



AGENDA
SUPERIOR TOWN CENTER (STC) FINANCING OVERVIEW
TOWN STAFF PRESENTATION
JUNE 26, 2013
6:00 P.M.
BOARD CHAMBERS, TOWN HALL

- 1) Introductions
- 2) STC projected sources/uses of one-time revenues
- 3) STC projected sources/uses of annual revenues
- 4) Town's future finances without a STC
- 5) Urban Renewal Authority and Tax Increment Financing Overview
- 6) Questions & Answers
- 7) Other



Superior Town Center (STC) Financing Overview

June 26, 2013

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Agenda

- STC projected sources/uses of one-time revenues
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- Town's future finances without a STC
- Urban Renewal Authority and Tax Increment Financing Overview
- Q & A
- Other

STC One-Time Revenues (Realized Over a Period of Years)

- **\$38,500,000** - Superior Metropolitan District No. 1 (SMD1) Connection/Tap Fees (Town's Utility System)
- **\$2,000,000 - \$3,000,000** – BVSD School Impact Fees and/or land dedication

Use of One Time STC Revenues (Realized Over a Period of Years)

- **\$25 million** – pay off SMD1 debt
- **\$6 million** – remaining financing for Windy Gap storage (\$15 million project)
- **Balance (\$7,500,000)** – Future capital (Water and Waste Water Plant Impv)
- **Net Result** – Prevents/Moderates Utility Rate Increases, Additional Monies to the Town's General Fund/Operations

STC On-Going Annual Revenues at Build Out

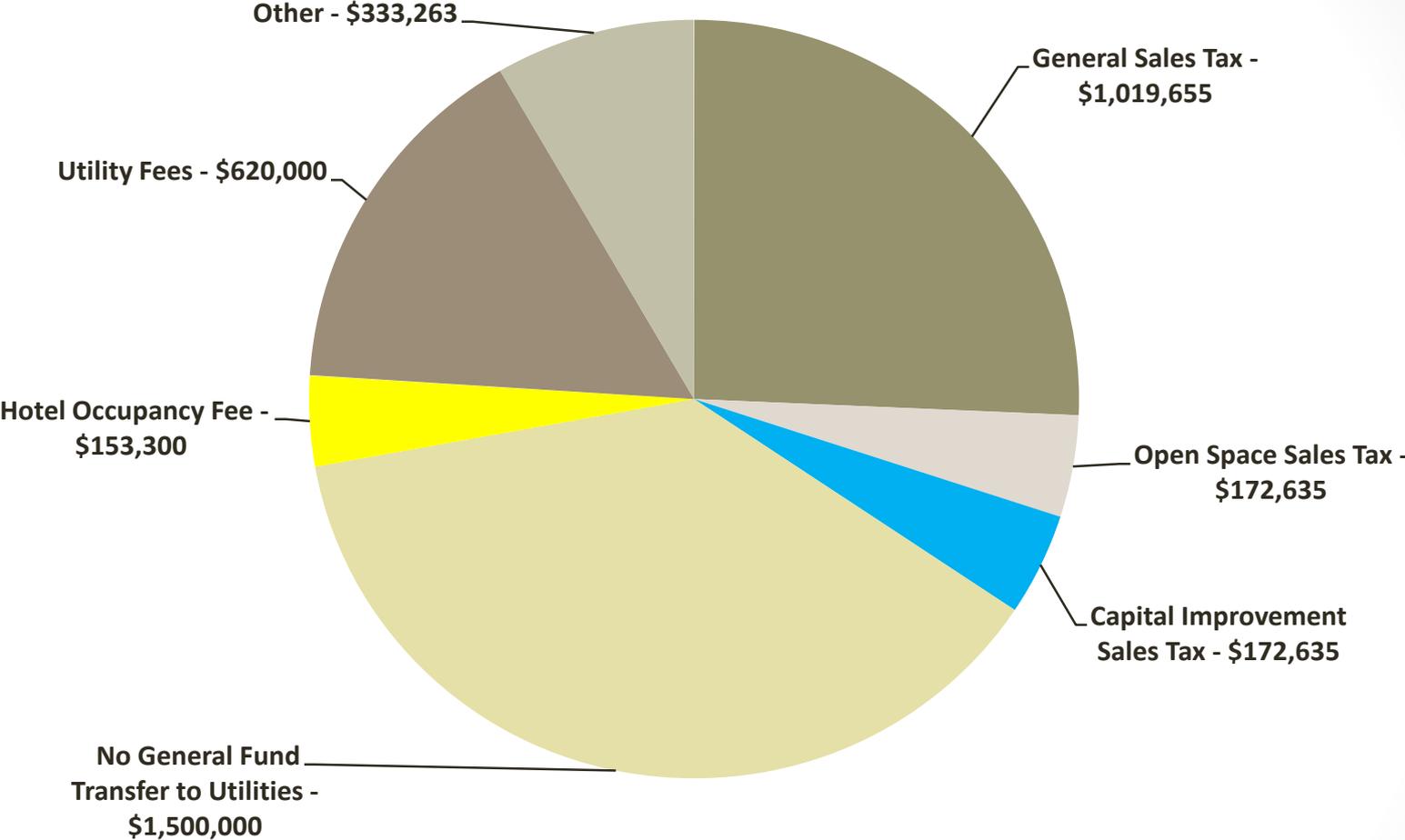
- **\$1,000,000** – Net Sales Tax (Louisville Revenue Sharing Out)
- **\$170,000** – Open Space Sales Tax
- **\$170,000** – Capital Improvement Sales Tax
- **\$1,500,000** – No Transfer to Utilities (SMD1 Debt Paid Off – \$2.2 - \$2.6 Million in Annual Principal/Interest Payments Not Needed)

