

AGENDA
JOINT COUNCIL / LAKEWOOD REINVESTMENT AUTHORITY STUDY SESSION OF
THE CITY COUNCIL
VIRTUAL MEETING
CITY OF LAKEWOOD, COLORADO
VIRTUAL MEETING
APRIL 21, 2025
7:00 PM

To watch the Council meeting live, please use either one of the following links:
City of Lakewood Website: [Lakewood.org/CouncilVideos](https://lakewood.org/CouncilVideos)
Lakewood Speaks: [Lakewoodspeaks.org](https://lakewoodspeaks.org)

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In accordance with City Council Policy 5.1(A), all virtual meeting participants are advised that technological issues, whether caused by the City's equipment or the user's equipment, shall not be grounds for canceling a public meeting.

How to Connect to Provide Public Comment: Online participants may post written comments of any length to LakewoodSpeaks.org, an online forum for public comments.

ITEM 1 – CALL TO ORDER

ITEM 2 – ROLL CALL

ITEM 3 – PRESENTATION - METRO DISTRICT AND URBAN RENEWAL

ITEM 4 – PRESENTATION - THE BEND DEVELOPMENT

ITEM 5 – ADJOURNMENT

[MEET_FOOT]

STAFF MEMO

DATE OF MEETING: APRIL 21, 2025 / AGENDA ITEM NO. 3

To: Mayor and City Council
From: Katie Faltys, Interim Economic Development Manager
Holly Bjorklund, Chief of the Finance Branch
Subject: **Educational Study Session on Urban Renewal Authorities and Metro Districts**

SUMMARY STATEMENT: This general education presentation will describe Metropolitan Districts (“Metro Districts”), Urban Renewal Authorities, and the interrelationship between Urban Renewal Projects and Metro Districts. Colorado Law provides municipalities with authority to form special districts to provide services for public use and promote the health, safety, prosperity, security, and general welfare of the inhabitants within a district and the people of the State of Colorado. C.R.S. §32-1-102. Once created, a special district serves as a separate governmental entity with governmental authority. Each form of special district is subject to specific legal requirements pursuant to state and local law. Urban Renewal Projects typically aim to revitalize and improve urban areas, often by redeveloping or rehabilitating underdeveloped or blighted properties through infrastructure improvements, housing development, and financing initiatives. Metro Districts are used as vehicles for financing infrastructure and services within areas to be developed. Utilizing both forms of special district together allows for collaboration between public and private entities to achieve broader community and economic goals.

BACKGROUND INFORMATION: SPECIAL DISTRICT ATTRIBUTES.

