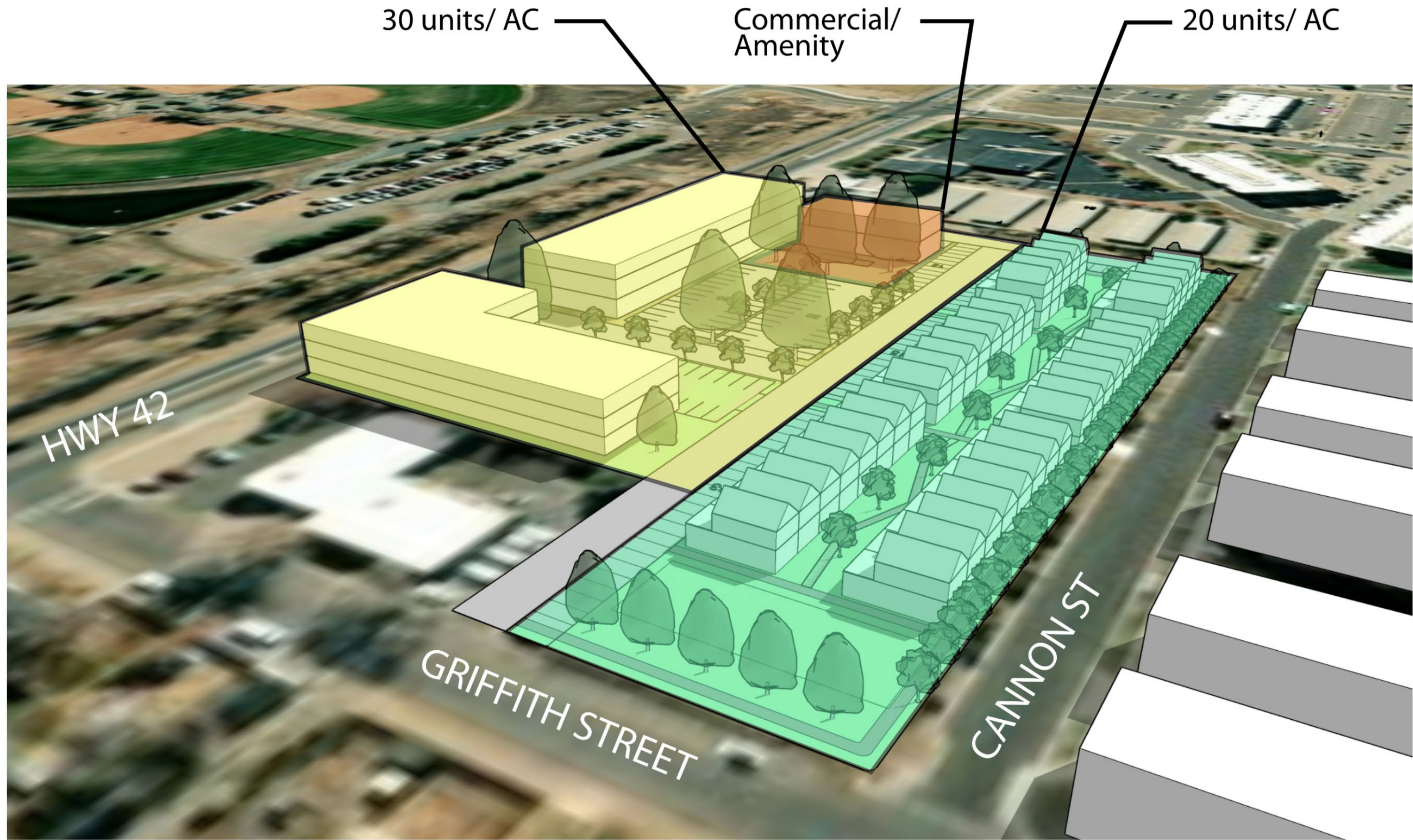
Location



HIGHWAY 42 FRAMEWORK PLAN – 15-30 dwelling units/ac
12.19.23



DELO WEST VISION DIAGRAM
12.19.23



DELO WEST DENSITY DIAGRAM

12.19.23

CONCEPTUAL SITE PLAN



Urban wildflowers



Parking concept



Internal green spaces



Compact amenity space



Multifunction green spaces



Wild grasses, unmanicured spaces



Thoughtful in between spaces



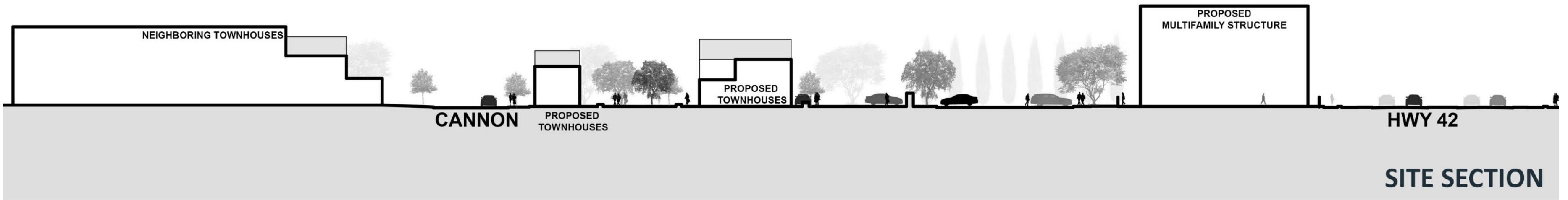
Urban gardens



Rustic site walls



Useable outdoor green spaces



DELO WEST DENSITY SECTION DIAGRAM
12.19.23



PUBLIC IMPROVEMENT OPPORTUNITY AREAS
12.19.23

Thank You

Live Forward
Development

SUBJECT: DISCUSSION – BAG TAX FUNDED SUSTAINABILITY PROGRAMS OVERVIEW

DATE: JANUARY 24, 2024

**PRESENTED BY: AUSTIN BROWN, ECONOMIC VITALITY SPECIALIST
HANNAH MILLER, SUSTAINABILITY SPECIALIST
KAYLA BETZOLD, SUSTAINABILITY MANAGER**

SUMMARY:

In 2020, Louisville voters approved Ballot Question 2A, which aims to reduce single-use bag consumption within the community by applying a \$0.25 tax on every paper and plastic bag provided to customers by Louisville retailers. The bag tax went into effect January 1, 2022. After Council approval in March 2023, the Sustainability Division created six new commercial sustainability programs funded by the disposable bag tax revenue. These programs will begin in early 2024.

DISCUSSION:

The objective of the bag-tax funded sustainability programs is to utilize the collected revenue to provide programs and services to the Louisville community that continue to reduce waste and advance sustainability in the commercial sector. When the Sustainability division developed the waste programs proposal, staff intended to develop a variety of programs, so that individual businesses are able to choose the program that best suits the needs of the specific business.

Businesses that provide disposable bags to customers and remit bag tax will have the option to choose one waste reduction program per calendar year and the estimated value of all waste reduction programs are \$1,000, so that the value of each program option is comparable to the other program options. If funding allows, all other Louisville businesses will be eligible to participate in the programs in Q4 of 2024.

Staff proposes the following five bag tax funded waste reduction programs:

