



Background Paper for Proposed Resolution

COUNCIL MEETING DATE: June 11, 2018

TO: Christopher A. Nicoll and Members of City Council
VIA: Brenda Armijo, Acting City Clerk
FROM: Sam Azad, City Manager
SUBJECT: A RESOLUTION IN SUPPORT OF THE PUEBLO COUNTY YES PUEBLO PROJECT AND AUTHORIZING THE CITY STAFF TO ASSIST WITH IMPLEMENTATION

SUMMARY:

Attached is a Resolution supporting Pueblo County's proposed Youth Entertainment and Sports (YES) Project.

PREVIOUS COUNCIL ACTION:

None.

BACKGROUND:

Pueblo County has been presented with an opportunity to assist with relocation of a short season, single-A, major league-affiliated minor league baseball team to Pueblo and the County desires to construct a multi-use stadium for said minor league baseball team on the property currently occupied by the former Associated Grocer's warehouse and upper Lake Elizabeth area adjacent to the HARP project.

FINANCIAL IMPLICATIONS:

Pueblo County has proposed a financing plan for the multi-use stadium, with a tax increment financing (TIF) structure. In the attached Resolution, the City Council expresses support for the following two portions of the County's proposed financing plan (subject to subsequent approval by the City Council as required by the State of Colorado's Urban Renewal statutes):

1. For a period of twenty-five years, the City's property tax increment revenue and 3% of the City's 3.7% sales tax increment to be generated from all parcels in the newly-created YES Project area.
2. For a period of twenty-five years, the City's lodger's tax increment, (currently assessed at the rate of 4.3% of lodging revenues) to be generated from all parcels in the newly-created YES Project area.

BOARD/COMMISSION RECOMMENDATION:

Not applicable to this Resolution.

STAKEHOLDER PROCESS:

Not applicable to this Resolution.

ALTERNATIVES:

The City has the option of not pledging its future sales tax TIF revenue and lodger's tax TIF revenue to support the County YES Project.

RECOMMENDATION:

None.

Attachments: Proposed Resolution

RESOLUTION NO. _____

A RESOLUTION IN SUPPORT OF THE PUEBLO COUNTY
YES PUEBLO PROJECT AND AUTHORIZING CITY STAFF
TO ASSIST WITH IMPLEMENTATION

WHEREAS, in November 2016 Pueblo County ("County") voters passed Ballot Question 1A, which allows the County to collect, retain and spend all revenue from all sources notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution ("TABOR") or other law and utilize revenues from expiring Tax Incentive Agreements ("TIA") in the amount of approximately \$66 million to fund an initial list of 20 specific community improvement projects, and a list of projects as modified or supplemented from time to time, now formally known as the Community Improvement Program ("CIP"); and

WHEREAS, Pueblo County has conducted a preliminary analysis surrounding a proposed financing utilizing Certificates of Participation and the TIA revenues, determining that financing is possible to support funding of the 20 specific community improvement projects in the CIP in 2018; and

WHEREAS, County funds were advanced for design studies for numerous projects around the County, including several within the Pueblo City limits; and

WHEREAS, the County has identified Pueblo Conservancy District property southeast of the existing Runyon Field Sports complex ("Runyon") and northeast of Lake Runyon as an ideal location for the expansion of Runyon to meet the commitment for a downtown youth sports complex; and

WHEREAS, the County has already applied for and received a successful Great Outdoors Colorado ("GOCO") grant for assisting in funding the Runyon expansion, in the amount of \$300,000; and

WHEREAS, the County has been collaborating with the City and the Division of Parks and Wildlife to develop a master plan for the future of Lake Runyon and adjacent properties; and

WHEREAS, the County has been in discussions with the Colorado Department of Transportation ("CDOT") regarding the future disposition of CDOT properties adjacent to Runyon when the I-25 realignment is completed to support the expansion of the youth sports complex and associated development; and

WHEREAS, as contemplated under the CIP, Pueblo County desires to implement multiple projects in Pueblo's downtown as part of a Youth, Entertainment and Sports district ("YES Pueblo") including a youth sports complex, Historic Arkansas Riverwalk of Pueblo ("HARP") expansion, and Main Street pedestrian improvements; and

WHEREAS, the County has proposed HARP expansion northwest of the existing Riverwalk by reconfiguring Upper Lake Elizabeth and Pueblo County plans to acquire Upper Lake Elizabeth from the Pueblo Conservancy District, and upon redesign of Upper Lake Elizabeth, the new Riverwalk channel will have less surface area while doubling in depth, which should conserve water from evaporative loss benefiting the environment, the citizens of Pueblo and the Pueblo Board of Water Works; and

WHEREAS, as part of YES Pueblo, the County also desires to construct six baseball fields as an expansion of Runyon; and

WHEREAS, Pueblo County has been presented with an opportunity to assist with relocating to Pueblo a short season, single-A, major league-affiliated minor league baseball team and Pueblo County desires to construct a multi-use stadium for said minor league baseball team on the property currently occupied by the former Associated Grocer's Warehouse and Upper Lake Elizabeth; and