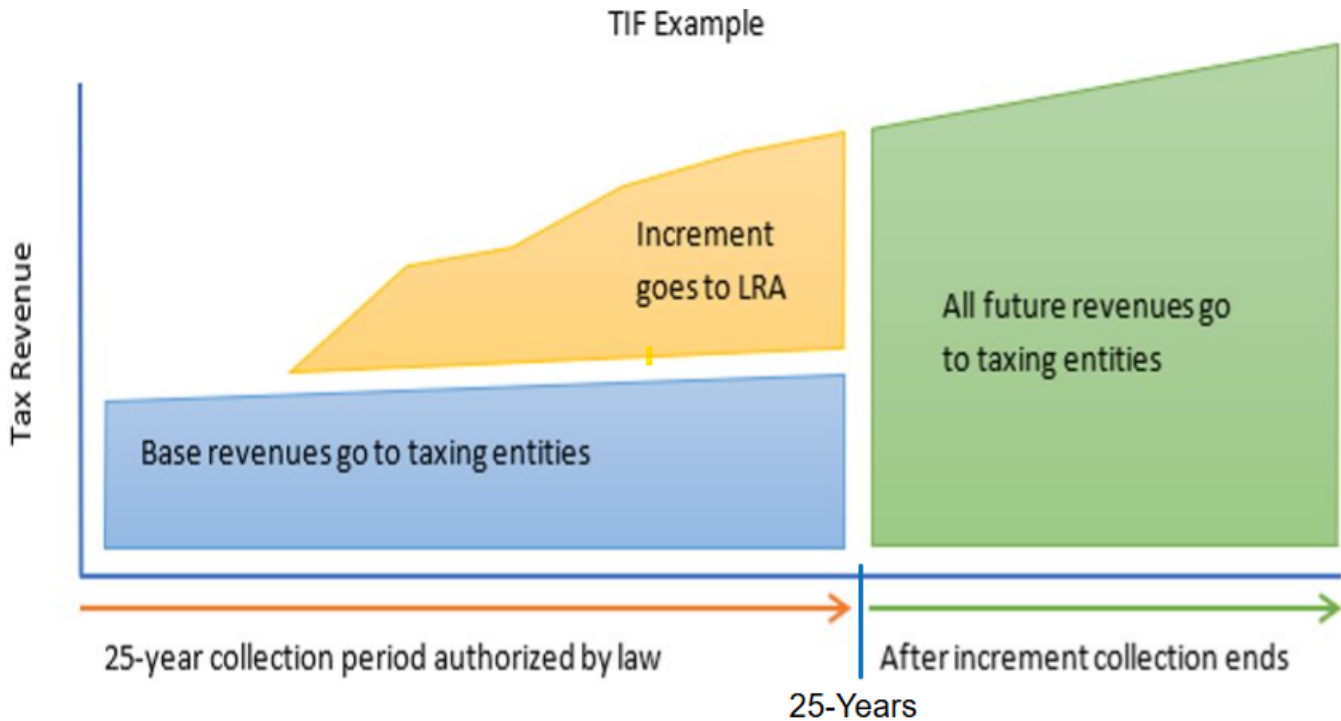
Urban Renewal In 1997, voters in the City of Lakewood approved the creation of the Lakewood Renewal Authority (LRA), an Urban Renewal Authority under State law. Urban renewal law gives municipalities tools like the authority to make contracts, incur debt, pledge financial assistance, acquire and dispose of property, etc... to address barriers to market-driven development. In general, the goal of urban renewal law is to provide local governments with authority to establish Urban Renewal Areas, areas in which the LRA may utilize specific economic development tools to encourage redevelopment of dilapidated or under-utilized areas that would not occur “but for” the legal mechanisms available through urban renewal law due to market-driven barriers.

One such tool is Tax Increment Financing (TIF). Colorado law authorizes the use of TIF by an Urban Renewal Authority under specific conditions as stated in C.R.S. 31-25-101 et al. The City of Lakewood has authorized TIF several times since the LRA’s creation. To use TIF, the LRA must receive approval by the City Council. Generally, the City Council must make findings that: (1) an area of the City is characterized by conditions of statutorily identified “blight”, (2) an Urban Renewal Plan is consistent with the overall goals of the City and the desire to promote development of the identified area, and (3) TIF is an appropriate means of funding the promotion of development. This is a legally defined process; statutory definitions of “blight” might be different from common usage of the term.

In general, TIF utilizes tax dollars derived from property tax growth (“tax increment”) associated with the redevelopment. TIF divides tax revenue into two categories: pre and post-development dollars. Taxes on the pre-development value of the tax base (“base” or “tax base”) are kept by each taxing body, while taxes from the increased value of property after redevelopment (“increment” or “tax increment”) are deposited by each jurisdiction into a tax increment fund. Using this source of dollars allows all impacted governmental entities to support the construction of public improvements without raising taxes. During the term of dedication of TIF, each taxing entity levying taxes within the area continues to receive the full base amount of tax revenue.

In the normal course of governance, the tax base is regularly adjusted and will generally increase over time as determined by the County Assessor. As new improvements are made within the redevelopment area, the overall value of the property will increase above the base. An Urban Renewal Authority can enter into agreements with other taxing entities to pledge tax increments as a means of covering the costs of the infrastructure that supports the new development. Taxing entities within the area, recognizing that if not for the new development the increment would not exist, agree to forego the tax increment, either in full or in a negotiated share, to promote the development. In this way, taxing entities can support a development that provides public benefit while understanding that after the TIF period ends, the full amount of taxes is returned to the taxing entities.

The following graphic is a demonstrative TIF model.