1. Bulk Supply of Reusable Bags
2. One Year Subscription to Hard-to-Recycle Pick Up Services
3. Establish Commercial Recycling or Composting Services
4. Reusable Takeout Pilot Program
5. Commercial Sustainability Grant

Additional information on each of these programs is included in *Attachment #1*.

Eligible businesses may self-select the program in which they would like to enroll through January. Staff will meet individually with each participating business in March to confirm program selection and define expectations before programs begin in April. It's

SUBJECT: BAG TAX FUNDED SUSTAINABILITY PROGRAMS OVERVIEW

DATE: JANUARY 24, 2024

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anticipated that there will also be a program evaluation survey distributed to participating businesses in August.

RECOMMENDATION:

For information only.

ATTACHMENT(S):

1. Bag Tax Funded Sustainability Programs
2. Presentation Materials

Bag Tax Funded Sustainability Programs

All bag tax businesses are eligible for \$1,000 towards one of the five programming options below. Each program offering is equally valued at \$1,000 and programs will start January 1, 2024.

Below is a summary of the program offerings.

Program 1: Supply of Reusable Bags

Register for a supply of reusable bags to exempt customers from the \$.25 bag tax. This program is suitable for various business sectors: food, vendor, retail, service, and grocery. Ensure adequate storage on location; bags must be picked up within 72 hours of delivery at City Hall.

Stipend will fund approximately 420 bags however, exact quantity will vary based on participation. EcoPromotional Products, a women-owned and B-Corp certified business, provides the bags.

Program 1 is a fitting choice for businesses aiming to provide an alternative to disposable bags without delving into extensive waste reduction efforts.

Program 2: One-Year Hard-to-Recycle Service

Program 2 provides businesses in Louisville with a one-year subscription to Ridwell's hard-to-recycle pickup services. Ridwell offers pop-up displays to collect various items:

- multi-layer plastic
- plastic film
- household batteries
- light bulbs
- clothes, shoes, textiles
- plastic clamshell containers

Residents can also drop off items at these displays.