STC On-Going Annual Revenues at Build Out (Continued)

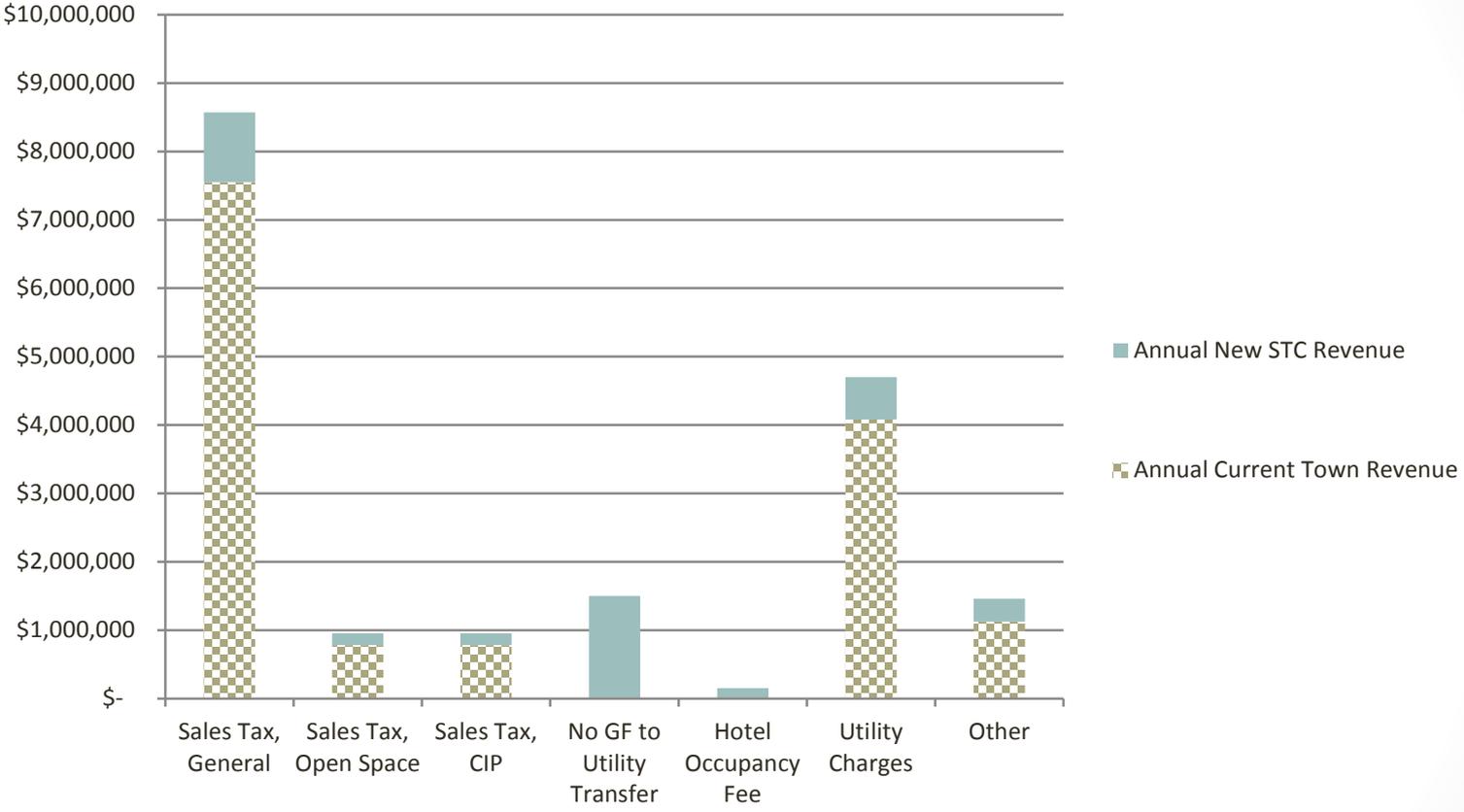
- **\$620,000** – Net Utility User Fees
- **\$485,000** – Other (Hotel Occupancy Fee, New Vehicle Revenues, Gas Tax)