Metro Districts

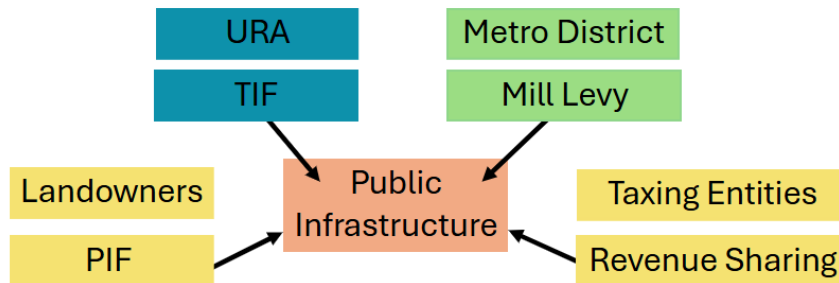
While state law establishes Metro Districts as the primary tool to fund public infrastructure within new developments and redevelopments, the City of Lakewood recently passed an ordinance to regulate the actions of Metro Districts to a higher degree than is required by State law. Once established, Metro Districts are empowered to develop municipal infrastructure necessary for residential and commercial development. Under Colorado law, C.R.S. §32-1-103, a Metro District may undertake to provide the following services, subject to City Council approval of the Metro District’s service plan:

- (a) Fire protection;
- (b) Mosquito control;
- (c) Parks and recreation;
- (d) Safety protection;
- (e) Sanitation;
- (f) Solid waste disposal facilities or collection and transportation of solid waste;
- (g) Street improvement;
- (h) Television relay and translation;
- (i) Transportation; and
- (j) Water.

The first step in establishing a Metro District is submission by the applicant, and review by City staff, of a Metro District service plan. The service plan must conform to the requirements of C.R.S. Title 32, Article 1, the Special District Act, in addition to those requirements set forth within the City of Lakewood Municipal Code, Title 14, Chapter 29 (Ordinance 33, adopted January 13, 2025). The plan must address requirements including but not limited to: the amount of debt a Metro District may incur, debt obligations, transparency notices to interested parties, procedures for material amendments to a plan, and acknowledgment that required disclosures must be publicly recorded. A service plan must be approved by the City Council before it can go into effect.

Metro Districts are also authorized to issue bonds. Issuing bonds is a mechanism that allows the Metro District to acquire capital that can be utilized for the immediate costs of infrastructure development and then pay the bondholders back over time with specified revenue streams. Revenue streams that a Metro District can establish to repay its bond debt include Metro District mills, Public Improvement Fees (“PIF”), or other revenue agreements. Metro District Mills are new property taxes within the area served by the Metro District, in addition to existing property taxes levied by taxing entities like school, fire, and drainage districts. Public Improvement Fees are agreed to by owners as a means of paying for certain improvements through a percentage fee charged on sales within a specified area. Other revenue agreements may include revenue sharing agreements, such as sales tax share-backs, wherein the City decides to share a portion of sales tax revenues generated within an area served by the Metro District, as a means of funding the construction and maintenance of certain improvements.

The following chart is a hypothetical representation of funding streams that may be used by a Metro District and URA to repay bond/debt.



As an alternative to any of the above-described funding sources, a Metro District may sign agreements with other entities specifying other sources of revenue that the Metro District will be allowed to use to pay back bonds. Revenues collected by an Urban Renewal Authority may be pledged as a way of using revenues generated by improvements while reducing the necessity of new taxes or fees.

Relationship between Urban Renewal Projects and Metropolitan Districts

If a Metro District is created within the same area as an Urban Renewal Authority’s TIF collection area, the funding necessary to support the development’s infrastructure may be a combination of funding options available to the two forms of special district. For example, Metro Districts are legally authorized to raise new taxes within the area of the Metro District in an amount approved within the service plan. However, if the Urban Renewal Area agrees with the Metro District to pay the Metro District’s bonds via TIF, this pledge of increment reduces the Metro District’s need to levy such new taxes. This is an example of how TIF may be used to pay for necessary public improvements to avoid imposing new taxes on residents of the City.

An Urban Renewal Authority can also secure up-front funding for public improvements without a Metro District, generally by issuing its own bonds or entering into agreements with banks or private entities. The Urban Renewal Authority may also pledge tax increments to repay these obligations. In these circumstances, a Metro District might still be approved to provide the public services above but might not receive a pledge of TIF.