This program is suitable for multiple business sectors including food, vendor, service, retail, and grocery. Should the business wish to continue the service after the stipend period, a 10% discount will be applied.

Overall, Program 2 is an excellent option for businesses looking to enhance their waste reduction efforts with minimal administrative burden.

Program 3: Establish Commercial Recycling or Composting Services

Introduce commercial recycling or composting services to your business! This initiative, in partnership with Boulder County Resource Conservation District (RCD) and Partners for a Clean Environment (PACE), is geared towards businesses in the food, service, retail, and grocery sectors.

Businesses can receive a \$1,150 rebate to jumpstart these services, with \$150 from RCD and an additional \$1,000 from the City. To claim the incentive, businesses commit to a minimum of one year of new recycling or composting services.

For context: Setting up commercial recycling costs approximately \$125, with monthly service charges varying from \$130 to \$200 for weekly pickup, based on container size. The program covers roughly 5-8 months of service costs.

Overall, Program 3 is a valuable option for businesses seeking additional support to initiate commercial recycling or composting. While businesses should plan for long-term recycling/composting costs, this program provides a substantial supplement for about 6 months.

Bag Tax Funded Sustainability Programs

All bag tax businesses are eligible for \$1,000 towards one of the five programming options below. Each program offering is equally valued at \$1,000 and programs will start January 1, 2024.

Below is a summary of the program offerings.

Program 4: Reusable Takeout Pilot Program

The City is partnering with DeliverZero, a company specializing in reusable takeout services, to bring this initiative to Louisville restaurants. DeliverZero seamlessly integrates with restaurant pPoint of sSale systems, allowing customers to choose DeliverZero for reusable container packaging. The restaurant provides the containers, and once the order is picked up or delivered, DeliverZero arranges for container pickup, cleaning, sanitization, and return.

This program is best suited for the food sector.

For the first six months, the City will subsidize participation, offering up to \$1,000 per business. Initial costs cover restaurant recruitment, container procurement, stocking, cleaning, and customer subsidies. The company will manage container logistics and restocking.

Overall, Program 4 is an innovative initiative for restaurants to adopt. Given evolving policies on compostable service ware and the upcoming Styrofoam ban in Colorado, reusable takeout solutions offer an excellent alternative.

Program 5: Commercial Sustainability Grant

Program 5 offers Louisville businesses the chance to propose and execute sustainability projects to address their unique needs. This initiative caters to businesses that may not find suitable solutions in programs 1-4. Upon approval, the City will collaborate with the business by providing funding on a reimbursement basis to support their sustainability endeavor.

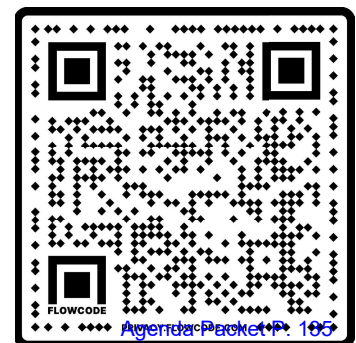
Examples of potential Sustainability Grant projects include:

- Introducing reusable kitchenware (plates, glasses, silverware) for employee kitchens.
- Installing a heat pump or upgrading the building's energy efficiency
- Adopting reusable straws, napkins, or alternatives to disposables.
- Swapping turf for xeriscape landscaping
- Implementing commercial dishwashing etc

This program spans all business sectors, including food, vendor, retail, service, and grocery. Businesses can receive up to \$1,000 from the City to implement a project promoting general sustainability. If a business opts for this program, city staff will provide an additional form for submitting the project idea. Submissions will be evaluated based on criteria including feasibility, cost-effectiveness, and potential for reducing greenhouse gas emissions. In addition, City grant funding can be bundled with other incentives from Boulder County PACE, Xcel Energy rebates, and Resource Central etc.

Overall, Program 5 offers businesses a flexible and impactful route to proactively embrace sustainability in their operations.

Ready to pick your program? Scan the QR code to self-enroll on the waitlist.



Bag Tax Funded, No-Cost, Sustainability Programs Overview

City of Louisville Sustainability Division
Hannah Miller, Sustainability Specialist

Agenda

Background

Eligibility Criteria

Program 1: Supply of Reusable Bags

Program 2: One Year Hard-to-Recycle Pick Up Service

Program 3: Commercial Recycling or Composting Service

Program 4: Reusable Takeout Pilot

Program 5: Sustainability Grant

Program Timeline and Administrative Tasks

Questions



Background

November 2020 - Louisville voters approved ballot question 2A, which aims to reduce single-use bag consumption through the \$0.25 disposable bag tax

May 2021 – State passes Plastic Pollution Reduction Act (PPRA)

January 1, 2022 – Louisville \$0.25 disposable bag tax in effect

- Applies to disposable paper, plastic and compostable bags at all retailers

January 1, 2023 – Statewide \$0.10 bag fee in effect

- Applies to disposable paper and plastic bags at large stores (grocery, retail)

March 2023 – Louisville City Council approves six new bag tax funded commercial programs

January 1, 2024 – Statewide Styrofoam and plastic bag **ban** will go into effect

Eligibility Criteria

Phase 1

- Business that provide disposable bags to customers and remit bag tax are eligible for a \$1,000 stipend towards one of the five programming options that will be outlined further in the presentation.