- **\$3,945,000** - Total

STC Annual New Revenues at Build Out - \$3.9 Million



Annual Current Town Revenues and New STC Revenues at Build Out (New Revenues over \$3.9 million annually)



STC On-Going Annual Expenses

- **\$250,000** - BOCO Sheriff (2 Deputies)
- **\$150,000** – Field Maintenance Staff (3)
- **\$50,000** – Snow Removal/Street Maintenance

STC On-Going Annual Expenses (Continued)

- **\$200,000** – Grounds Maintenance
- **\$100,000** – Town Facility Maintenance
- **\$250,000** – Capital Renewal/Replacement

- **\$1,000,000** - Total

Town's Finances Without STC Development

- **Town Controlled Property Tax Rates** – limited ability to decrease (From 2004 – 2013, Town Board has been able to reduce property tax rates)
- **Utility Rates will increase**

Town's Finances Without Town Center Development (Continued)

- **Water Rates**

- Have increased 4 – 5% annually from 2009 – 2013
- Planned to increase 5% annually through 2018
- 2019 and thereafter, continued annual above inflationary increases

Town's Finances Without Town Center Development (Continued)

- **Sewer Rates**

- Have increased 5% every other year from 2007 – 2013
- Planned to increase 5% annually through 2018
- 2019 and thereafter, continued annual above inflationary increases

Town's Finances Without Town Center Development (Continued)

- **Assumes no loss of existing retail development (and therefore sales tax revenue)**
 - Top 2 retailers generate 60%
 - Top 5 retailers generate 75 – 80%
 - **Take Away** – Continued Lack of Town Revenue Diversification

Town's Finances Without Town Center Development (Continued)

- **Capital Improvements** - Limited to Maintenance Capital (No New Capital)
- **Landscape Maintenance Fee** - \$30 monthly fee will continue
- **Take Away** – With no new STC revenues, a voted sales and/or property tax increase may be needed

Urban Renewal Authority (URA)

101

- Project area created to prevent and eliminate slums and blighted conditions
- Blight study must be conducted
- URAs cannot levy taxes or special assessments against property
- Urban renewal plan must be adopted. BVSD and BOCO provided plan copies. Planning Commission to review and recommend to Town Board

URA 101 (Continued)

- URAs may be authorized to collect tax increment financing (TIF) funds on property and/or sales tax revenues
- Once a URA has fulfilled its specific monetary obligation related to a project, the increment reverts to the normal taxing entities

Superior Urban Renewal Authority (SURA)

- Created in 1995 to assist with the public improvement development of the Superior Marketplace (i.e. Costco, Target, Whole Foods)
- Expanded in 2006 to include STC area
- Town Board sits as SURA Commissioners

What is Tax Increment Financing (TIF)?

- Tool used to finance public improvements in Urban Renewal Areas with new or incremental property and/or sales taxes
- Specific to the Superior Marketplace, \$21 million in public infrastructure (roads, utilities, public art) was funded with a portion of SURA sales tax revenues

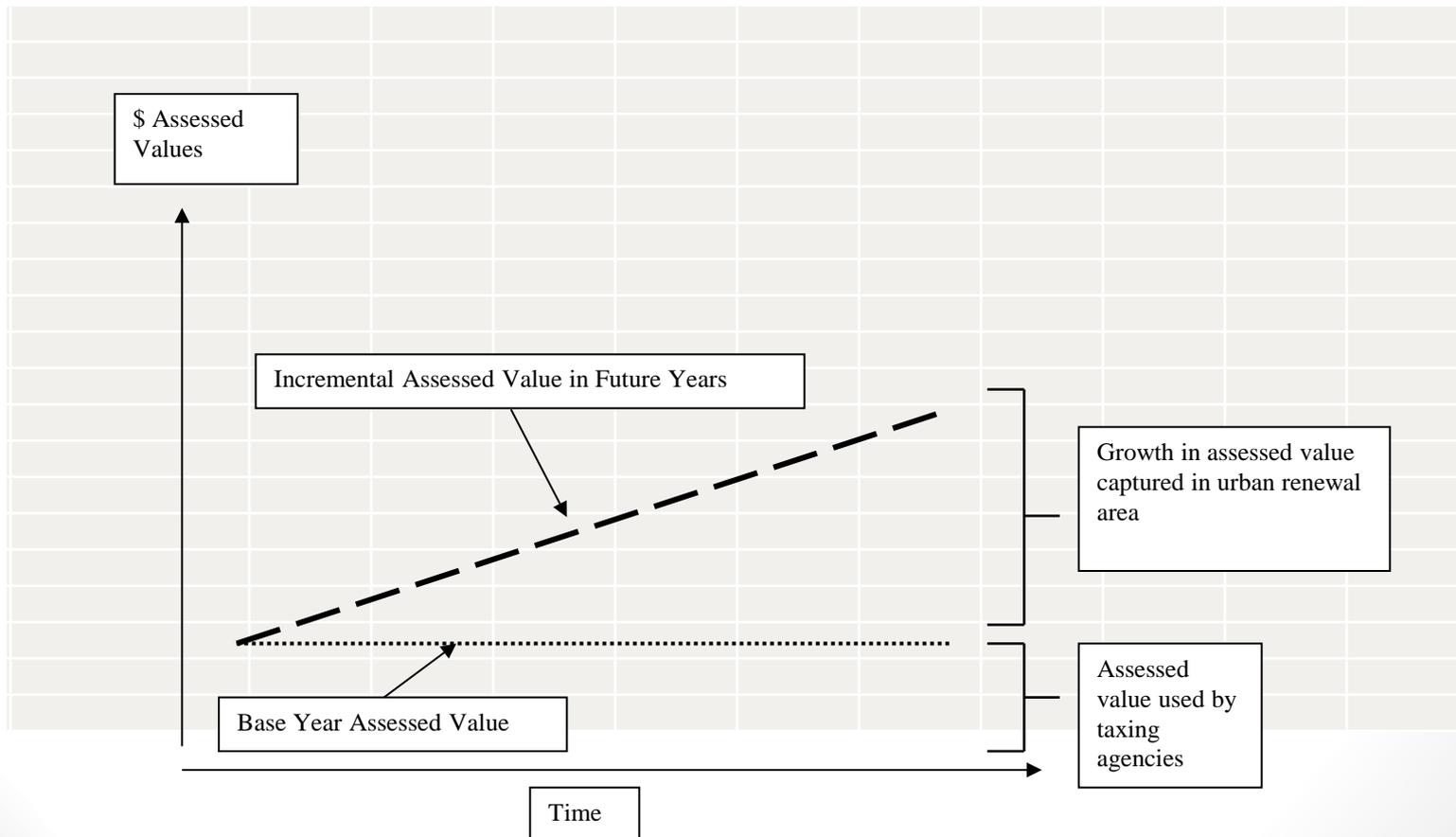
Why use TIF?

- TIF can fund needed public improvements (public works, streets, roads, utilities, education) without an increase in taxes.
- Common finance tool used in Colorado