Summary

Metro Districts and Urban Renewal Authorities may serve the community through the provision of public goods and services. Use of Metro Districts can create an area-specific entity charged with ensuring that necessary public improvements are made to serve residents within the area. The City may pair TIF financing through the City's Urban Renewal Authority, the LRA, to pay for public improvements by the Metro District and reduce the need for additional taxes within the specified area. Because both Metro Districts and Urban Renewal Authorities are statutorily limited to spending funds in support of public benefits, the purposes of these entities are closely aligned with respect to developing an area that is characterized by unique challenges that would otherwise be unlikely to develop due to private market forces. Importantly, the use of TIF financing can provide substantial revenues to pay for these public benefits without raising taxes.

BUDGETARY IMPACTS: None

STAFF RECOMMENDATIONS: None

ALTERNATIVES: None

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood Reinvestment Authority.

NEXT STEPS: None

ATTACHMENTS: 1. Slides of the 4-21-25 LRA Metro Districts Presentation

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney

Urban Renewal Authorities (URA) & Metropolitan Districts

April 21, 2025

Introductions

- ◆ Katie Faltys, Interim Economic Development & LRA Manager
- ◆ Nicole Stehr, Revenue Manager

Agenda

- ◆ Urban Renewal Areas (URAs)
- ◆ Metropolitan Districts (Metro Districts)
- ◆ Using a URA and a Metro District Jointly
- ◆ Challenges with using URA and Metro District
- ◆ Creating a URA and a Metro District
- ◆ URA Funding Explained
- ◆ Common Funding for Public Infrastructure
- ◆ Common
- ◆ Questions

Urban Renewal Areas are established to promote revitalization and redevelopment, targeting areas affected by blight.

Metropolitan Districts are created to support infrastructure development and provide services such as water and sewer.

Both offer distinct mechanisms to finance infrastructure.

Urban Renewal Area (URA) is a designated blighted area of a city that is targeted for redevelopment.

Purpose: Improve health and safety of the area and restore economic and community vitality

Through: Public Investment and Public-private Partnerships

URA Can Address:

- Infrastructure
- Economic Decline
- Mixed Use (Residential, Affordable Housing & Retail)

Financing Tools:

- Tax Increment Financing (TIF)
 - Property Tax
 - Sales Tax

Potential Benefits:

- Attract Investment
- Create jobs
- Housing
- Improve quality of life

Metropolitan District (Metro District) is a quasi-governmental entity that provides services to a specific area.

Purpose: Financing for new development, infrastructure and services

Through: a quasi-governmental entity

Metro District Can Address:

- Construction & maintenance of infrastructure for new communities (sewer, roads parks, etc.)

Potential Benefits:

- Facilitate faster development
- Localized costs
- Increase public spaces

Financing Tools:

- Tax exempt bonds
- Mill Levies
- Public Improvement Fees (PIF)

Using a URA and a Metro District Jointly

Roles of the URA and the Metro District are complementary. Therefore, revitalization and Infrastructure are more likely to be successful and stable.

Potential Benefits:

- **Incorporate City Vision.** City may have more influence on development such as affordable housing and public spaces
- **Multiple Finance Tools.**
 - **Metro Districts** provide financing through bonds. Bonds are paid with district-created mills and PIF
 - **URAs provide** TIF revenues through property and sales tax to pay bonds
- **Localizes costs.** Prevents other areas from carrying the financial responsibility
- **Positive Community and Public Benefit**

