



## 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 Annual Report December 31, 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 and increase commerce in downtown and development projects which bring new or expanded buildings to downtown.

#### **Report**

In 2015, the DDA had a successful year that advanced the agreed upon priorities of Town Council and the DDA Board. The DDA focused on:

- continuing its existing programs and projects aimed at the revitalization and beautification of Downtown Castle Rock,
- establishing the necessary legal and strategic framework to utilize Tax Increment Financing to accomplish the goals of the Plan of Development,
- working in partnership with the Town of Castle Rock on the enhancement and expansion of Festival Park, and
- structuring an agreement for the construction of the Mercantile Commons Building.

#### **Programs and Projects**

The DDA works to revitalize and beautify Downtown Castle Rock. In October, the DDA Board held its annual retreat in Golden, Colorado in order to learn from a Downtown that has used Tax Increment Financing (TIF) for over 30 years to energize their Downtown. The Director of Golden DDA and former Director of the Golden URA held a work session with the Castle Rock DDA board before leading a tour of Downtown Golden to visit TIF projects.

In addition to learning from other communities, the DDA (in partnership with the Downtown Merchants Association – the Alliance) hosts quarterly Downtown Stakeholders Meetings at the Philip S. Miller Library in order to communicate with the Castle Rock community. 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, information on DDA programs and projects, and information on DMA events. The Alliance partnered with the Town of Castle Rock Marketing Department at one of the 2015 meetings to market the Town mobile app and share information about

mobile technology with Downtown businesses. A brief summary of DDA programs and projects is included below:

#### *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. Many skaters are brought to the Rink by a parent or guardian which increases the number of people brought Downtown by this project and are believed to have had a positive impact on Downtown by frequenting Downtown businesses, the main goal of this revitalization project.

#### *Banners Program*

Continuing the Banner Program that was started in 2014, in 2015, the DDA purchased brand new summer seasonal banners for Downtown Castle Rock. The DDA banners committee selected banners that will bring color and vibrancy to Downtown, with the goal to compliment the DDA and Town flowerboxes with additional color. 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 many more private sector banners in 2015 adding to those approved in 2014: Angie's Restaurant, Crowfoot Valley Coffee, The Skin Co., Nick Lucey, Dairy Queen, UPS. The DDA also produced banners for the Douglas County School District, the Town of Castle Rock (Town Hall, Police Dept. and Fire Dept.), Starlighting and Season of the Star and the Downtown Merchants Association events.

#### *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.

In September, Blue Spruce Animal Clinic applied for a façade grant and was approved for matching funds of up to \$6,000 (\$1,000 for design) for their location at 101 Briscoe Street.

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 that fits in Downtown Castle Rock with the use of matching funds. The DDA has had success with several façade improvements and actively encourages more private sector partners to utilize this program.

#### *Flowerbox Program*

The DDA 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. These types of efforts have been proven to have an impact on business success and economic activity. The DDA flowerbox program does not use any Town General Fund tax dollars. The DDA does 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 advertises a place to eat 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 that drove the creation of this program, where multiple blocks in the Downtown Core have multiple patios that collectively create a summer pedestrian environment.

### *Christmas Holiday Decorations Project*

The DDA worked with the Downtown Merchants Association, the Chamber of Commerce and the Town of Castle Rock to build on the Christmas Decorations that were a success in 2014. In the fall of 2015, Town Council approved the use of up to \$215,000 of the accumulated Downtown Sales Tax Increment to create a spectacular holiday environment in Downtown.

### **Legal and Strategic Framework for TIF**

Years ago, the Colorado Legislature passed a bill to help municipalities revitalize historic downtown areas in the state. This bill allows municipalities to create a Downtown Development Authority and provides them with a funding mechanism to overcome redevelopment challenges. This mechanism is known as Tax Increment Financing (TIF) and allows the DDA and municipality to utilize the incremental taxes generated from a project to help overcome challenges for the project itself or be used for other improvement or “development projects”.

When the Castle Rock DDA was created, Town Council established two TIF funding mechanisms, a property tax TIF and a sales tax TIF. These tools exist to help the Town and DDA accomplish development projects from the Plan of Development. Development project may include the construction of buildings, land acquisition, grants for programs, beautification projects, downtown studies and other projects outlined in the Plan of Development.