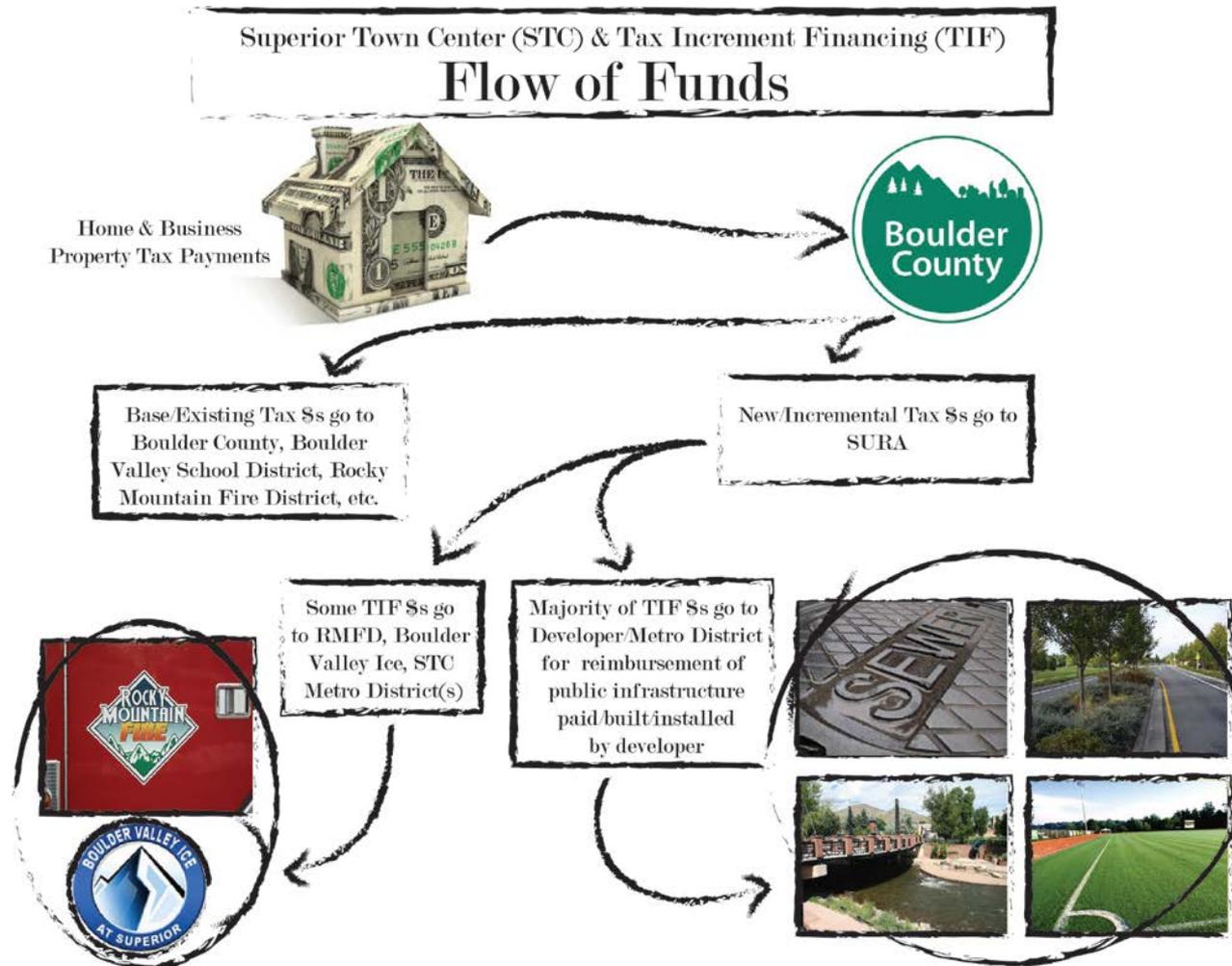
TIF and the Superior Town Center (STC) – How Does it Work?

- SURA plan adopted and the property/sales tax base is frozen/established
- Existing taxes continue to flow to current taxing entities
- New tax revenues above the base to SURA
- 25 year financing time limit for each unique project area

TIF and the Superior Town Center (STC) – How Does it Work (Continued)?



STC TIF Flow Chart



Is TIF a New Tax?

- No new taxes are created
- The existing tax rates are not increased
- New/Incremental tax revenues that result from the new development go to SURA

Do Others Use TIF?

- Yes
 - Boulder County communities:
 - City of Boulder
 - City of Lafayette
 - City of Longmont
 - City of Louisville
 - Many in Denver Metropolitan (in a number of cases, multiple URA/TIFs in the same municipality)

Town of Superior Obligations to Pay for Developer Debt

- \$0
- If TIF revenues are generated from the STC (otherwise defined as “Pledged Revenues” in the Public Finance Agreement), these monies to flow to Developer/Metro District to repaid principal amount of public improvements, not to exceed 75% of \$145 million.

Questions



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