WHEREAS, the owner of the short season, single-A, major league-affiliated minor league baseball team will commit to no less than a 20-year term beginning in 2020 to relocate the team to the new multi-use stadium; and

WHEREAS, the multi-use stadium is planned to also serve local high school teams' home games, managed as an extension the Runyon for those games, and some of CSU-Pueblo's home games through an agreement with the County and/or the minor league baseball team; and

WHEREAS, as a Pueblo County-owned facility, the multi-use stadium will be made available by the County for public events held by Pueblo County, the City of Pueblo, Pueblo Greater Chamber of Commerce, Pueblo Urban Renewal Authority (PURA) and HARP; and

WHEREAS, the County intends to designate and make available to the Pueblo City- County Library District certain space within the YES Pueblo project to be used as a Pueblo baseball museum and archives with such facility to be administered by the Library District, and the County will also permit and support the Library District's installation of a digital library- related kiosk or device made available for public use via an agreement; and

WHEREAS, the County will allow the CSU-Pueblo baseball team to play a portion of their home games at the multi-use stadium; and the County intends to affix a CSU-Pueblo logo on the exterior of the multi-use stadium, allow access to the locker rooms during their college games, and provide a space for a recruitment office, apparel sales or classroom in the YES Pueblo Project Area so long as the CSU-Pueblo baseball team plays a weekend series or tournament at the multi-use stadium; and

WHEREAS, if space allows, Pueblo County intends to construct the multi-use stadium in such a manner to accommodate soccer and lacrosse matches, and then the County will also make the stadium available for high school and college soccer and lacrosse matches; and

WHEREAS, both School Districts D-60 and D-70 will be allowed use of the new stadium for functions and activities, including graduations and home baseball games; and

WHEREAS, the location of the new multi-use stadium is situated to complement the adjacent future proposed development of the historically designated former Black Hills 5&6 power plant as contemplated by renowned developer Dana Crawford; and

WHEREAS, the minor league baseball owner also is expected to commit to other job creation developments beyond minor league baseball, including constructing at his own expense a minimum of three downtown hotels, as well as operating competitive youth travel baseball tournaments utilizing new fields at expanded Runyon for a segment of the year, where the youth baseball tournaments are expected to draw five-hundred children and their families weekly, primarily travelling from out of Pueblo, and the tournament games will primarily be played during weekdays for fourteen weeks of the year; and

WHEREAS, Pueblo County has proposed a financing plan for the multi-use stadium, which does not use any TIA (1A) revenues; and

WHEREAS, Pueblo County has proposed a financing plan for the multi-use stadium, which does not use any direct expenditures from the City of Pueblo; and

WHEREAS, Pueblo County has proposed a financing plan for the multi-use stadium, which does not include the City of Pueblo or Pueblo Urban Renewal Authority (PURA) assuming any debt, or any moral debt obligation; and

WHEREAS, Pueblo County has agreed to be responsible for securing and repayment of all debt for the multi-use stadium; and

WHEREAS, Pueblo County has proposed a financing plan for the multi-use stadium, with a tax increment financing (TIF) structure, which utilizes selected YES Pueblo project development parcels generally identified within the areas highlighted in pink on the three (3) page map attached as Appendix A, some of which include existing parcels currently in PURA project areas, that are producing de minimis amounts of tax revenues. Appendix A includes a potential PURA YES Pueblo Project area for reference purposes only, and the final TIF area map to be negotiated between PURA and County and subsequently approved by the City as required by C.R.S. 31-25-107, at a later date; and

WHEREAS, Pueblo County requests that PURA, conditioned on permission from existing selected financial obligation holders, and subject to subsequent approval by the City as required by C.R.S. §31-25-107, to remove identified parcels on the final TIF area map out of any existing urban renewal project areas and it is anticipated the identified parcels on the final TIF area map will comprise a new PURA YES Project Area, subject to subsequent approval by the City as required by C.R.S. §31-25-107; and

WHEREAS, the County has agreed to relinquish its full property tax and sales tax increment in all parcels in the new PURA YES Project Area for twenty-five years for the purpose of the YES Pueblo project and the County has requested that the City provide

full property tax increment, partial sales tax increment, and full City lodging tax increment generated from all parcels in the new PURA YES Project Area for twenty-five years; and

WHEREAS, Pueblo County specifically requests that the City provide 81.081% of the City's 3.7% sales tax increment (providing 3.0% of the 3.7% to the tax increment) and 100% of the City's 4.3% lodgers tax increment generated from all parcels in the new PURA YES Project Area for twenty-five years, however the City will not relinquish the .5% sales tax increment currently dedicated for economic development or the .2% sales tax increment currently dedicated for public safety in the new YES PURA project area; and

WHEREAS, the YES Pueblo project and the minor league baseball owner's proposed developments will pay all the future sales and property tax increment revenues, subject to approval by the various taxing entities affected, utilized for the construction of the multi-use stadium which stadium revenues would not be realized if not for the development of the multi-use stadium and proposed developments; and