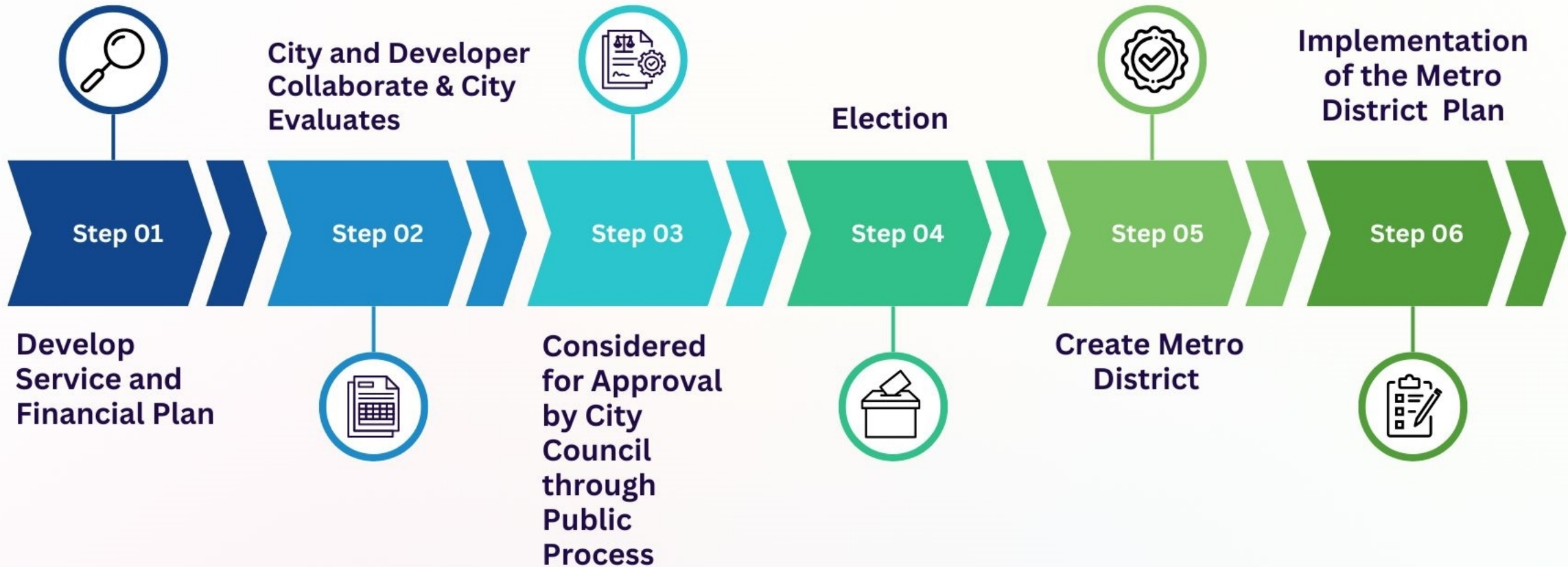
Challenges with using URA and Metro District

- **Multiple Parties Creates Complexity**
Developer, Public, City, County, and other taxing entities
- **Localizing Cost**
The designated area carries the financial responsibility for the cost of the improvements
- **No Guarantee**
Revenues are based on the success of development
- **Complex Administration**

