**Castle Rock Downtown Alliance***A partnership between the Downtown Development Authority and Downtown Merchants Association*

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**Downtown Development Authority**

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

September 3, 2020

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,

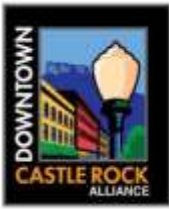
I am pleased to present the Downtown Development Authority's Budget Message for 2021:

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.

Despite the pandemic in 2020, there are positive signs of investment in Downtown Castle Rock that the DDA is encouraged will continue in 2021. After the expansion of Festival Park in 2018, development projects in the Downtown Core became an attractive opportunity for the private sector. After pursuing several catalytic projects in the heart of Downtown such as Riverwalk and Encore, the DDA will focus on development just outside of the core that will help contribute to the success of the district as a whole. In addition, 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 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 2021 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



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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 Rink at the Rock. Increment could also be used for patio construction and façade improvement grant expenses in 2021. 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.

The DDA lease on the 414 North Perry Street property expires in August of 2021. Staff is in discussion with the property owner about the future of the ice rink at the Perry Street location. In addition, staff is evaluating the ability to continue the rink in the Downtown District after the 2020-2021 season. 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 and consequences of the coronavirus pandemic. In 2021, 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 2021						
Operating Fund						
		<u>2018 Actuals</u>	<u>2019 Actuals</u>	<u>2020 Budget</u>	<u>2020 Estimate</u>	<u>2021 Budget</u>
<b>Income</b>						
	Mill Levy	\$ 167,338	\$ 164,917	\$ 170,000	\$ 178,226	\$ 190,000
	Specific Ownership Tax	17,365	25,670	8,000	8,000	8,000
	Town Mill Levy Match	\$ 164,590	\$ 164,917	\$ 170,000	\$ 178,226	\$ 190,000
	Flower Box and Patio	7,875	8,576	8,000	8,000	8,000
	Misc. Other	410	1,390		-	-
	Total Income	357,578	365,470	356,000	372,452	396,000
<b>Expenses</b>						
	Personnel	183,410	174,996	230,000	205,000	230,000
	Office Admin.	20,170	24,004	25,000	32,519	35,000
	Professional Services - Acct., Audit, Legal	15,795	9,594	20,000	13,041	22,000
	Programs - Trolley	2,000	63	2,000	-	1,000
	Programs - Façade/Downtown Impr. Program	1,000	9,846	25,000	5,000	38,000
	Programs - Flower Box and Patio	15,590	16,905	15,000	38,000	28,000
	Marketing and Websites	4,247	7,297	6,500	4,000	5,000
	Rent Expense	11,183	9,117	9,000	9,200	9,200
	Capital	-	-	10,000	6,000	10,000
	Contingency Expenses	-	-	10,000	6,000	10,000
	Total Expenses	253,395	251,822	352,500	318,760	388,200
	Beginning Fund Balance	226,652	330,835	435,367	444,483	498,175
	Transfer In/Out	-	-	-	-	-
	Net Activity	104,183	113,648	3,500	53,692	7,800
	<b>Estimated Ending Fund Balance</b>	<b>\$ 330,835</b>	<b>\$ 444,483</b>	<b>\$ 438,867</b>	<b>\$ 498,175</b>	<b>\$ 505,975</b>
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 2021						
Ice Rink Fund						
		<u>2018 Actuals</u>	<u>2019 Actuals</u>	<u>2020 Budget</u>	<u>2020 Estimate</u>	<u>2021 Budget</u>
<b>Income</b>						
	Sponsorships	26,417	29,250	30,000	30,000	30,000
	Skating Admissions	78,898	77,011	95,000	83,990	85,000
	Skating Rentals	43,218	35,984	30,000	36,186	38,000
	Capital Contribution - DDA TIF	-	15,000	15,000	15,000	15,000
	Total Income	148,533	157,245	170,000	165,176	168,000
<b>Expenses</b>						
	Administration	335	530	500	500	500
	Programs / Operations / Personnel	141,810	130,724	175,000	170,000	175,000
	Marketing	4,417	2,907	5,000	4,000	5,000
	Equipment	2,956	2,953	5,000	4,000	5,000
	Total Expenses	149,518	137,114	185,500	178,500	185,500
	Beginning Fund Balance	33,167	32,182	32,182	52,313	58,782
	Transfer In/Out	-	-	-	-	-
	Net Activity	(985)	20,131	(15,500)	(13,324)	(17,500)
	<b>Estimated Ending Fund Balance</b>	<b>\$ 32,182</b>	<b>\$ 52,313</b>	<b>\$ 16,682</b>	<b>\$ 38,989</b>	<b>\$ 41,282</b>
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