



## Castle Rock Downtown Alliance

*A partnership between the Downtown Development Authority and Downtown Merchants Association*

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### **Castle Rock Downtown Alliance Downtown Development Authority Semi-Annual Report to Town Council 2015**

#### **Background**

The Castle Rock Downtown Alliance is a partnership between the Downtown Merchants Association and Downtown Development Authority. This partnership expands the audience and involvement of the two organizations and unifies the Downtown organizations under one roof. The two organizations share one office and one director helping to further the collective vision of a vibrant and prosperous Downtown.

The **Downtown Development Authority (DDA)** is a governmental entity that functions as an extension of the Town guided by a 7 member board that is appointed by Town Council. The DDA is charged with furthering development and place-making in Downtown Castle Rock using Tax Increment Financing (TIF) and is guided by a Plan of Development. The Plan of Development provides guidance from Town Council on the mission of the DDA and encourages the DDA to pursue “development projects” which include projects to beautify downtown, increase commerce in downtown and development projects which bring physical construction of buildings to downtown.

#### **Report**

2015 has been a building and transitional year for the DDA. In 2015, the DDA continued existing programs aimed at the revitalization and beautification (listed below) of Downtown Castle Rock, the DDA also began work on the enhancement and expansion of Festival Park. In addition, the DDA has focused on establishing the necessary legal and strategic framework to setup the DDA and Town Council to utilize the DDA’s Tax Increment Financing Tool as an additional source of funds to revitalize Downtown Castle Rock, and ultimately recommended a TIF agreement for the Mercantile Commons Project to Town Council. These initiatives and actions are summarized below with additional details provided in the narrative further below:

#### **Downtown Projects and Programs**

- Rink at the Rock
- Downtown Stakeholders Meeting
- Banners Committee
- Christmas Decorations Committee
- Façade Grants
- Flower Box Program
- Patio Program
- Festival Park Enhancement and Expansion

#### **Strategic Initiatives with Town Council**

- Jan. 6 – Direction - Use of accumulated \$1,214,913 Sales Tax Increment
- Jan. 27 – Approved - Use of accumulated \$1,214,913 Sales Tax Increment as a part of the Overall Town Financial Priorities
- Feb. 17 – First Reading - Established the DDA Special Fund (Ord. 2015-10)

- Mar. 3 – Second Reading - Established the DDA Special Fund (Ord. 2015-10)
- Mar. 17 – Approved Design Workshop for the Design of Festival Park (Res. 2015-23)
- Apr. 7 – First Reading - Approved a Line of Credit for the DDA with FirstBank (Ord. 2015-16)
- Apr. 7 – First Reading - Approved a Term Loan with FirstBank for the Move, LLC (Ord. 2015-17)
- May 5 – Approved DDA / Town of Castle Rock IGA (Res. 2015-47)
- May 5 – Second Reading - Approved a Line of Credit for the DDA with FirstBank (Ord. 2015-16)
- May 5 – Second Reading - Approved a Term Loan with FirstBank for the Move, LLC (Ord. 2015-17)
- Jun. 2 – Exec. Session for Negotiations Regarding the Use of TIF for DDA Projects
- Jul. 7 – Approved an Amendment to the DDA Plan of Development to be consistent with IGA (Res. 2015-59)
- Jul. 14 – Work Session with DDA/Town Council to Review the Design Concept for Festival Park
- Aug. 4 – Approval of a TIF Agreement with the Merchantile Commons, LLC (Res. 2015-70)

## **Downtown Projects and Programs**

### *Rink at the Rock*

The DDA wrapped up its third successful season of the Rink at the Rock with roughly 12,000 attendees at the Rink during the 87 day winter skating season. Younger skaters are assumed to have been brought to the Rink by a parent, grandparent or guardian which only increases the number of people that this project brought to Downtown and are believed to have had a positive impact on Downtown by frequenting Downtown businesses, the main goal of this revitalization project.