Creating Urban Renewal Area



Creating A Metro District

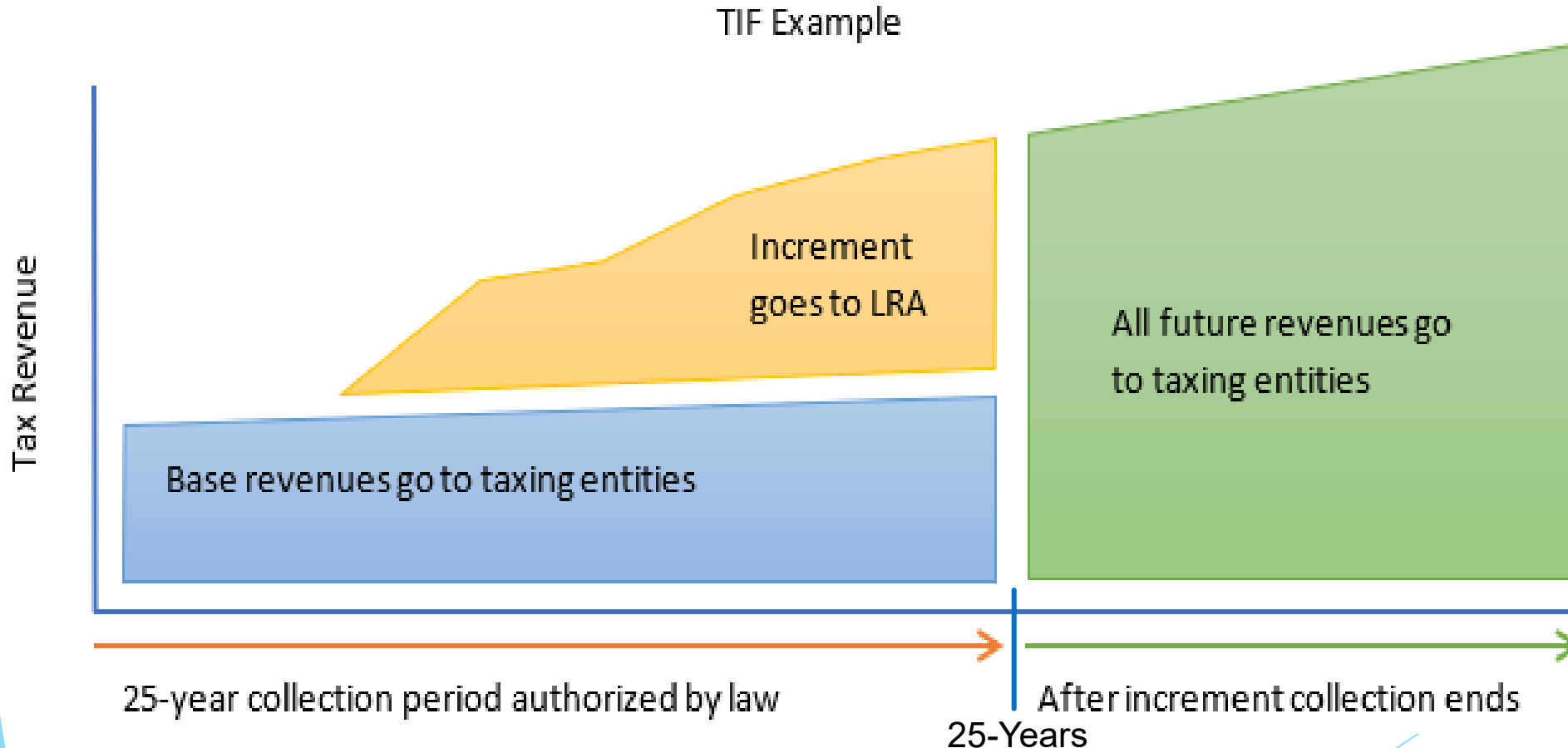


URA Funding Explained

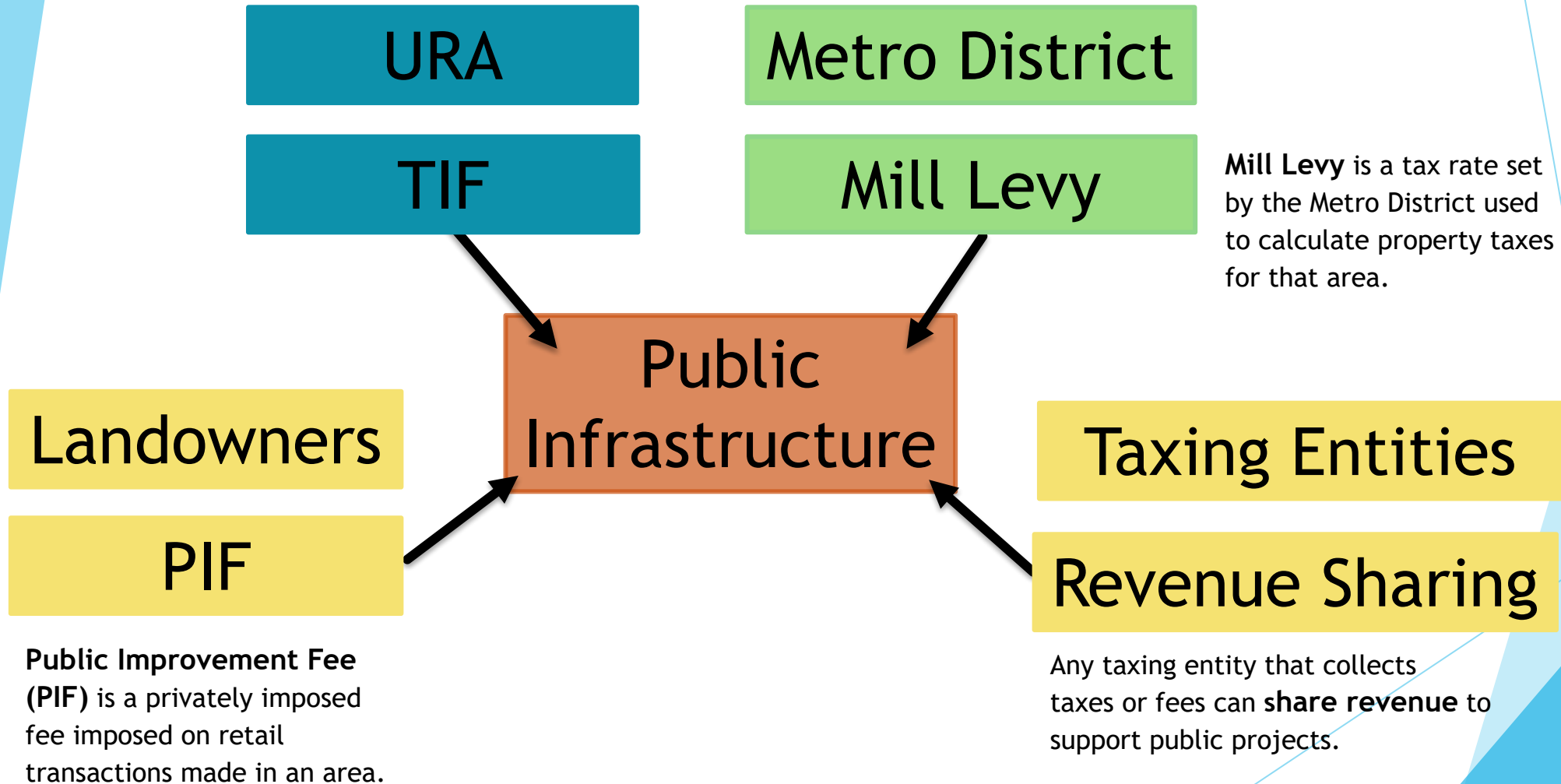
Urban Renewal Area Funding

Tax Increment Financing (TIF): A funding mechanism that leverages newly generated tax revenue to pay for infrastructure projects in a designated area.

- Property Tax TIF
- Sales Tax TIF



Common Funding for Public Infrastructure



The establishment and management of Urban Renewal Areas and Metropolitan Districts together can be complex and challenging.

Leveraging both mechanisms to fund essential infrastructure improvements can enhance the stability and success of development efforts, supporting revitalization and the creation of new communities.



Questions?

STAFF MEMO

DATE OF MEETING: APRIL 21, 2025 / AGENDA ITEM NO. 4

To: Mayor and City Council
From: Travis Parker, Chief of the Sustainability & Community Development Branch
Subject: **Presentation Regarding The Bend Development**

SUMMARY STATEMENT: Staff will present information about a proposed development at the Federal Center light rail station. This is an informational presentation in anticipation of upcoming requests from the applicant.

BACKGROUND INFORMATION: In 2024, the General Services Administration (GSA) of the U.S. government sold 57 acres of federal property to Lincoln Properties. The new owners have begun work to create a mixed-use transit-oriented development at the location. The developers are proposing a development with over 200 affordable units (10% of the total) and are working with staff on a plan for parkland dedication that includes providing a new facility to house and display the historic trolley Car 25, owned by Lakewood.

The developers are seeking an Urban Renewal Area and a Metro District to pay for the infrastructure needs of the site. However, these requests will be subject to quasi-judicial hearings and therefore cannot be discussed by City Council at this informational meeting.

The developers are also seeking feedback from the City Council on the possible inclusion of the property into the City's sewer service area for provision of sewer service to the development.

BUDGETARY IMPACTS: No short term impacts to the general fund are anticipated. There is potential for significant new property and sales tax revenue from the development in the long term, especially after the 25 year term of potential tax increment financing.

STAFF RECOMMENDATIONS: No formal action is needed by City Council, however the applicant is requesting guidance from City Council on availability of sewer service from the City.

ALTERNATIVES: N/A

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood City Council.

NEXT STEPS: Public Hearings are scheduled for May 12 for the following actions:

1. Creation of Urban Renewal District;
2. Creation of Metro District; and
3. Approval of parkland dedication package including improvements in-lieu of a site greater than 15 acres.

ATTACHMENTS: None

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney