

Castle Rock Downtown Alliance

A partnership between the Downtown Development Authority and Downtown Merchants Association

Downtown Development Authority

18 S. Wilcox Ste. 202
Castle Rock, CO 80104

August 12, 2019

Honorable Mayor Gray and Castle Rock Town Council
CC: Town Manager, Dave Corliss
Town of Castle Rock
100 N. Wilcox St.
Castle Rock, CO 80104

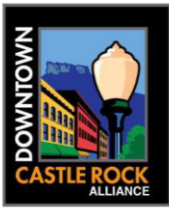
Dear Mayor Gray and Town Council,

I am pleased to present the Downtown Development Authority's Budget Message for 2020:

In 2020, the Downtown Development Authority (DDA) is excited about the development projects in Downtown. The projects that have been completed and that are in development work towards the goals jointly agreed upon by the DDA and Town Council. Those goals, as originally discussed, were to: 1) Focus on physical development projects in the core of Downtown, prioritizing development with retail, restaurants, office and residential space; and 2) Finance an expansion and enhancement of Festival Park with Sales Tax TIF and Property Tax TIF dollars in partnership with the Town Parks and Recreation Department. After the expansion of Festival Park in 2018, development projects in the downtown core have become an attractive opportunity for the private sector. In addition to focusing on development in the core, the DDA will continue its programs that enhance Downtown Castle Rock making it a more attractive place to visit, dine and shop, which include: partnering with the private sector to improve important building façades, beautification in the summer with flower boxes and street side patios and managing the Rink at the Rock ice skating rink to attract visitors to Downtown in the Winter.

The DDA is aware that attracting development in any downtown presents many challenges and can be difficult in the best of times. The DDA is realistic in knowing that it takes significant time for a developer to properly plan an exciting development and acquire the land, and for the Town and DDA to pursue bonds or financing related to TIF revenue streams and structure a deal with a developer with the engagement of the public. However, with increased focus on development, and a strong partnership with the Town, and Sales Tax TIF and Property Tax TIF to support positive development projects, the DDA is optimistic that more investment can be attracted to Downtown Castle Rock.

The 2020 DDA Budget includes 2 funds, the DDA Operating Fund and the Ice Rink Fund. The Operating Fund will continue to cover the expenses of operating the DDA. In 2016, the DDA began to transition expenses for funding the programs and projects mentioned above to Tax Increment Financing funding sources, as was discussed in last year's Budget Message. This stays consistent with the Plan of Development and is consistent with what is suggested in statute, using increment to pay for programs and projects. Increment will be used to pay legal and analysis expenses associated with development projects and will be used for infrastructure maintenance expenses for things like flower boxes and the



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Rink at the Rock. Increment could also be used for façade improvement grants expenses in 2020. As the DDA projects grow, the need for operating dollars will grow and increment will be an important source of funds to pay for public improvement programs like the flowerboxes, patios, Rink at the Rock and façade grants.

The Rink Fund accounts for the general operation of the Rink at the Rock. With major strategic investments made in the initial seasons, the Rink at the Rock is now operating with stabilized expenses, although attendance (revenues) and electricity demand (utilities expenses) are still subject to unpredictable weather. In 2020, use of increment is expected to be used for some of the expenses for this operation continuing with a shift of this program to be paid for with Tax Increment Financing. The Rink at the Rock was created with a goal to activate Downtown and support small business during the typically slower winter season, not to be a profit generator for the DDA. If this program can be operated with minimal financial support it will be deemed a successful endeavor. Additional economic activity generated by this program also increases Sales Tax Increment which provides an additional financial resource to invest back into Downtown Castle Rock.

The DDA will continue to maintain full transparency in its use of public tax dollars and maintain disclosure in a public friendly accounting system in accordance with accounting and auditing standards. The Castle Rock DDA financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligible requirements, if any, imposed by the provider have been met. Property taxes are recognized as revenues in the year for which the property taxes are collected.

Sincerely,

Kevin Tilson
Director, Castle Rock Downtown Development Authority

DRAFT Castle Rock DDA Budget for 2020

Operating Fund

		<u>2017 Actuals</u>	<u>2018 Actuals</u>	<u>2019 Budget</u>	<u>2019 Estimate</u>	<u>2020 Budget</u>
Income						
	Mill Levy	\$ 142,041	\$ 167,338	\$ 165,000	\$ 170,000	\$ 170,000
	Specific Ownership Tax	15,650	17,365	5,000	5,000	8,000
	Town Mill Levy Match	140,549	\$ 164,590	\$ 165,000	\$ 170,000	\$ 170,000
	Flower Box and Patio	7,345	7,875	10,000	9,000	8,000
	Misc. Other	511	410			
	Total Income	306,096	357,578	345,000	354,000	356,000
Expenses						
	Personnel	185,619	183,410	230,000	180,442	230,000
	Office Admin.	18,342	20,170	30,000	11,260	25,000
	Professional Services - Acct., Audit, Legal	16,180	15,795	19,000	19,211	20,000
	Programs - Trolley	2,000	2,000	2,000	2,000	2,000
	Programs - Façade/Downtown Impr. Program	7,915	1,000	12,000	7,000	25,000
	Programs - Flower Box and Patio	12,789	15,590	15,000	10,785	15,000
	Marketing and Websites	5,872	4,247	9,000	5,350	6,500
	Rent Expense	17,529	11,183	9,000	8,820	9,000
	Capital	13,875	-	10,000	4,600	10,000
	Contingency Expenses		-	9,000	-	10,000
	Total Expenses	280,121	253,395	345,000	249,468	352,500
	Beginning Fund Balance	200,677	226,652	330,835	330,835	435,367
	Transfer In/Out	-	-	-	-	-
	Net Activity	25,975	104,183	-	104,532	3,500
	Estimated Ending Fund Balance	\$ 226,652	\$ 330,835	\$ 330,835	\$ 435,367	\$ 438,867

This is a draft budget that has not yet been reviewed and approved by Town Council, the Downtown Development Authority Board or the public. Upon their review changes may occur.

DRAFT Castle Rock DDA Budget for 2020						
Ice Rink Fund						
		<u>2017 Actuals</u>	<u>2018 Actuals</u>	<u>2019 Budget</u>	<u>2019 Estimate</u>	<u>2020 Budget</u>
Income						
	Sponsorships	29,046	26,417	30,000	30,000	30,000
	Skating Admissions	80,280	100,118	105,000	95,000	95,000
	Skating Rentals	35,593	21,998	35,000	30,000	30,000
	Capital Contribution - DDA TIF	-	-	15,000	15,000	15,000
	Total Income	144,919	148,533	185,000	170,000	170,000
Expenses						
	Administration	215	335	5,000	200	500
	Programs / Operations / Personnel	129,198	141,810	175,000	134,900	175,000
	Marketing	3,689	4,417	5,000	5,000	5,000
	Equipment	1,159	2,956	5,000	3,300	5,000
	Total Expenses	134,261	149,518	190,000	143,400	185,500
	Beginning Fund Balance	22,509	33,167	32,182	32,182	58,782
	Transfer In/Out	-		-	-	-
	Net Activity	10,658	(985)	(5,000)	26,600	(15,500)
	Estimated Ending Fund Balance	\$ 33,167	\$ 32,182	\$ 27,182	\$ 58,782	\$ 43,282
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