In 2014, the Town Council and DDA mutually agreed upon 2 priorities for Downtown: (1) attraction of development projects (physical buildings) that bring residential, retail/restaurant, and office space, (2) enhancement and expansion of Festival Park. In order to accomplish these priorities, a legal and strategic framework of agreements first had to be established and the necessary Town Council actions and agreements that were accomplished in 2015 are noted below:

*Jan. 6 – Direction for the use of accumulated Downtown Sales Tax Increment*

*Jan. 27 – Approved use of accumulated Downtown Sales Tax Increment (component of the Overall Town Financial Priorities)*

- This proposed use of Downtown Sales Tax Increment helped accomplish several goals of the Town and DDA, including restructuring the loan for the Move Project to utilize future Downtown increment.

*Feb. 17 – First Reading - 1<sup>st</sup> Quarter Town Budget Amendment - Established the DDA Special Fund (Ord. 2015-10)*

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

- The second reading established the DDA Special Fund with FirstBank to be funded with an advance of \$800,000 (estimated 2015 Sales Tax Increment).
- The establishment of the DDA Special Fund allows Town Council and the DDA to utilize increment to accomplish mutually agreed upon priorities.

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

- This resolution was the first major step to enhance and expand Festival Park. Once Design Workshop was contracted for this project, they went to work with the DDA, Town PR staff, Town Parks and Rec. staff, and Design Workshop to organize public input meetings as the first step of this project:
  - o May 7 – Planning Session with the DDA and 1<sup>st</sup> Interactive Open House
  - o June 4 – 2<sup>nd</sup> Interactive Open House
  - o June 6 – 1<sup>st</sup> Interactive Community Presentation
  - o July 3 – 2<sup>nd</sup> Interactive Community Presentation
  - o July 14 – Public Work Session with DDA and Town Council to review Preferred Concept

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

- 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 helps the bank collateralize the needed funds in the Special Fund.

*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 square foot technology oriented office building in Downtown Castle Rock. The DDA conservatively estimates that this project will increase the Downtown Development Authority's Property Tax Increment 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 Downtown Sales Tax Increment. With the establishment of the DDA Special Fund and approved direction for the accrued Downtown Sales Tax Increment, 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. This strategic action helps the DDA

accomplish its overall goals for Tax Increment Financing, frees up cash for other Downtown uses and fits with the statutory intent for the use of increment to pay for debt.

*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)*

- This 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 by clarifying language that Town Council can commit Sales Tax Increment on a case by case basis.

*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 Design Concept that came out of the public workshops. This meeting provided direction to the Festival Park Team to move forward with the Design Concept.

*Aug. 4 – Approval of a TIF Agreement with the Mercantile 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 project is further described below.

*Sept. 15 – Agreement to use a portion (\$215,000) of the accumulated Downtown Sales Tax Increment for Holiday Decorations*

- This agreement finalized the amount to be used for holiday decorations.

*Oct. 20 – Approval of the Festival Park Design Concept*

- This approval of the design allows the Festival Park Team to move forward and develop a construction set and take the project to bid.

*Dec. 1 – Agreement on use of the remaining accumulated Downtown Sales Tax Increment and approval of the 2015 Q4 2015 DDA Budget Amendment and 2016 DDA Budget*

- This agreement finalized the repayment of the Wedding District and Rink at the Rock loan and established the remaining amount of \$657,260 to be used for Strategic Initiatives.

### **Mercantile Commons Building**

The DDA structured an agreement for the construction of the Mercantile Commons building. This 4 story, 28,800 square foot mixed use project will include retail/restaurant space, office space and residential space and will be located at 230 Third St. in the Downtown Core. This project is consistent with the DDA Plan of Development and the 2014 mutually agreed upon goals and priorities of Town Council and the DDA. This mixed use project will be the first of its kind in Downtown Castle Rock and is expected to strengthen the Downtown economy for existing and new businesses.

### **Festival Park Enhancement and Expansion**

The goal of this project is to create an attraction that will attract people and economic activity to Downtown. The design of this park seeks to add useable space, and make the existing space more usable allowing for better utilization of the park for events and for casual use such as working on a laptop. With exciting features and components that make the experience of this park more enjoyable and interesting, all of Downtown will benefit. The DDA hopes that this project will help attract additional investment in the Downtown core and spur revitalization.

**Summary**

The DDA had a very successful year in 2015. 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. In addition, the DDA in partnership with the Town and Castle Rock EDC successfully structured its first Tax Increment Financing deal for the Mercantile Commons Building, and working with the Town advanced the plans for an enhanced and expanded Festival Park.

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