### *Downtown Stakeholders Meetings*

The DDA in partnership with the DMA (the Alliance) host quarterly Downtown Stakeholders Meetings at the Philip S. Miller Library. At these meetings the public is invited to share feedback and ideas for improving Downtown Castle Rock and the Alliance provides an update to the public on what is going on in Downtown. The DDA uses these meetings as an opportunity to provide information to the public on its Downtown programs, such as accepting orders the flowerbox program, light pole banners, façade grant program, patio program, etc., and to provide updates on DDA initiatives such as Festival Park or other development projects. In the Q1 Stakeholders meeting, the Alliance partnered with the Town PR Director to market the Town mobile app and share information about mobile technology with Downtown businesses.

### *Banners Program*

Continuing the Banner Program that was started in 2014. In 2015 the DDA purchased brand new summer season banners for Downtown Castle Rock. The DDA banners committee reviewed several different designs for the summer selection and ultimately selected banners that will bring color and vibrancy to Downtown. This selection pairs nicely with the additional color in Downtown from the DDA and Town flowerboxes. The DDA has continued its offer to Downtown businesses to purchase a banner with their logo for placement outside of their building on a light pole. This encourages the private sector that benefits from a vibrant and active Downtown, to help support the cost of these banners and also have an opportunity for marketing. The DDA approved private sector banners for 6 banners to date in 2015 adding to the many approved in 2014. Here is a list of the private sector banners approved in 2015:

- Angie's Restaurant
- Crowfoot Valley Coffee
- The Skin Co.

- Nick Lucey
- Dairy Queen
- UPS

The DDA also partnered with the Town of Castle Rock and the Downtown Merchants Association to produce banners for Town Hall, Police Dept. and Fire Dept. at cost, and to produce Downtown event banners for the DMA events.

#### *Christmas Holiday Decorations Committee*

Building on the Christmas Holiday Decorations Committee that was organized in 2014, the committee has held several meetings in 2015 to plan for the coming holiday season. In 2015, the DDA recommended to Town Council a proposal put together by Mark Stevens for the use of the \$1,214,913 which was supported by Town Council on January 6 and 27, and February 17, 2015, and which included a one-time payment for \$77,483 for the 2014 Christmas Decorations and a one-time payment of \$50,000 for the 2015 Christmas Decorations plan.

#### *Façade Improvement Program*

The DDA Board has been actively pursuing beautification projects in historic Downtown Castle Rock. The open Façade Grant at 314 Wilcox provided an update in June 2015 presenting a sample of the awning that they have selected for their façade improvement.

Most municipalities that are actively encouraging redevelopment and revitalization provide incentive to the private sector to improve the façade of their buildings. While it is not required that facades in Downtown Castle Rock look a certain way, the DDA can encourage an attractive look true to historic architecture with the use of incentives. The DDA has had success with several façade improvements and actively encourages more private sector partners to utilize this program. Several Downtown Businesses are in the process of preparing application for a façade grant at the time of this report.

#### *Flowerbox Program*

The DDA has partnered with the Town and Dutch Heritage Gardens again to place flower boxes throughout Downtown, building on the sense of small town charm and enhancing the look and feel of the Downtown environment, which has been proven to have an impact on business success and economic activity. This DDA flowerbox program does not use any Town General Fund tax dollars. We do partner with Town staff on the day of delivery for their expertise and equipment to deliver flowerboxes to the private sector.

The DDA also partnered with Brown's Greenhouse to plant the flower boxes for the patios in Downtown on site. This allowed the DDA to deliver patios to Downtown almost 2 months earlier at the request of the Downtown businesses.

#### *Patio Program*

Before the DDA was created, the Town, in partnership with several interested business owners, brought in Walkable Communities Inc. to evaluate Downtown Castle Rock. This organization provided guidance to the group on building a thriving downtown which built on years of research and studies that Walkable Communities Inc. had done. One of the recommendations from this exercise was a recommendation to invest in the infrastructure of wider sidewalks in order to encourage pedestrian activity and allow shop owners to have street-side patios on the sidewalks. After the DDA was formed, and using this research, the DDA designed a way to construct temporary street-side patios similar to those utilized by other

neighboring communities. The program has had great success and positive feedback from businesses and the community. Anecdotal data from one patio owner shared that patio business accounts for a third of his overall business. It was also noted that while use is very high, that even if usage was low, a patio and an umbrella act as a “giant billboard” that says “eat here” and this marketing benefit was worth the cost of the patio alone. In 2015, the DDA added three additional patios in the Downtown core (Lost Coffee, Tricocci’s, ACME Water Tower) and one expansion of an existing patio at Castle Rock Bike and Ski. With the addition of Lost Coffee, Tricocci’s and the ACME Water Tower this year, the DDA has realized the vision originally described with the creation of this program, where multiple blocks in the Downtown Core have multiple patios that collectively create a summer pedestrian environment.

### **Strategic Initiatives with Town Council**

*Jan. 6 – Discussion - Use of accumulated \$1,214,913 Sales Tax Increment*

*Jan. 27 – Direction - Use of accumulated \$1,214,913 Sales Tax Increment as a part of the Overall Town Financial Plan*

- The following spreadsheet identifies the recommendation that was unanimously supported by the DDA Board on December 18, 2014 to recommend to Town Council, and which was supported by Town Council on January 6 and then received support as a component of the Overall Town Financial Plan on January 27 which led to a 1<sup>st</sup> Quarter Budget Amendment on February 17:

<b>Accumulated Sales Tax from 2012, 2013 &amp; 2014</b>	
2012	\$208,127.00
2013	\$395,705.00
2014 estimate	\$611,081.00
	<b>\$1,214,913.00</b>
<b>Proposed use of \$1,214,913* Accumulated Sales Tax Increment</b>	
Wedding District - Remaining Balance	\$171,965.00
Rink at the Rock - Remaining Balance	\$208,156.00
Miller Trust Fund - 2014 Holiday Lights	\$77,483.00
Miller Trust Fund - 2015 Holiday Lights	\$50,000.00
Miller Trust Fund - Holiday Decorations	\$50,000.00
Downtown Sound System	unknown
Downtown Electrical System Upgrades	unknown
Capital Contingency Fund	\$300,000.00
Downtown Development Fund - Strategic Investment	\$357,309.00
	<b>\$1,214,913.00</b>
* This uses the estimate for 2014 Sales Tax Increment. If adjustment are made it is proposed to be made to the Downtown Dev. Fund.	

*Feb. 17 – First Reading - Established the DDA Special Fund (Ord. 2015-10)*

*Mar. 3 – Second Reading - Established the DDA Special Fund (Ord. 2015-10)*

- The second reading established that the DDA Special Fund is to be established at FirstBank and funded with an advance of \$800,000 estimated to be generated in 2015 from Sales Tax Increment.

*Mar. 17 – Approved Design Workshop for the Design of Festival Park (Res. 2015-23)*

- This resolution was the first major step forward to enhance and expand Festival Park. The Town Parks and Rec Dept. and the DDA has made a lot of progress in 2015. In addition to bi-weekly

meetings with DDA staff and board representatives, Town PR staff, Parks and Rec staff, and the designer, here are a few major meetings/milestones that were accomplished:

- May 7 – Planning Session with the DDA and 1<sup>st</sup> Interactive Open House
- June 4 – 2<sup>nd</sup> Interactive Open House
- June 6 – 1<sup>st</sup> Interactive Community Presentation
- July 3 – 2<sup>nd</sup> Interactive Community Presentation
- July 14 – Public Work Session with DDA and Town Council to review Preferred Concept (as described below)

*Apr. 7 – First Reading - Approved a Line of Credit for the DDA with FirstBank (Ord. 2015-16)*

*Apr. 7 – First Reading - Approved a Term Loan with FirstBank for the Move, LLC (Ord. 2015-17)*

- The First Reading was supported by Town Council for both documents.