WHEREAS, based upon anticipated development, the County's financial analyst has projected up to \$45,000,000 in TIF revenue may be generated over the twenty-five-year period from the new PURA YES Project district; and

WHEREAS, the County expects that the land acquisition, soft costs, and construction costs of the multi-use stadium to be less than \$27,000,000; and

WHEREAS, the County has requested that the Pueblo Economic Development Corporation ('PEDCO'), in its capacity as skilled economic development professionals, will review and evaluate the financials of the minor league baseball owner to ensure his capacity to secure financing to construct and operate his proposed hotels, develop the travelling baseball tournament business, and continue to operate the minor league baseball team; and

WHEREAS, the County anticipates imposing a 2.0% Public Improvement Fee (PIF) to be overlaid on the PURA YES Project Area for the long-term operations and maintenance of the multi-use stadium and other associated YES Pueblo project area costs; and

WHEREAS, the City Council supports the YES Pueblo projects as described above. NOW THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF PUEBLO, that:

SECTION 1

A. It is anticipated that PURA, subject to subsequent approval by the City as required by C.R.S. §31-25-107, will negotiate with existing selected financial obligation holders with the intent of removing parcels from existing urban renewal project areas, as identified in Appendix A, for the purpose of creating a new YES Pueblo Project urban renewal area and collecting a new property tax increment.

B. It is anticipated that PURA, after removing any parcels out of existing urban renewal project areas and subject to subsequent approval by the City, will request that the City establish a new YES Project Area, consisting of selected parcels generally identified within the areas highlighted in pink on the three (3) page map attached as Appendix A.

C. If the YES Project Area is established as a new urban renewal area, as long as the County agrees to forego full tax increment for both property tax and sales tax in the new PURA YES Project Area for twenty-five years, the City shall provide its full property tax increment, 100% of the 4.3 % lodgers tax increment, and 81.081% of the 3.7% sales tax increment in the new PURA YES Project Area for the same duration to support the financing of the proposed developments.

D. All tax increment revenues, minus any administrative charge incurred by PURA, in the new PURA YES Project Area pursuant to the approved Urban Renewal Plan shall be collected by PURA and dispersed in a timely fashion after collection to the County to reimburse financial obligations related directly to property acquisition, soft costs, and construction of the new multi-use stadium.

E. Any TIF revenues PURA receives from the YES Project Area over and above the cost of the County's financings for the purpose of property acquisition, soft costs, and construction of the new multi-use stadium may be expended by PURA as permitted by applicable law and subject to approval by the various taxing entities affected. so long as the County's financial obligations related thereto are being or have been fully repaid.

F. The City of Pueblo will not contribute any City general fund dollars to fund the YES Pueblo projects.

G. The City of Pueblo has no obligation to incur any debt for the YES Pueblo Project.

H. PURA has no obligation to incur any debt for the YES Pueblo Project. However, PURA is responsible for collecting the identified tax increment revenues and dispersing the same to the County, minus any administrative charge incurred by PURA, for the purpose of covering the cost of the related financial obligations.

I. The City requests PURA to assist with any property acquisition necessary for the development of the YES Pueblo Project, so long as the County commits to pay all property acquisition costs.

J. The City, per the process as set forth in the HARP IGA, will request that the HARP Authority negotiate a Development and Disposition Agreement with the County for the purpose of selling Lot 6, Historic Arkansas Riverwalk of Pueblo Filing 1 to the County.

K. The City agrees to consider the sale or request PURA to sell, one of the following two identified parcels to the County: 1) the former police annex parcel; or 2) the collective parcels that comprised the former Pueblo City-County Health Department on Main Street, at prices to be negotiated.

L. The City agrees to maintain the Main Street public improvements upon completion and in a manner consistent with the City's policies and procedures.

M. The City agrees to consider the amendment of its IGA with CDOT, if necessary, to allow CDOT's property possibly to be utilized for the YES Pueblo projects.

N. The City agrees to consider the relinquishment of any easements or rights in the upper Lake Elizabeth area for the purpose of the County developing future Riverwalk expansion or the multi-use stadium.

O. The City will support the imposition, and if so negotiated, collect and transfer, for a reasonable administrative fee, to the County the 2.0% Public Improvement Fee (PIF) to be overlaid on the PURA YES Project Area for the costs of the long-term operations and maintenance of the multi-use stadium and other associated YES Pueblo Project Area costs.

SECTION 2.

The officers and staff of the City are authorized and directed to perform any and all acts consistent with the intent of this Resolution to effectuate the policies and procedures described herein, including working in a collaborative process with the County, PURA, HARP, Board of Water Works and Pueblo Conservancy District to ensure all work can be conducted in an expeditious manner.

SECTION 3.

This Resolution shall become effective immediately upon final passage.

INTRODUCED June 11, 2018

BY: _____
MEMBER OF CITY COUNCIL

APPROVED: _____
PRESIDENT OF CITY COUNCIL

ATTESTED BY: _____
ACTING CITY CLERK



Pueblo County EDGIS, Fremont County, Colorado Water Conservation Board, Merrick & Company

Riverwalk Vicinity & Urban Renewal Boundaries