Phase 2

- If funding allows, programs will be available to all Louisville businesses in Q4 of 2024.

Program Overviews

Program 1: Supply of Reusable Bags

- Register for a supply of reusable bags to exempt customers from the \$0.25 bag tax.
- Stipend will fund approximately 420 bags however, exact quantity will vary based on participation.
- Program 1 is a fitting choice for businesses aiming to provide an alternative to disposable bags without delving into extensive waste reduction efforts.
- This program is suitable for various business sectors: food, vendor, retail, service, and grocery.



Program 2: One Year Hard-to-Recycle Pick Up Service

- Register for a one-year subscription to Ridwell's hard-to-recycle pick up services- items for pick up include:
 - multi-layer plastic
 - plastic film
 - household batteries
 - light bulbs
 - clothes, shoes, textiles
 - plastic clamshell containers
- Residents can also drop off items at these displays, which may increase foot traffic at participating business locations.
- This program is suitable for multiple business sectors including food, vendor, service, retail, and grocery.



Program 3: Incentive toward Commercial Recycling or Composting Service

- Businesses receive a \$1,150 rebate to jumpstart services, with \$150 from Boulder County's Resource Conservation District and an additional \$1,000 from the City.
- To claim the incentive, businesses commit to a minimum of one year of new recycling or composting services.
- This program is suitable for multiple business sectors including food, service, retail, and grocery.



Program 4: Reusable Takeout Pilot

- DeliverZero integrates with restaurant point of sale (POS) systems, allowing customers to choose DeliverZero for reusable container packaging. The restaurant packages the order in containers, and once the order is picked up or delivered, DeliverZero arranges for container pickup, cleaning, sanitization, and return.
- City stipend will cover ~six months of participation
- This program is best suited for the food sector.



Program 5: Sustainability Grant

- Program 5 offers Louisville businesses the chance to propose and execute sustainability projects to address their unique needs.
- This initiative caters to businesses that may not find suitable solutions in programs 1-4.
- Upon approval, the City will collaborate with the business by providing funding on a reimbursement basis to support their sustainability endeavor.



Administrative Processes

Administrative Caveats

- Businesses will be grouped into cohorts based on program selection. The purpose of this is to build relationships, source feedback and learn the sustainability needs of the business community, identify efficiencies and optimizations, and track program impacts.
 - Eligible businesses may select one of the five programs. Programs may be available to all businesses in the future, if funding allows.
 - There is no obligation to fund the program after the \$1,000 stipend.
- *Commercial Recycling/Composting pickup service has a one year cost obligation.

Program Timeline

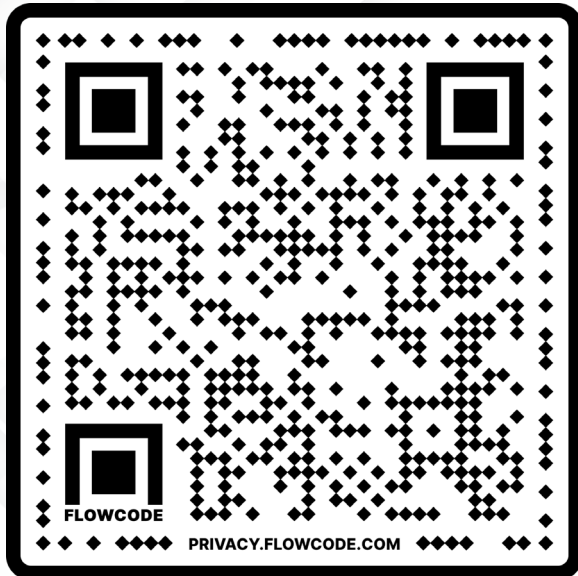
Project Timeline

- October- January: Business self-selects the program they would like to enroll in
- February 16: Program waitlist closes
- March: 1:1 confirmation of program selection, define expectations, and meet program partners
- April: First cohort meeting and programs begin
- July: Second cohort meeting
- August: Last cohort meeting and program evaluation survey

Thank you!

Questions?

Scan the QR code below to self-select program.



To read more about the programs, scan the QR code.