*May 5 – Approved DDA / Town of Castle Rock IGA (Res. 2015-47)*

- This IGA describes the flow of funds into and out of the DDA Special Fund and serves as the core partnership agreement between the two entities. This document is also needed for FirstBank to establish the Line of Credit for the DDA and the Term Loan for the Move project, and this document ensures that the bank can collateralize the needed funds in the Special Fund. The DDA Statute, DDA Plan of Development and this IGA between the Town and DDA, all speak to whether the Town is required put all of the Sales Tax Increment into the special fund each year if there is the existence of Town/DDA debt or whether a portion can be put in just to cover the amount required by the bank for the debt. A grey area existed in some of the language in the Plan of Development and required staff to work to amend the Plan of Development with Town Council later on July 7, so that Council could preserve flexibility to place Sales Tax Increment into the DDA Special Fund on a case by case basis. This IGA was recommended to us as an important document to have in place in order to create the DDA Special Fund, approve the Line of Credit and approve a Term Loan.

*May 5 – Second Reading - Approved a Line of Credit for the DDA with FirstBank (Ord. 2015-16)*

- The DDA Statute requires that increment from the DDA Special Fund be used to pay for debt. A line of credit is useful way to finance and budget increment to be used for smaller projects, studies, research and designs. This line of credit was setup to use for the initial designs and planning of Festival Park and going forward for other uses described above, including analysis on DDA Projects like the Mercantile Commons.

*May 5 – Second Reading - Approved a Term Loan with FirstBank for the Move, LLC (Ord. 2015-17)*

- In 2014, the Town Council unanimously approved Resolution 2014-25 which provided a \$900,000 variable rate loan to The Move, LLC. This exceptional project accomplishes a multitude of economic objectives shared by the DDA, the Town, and the EDC, bringing a 50,000 SF technology oriented office building in Downtown Castle Rock. The DDA conservatively estimates that this project will increase the Downtown Development Authority's Property Tax TIF mechanism by approximately \$140,000 annually. In addition, this project will generate additional sales tax revenues indirectly and create new primary jobs.

This loan to the Move, LLC was originally expected to be funded utilizing the accrued \$1,214,913 of Sales Tax Increment in the General Fund. With the establishment of the DDA Special Fund in 2015 and approved direction for the \$1,214,913, as a part of the Town's Overall Financial Plan supported in early 2015, a proposal was approved by Town Council to change this plan and

utilize the accrued Sales Tax Increment for other Downtown uses and instead finance this commitment through a bank term loan, which also meets the statutory debt requirement required for DDAs to have debt in order to place funds into the DDA Special Fund. This strategic action helps the DDA accomplish its overall goals for Tax Increment Financing and it frees up cash for other Downtown uses.

*June 2 – Exec. Session for Negotiations Regarding the Use of TIF for DDA Projects*

- This executive session was the first important confidential conversation with the DDA staff, Town staff and Town Council which helped identify mutually agreed upon deal structure for DDA Projects.

*Jul. 7 – Approving an Amendment to the DDA Plan of Development to be consistent with IGA (Res. 2015-59)*

- As described above, this key amendment to the Plan of Development finalizes the DDA and Town's ability to execute the DDA/Town IGA, Line of Credit and Term Loan for the Move.

*Jul. 14 – Work Session with DDA/Town Council to Review the Design Concept for Festival Park*

- This work session with the DDA and Town Council presented the Preferred Concept that came out of the public workshops, and provided direction to the Festival Park Team and designer to move forward to research the feasibility and logistics of the Preferred Concept.

*Aug. 4 – Approval of a TIF Agreement with the Merchantile Commons, LLC*

- Building on all of the actions taken earlier in the year, a TIF Property and Sales Tax share back agreement was recommended unanimously by the DDA Board and supported unanimously by Town Council. This 4 story, 28,800 SF mixed use project will have retail/restaurant space, office space and residential space located at 230 Third St. in the Downtown Core consistent with the DDA Plan of Development and the 2014 mutually agreed upon goals and priorities of Town Council and the DDA.

**Summary**

The DDA has had a very successful year to date. It has maintained all of its core projects and programs while making tremendous strides to set the Town Council and DDA up to accomplish success with Tax Increment Financing and the strategic and legal framework of agreements and deliverables needed to utilize Tax Increment Financing. In addition, the DDA in partnership with the Town and Castle Rock EDC successfully structured its first Tax Increment Financing deal with the Merchantile Commons, LLC.

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