



May 11, 2018

Response to April 15, 2018 Letter from Councilor Olson

1. Persons served by the Thompson Valley Health Services District receive charges for services because of the urban renewal authority tax increment financing plan at Centerra.

According to the 2017 tax warrant information from the Larimer County Assessor, the amount of property tax from the Thompson Valley Health Services District flowing to the Urban Renewal Authority associated with the Centerra project is \$210,332.

The Thompson Valley Health Services District 2018 Budget shows that the Total Revenue is projected to be \$7,356,000.

The percentage of Centerra tax increment above divided by the annual revenue is 2.95%.

This amount of revenue is insufficient to have a large impact on the cost of providing ambulance service in the District. For more background about the representations of "Free" ambulance services to be provided by the District would have to come from that organization.

2. Increases in the City utility rates and solid waste fees are due to the urban renewal plan and the master finance agreement.

The claim that the increase in fees for City utility and solid waste services being caused by the tax increment agreement with the City, URA, and Centerra is not correct.

The City operates its utilities, also called "Enterprises," without transfers from City property taxes or sales taxes.

Fees are determined through cost of services studies that result in fees adequate to meet the expenses of the enterprise operations.

3. Charges at the landfill are caused by the urban renewal plan and the master finance agreement.

Larimer County Solid Waste budget for 2017 was \$7,029,700 (Page D33 of the County Budget). Charges for services account for \$6,806,100 (6.8% of the total revenue). Property tax is not a revenue sources for Solid Waste.

The total county budget for 2017 was \$426,436,285.

The URA tax increment statement shows the Larimer County annual amount of \$2,643,151, approximately 0.6% of the total county budget above.

Business like governmental programs, like solid water, should be based on a charge for service basis.

Larimer County property taxes are estimated in the budget to be \$110.7 million.

The County's operating mill levy has been 21.571 mills since 1992, and will not change in 2017. The County's operating mill levy is divided between General Fund, Road and Bridge, Human Services and Health and Environment. An additional 0.75 mills are collected and transmitted by the County for Foothills Gateway which provides services to the developmentally disabled.

The tax increment going to Centerra is not causing the fees at the landfill to rise from \$5 to \$18.

4. The Hahn farm was inappropriately designated "blighted" which allowed the creation of the URA and TIF.

The URA for Centerra was created in 2004 after all of the requirements provided for in the state enabling legislation were followed. The developers had a significant master plan for the area that they thought could bring benefits to the development and the city.

A study was commissioned to determine if the criteria in the state law were present in the land area being considered for the urban renewal designation.

A qualified firm, UrbanPlan Inc, completed the study in November 2003. The report provides examples of blight criteria met. The findings in the report were used in the staff presentation to the City Council. Council thoroughly discussed the findings and made the decision to create the urban renewal plan for Centerra. Council held a public hearing January 13, 2004 and then continued it to January 20, 2004. By unanimous vote, Resolution #R-6-2004 approved the Centerra Master Financing and Intergovernmental Agreement. TIF is included within this agreement.

The City Council in a legislative act made the findings required to meet the state law. In general, Courts have given deference to legislative acts of elected officials.

Subsequent state legislative actions reduced the flexibility in used tax increment financing in areas that are agricultural. The Centerra project was used as an example and so were urban renewal plans in Timnath and other areas.

5. City property and sales taxes that flow to Centerra result in the City not having enough funds to provide equitable services to all residents.

Under the master financing agreement, some of the City's sales tax now (until 2019) flows to the Centerra project for use in funding regional transportation projects.

The City's Sales Tax rate is 3%. Per provisions within the MFA, in most of the retail stores in the Centerra district, the City has temporarily (to 2029) reduced its sales tax to 1.75%. The development imposes a Public Improvement Fee at a 1.25% rate, bringing the level back to the 3% elsewhere in the City. On top of the City sales tax and the PIF, the developer also imposes a Retail Sales Fee of 1.00%. So the combined sales tax and fee rate on retail sales at Centerra is 4.0%.

Without the tax sharing agreement, the project probably would not be nearly as large and successful as it is today.

Through the MFA, many streets and transportation projects that the City was planning to pay for became regional projects which were paid for by the shared property tax and sales tax. These revenues cannot be used for "any purpose." They are restricted through the agreement.

The Public Works Departments estimated that the project cost savings to the City was about \$100 million. The improvements are regional in nature and benefit the entire community and provide more specific benefit to the Centerra area.

Steven Olson
1668 McKenzie Ct
Loveland, CO 80537
April 15, 2018

REC'D
APR 15 2018
CITY MANAGER

City of Loveland
City Manager

Steve,

The purpose of this letter is to request information that might assist me in crafting a social media post to correct what I believe is false and defamatory information reported as "news." My believe is the Alan Krcmarik would be the appropriate individual that might have this information at his finger tips. If Alan is not the correct individual, would you please direct this request to the appropriate individual/department.

I have attached two documents to this letter. The first is a complete copy of the post from a website that I believe contains the false statements. I have indicated in red the particular statements that I take issue with.

I have extracted sentences from the first document and created a second document. I followed the extracted segment with a question or two in red regarding the particular statement.

This article, if one can call it that were posted on a blog which gets a fair amount of exposure. I question the accuracy of any of the statements. The blogger could be correct and I could be wrong. I would like to know which. A summary of the statements that I would like clarity are as follows:

The post appears to cover five issues.

1. The belief that the property taxes paid to the Thompson Valley Ambulance Service entitled the taxpayers of Loveland to "Free" ambulance service and the reason this individual received a charge is because of the MFA with Centerra.
2. The increase in utility rates and solid waste fees are because of the MFA and associated TIF agreement with Centerra.
3. What was a \$5 fee for dumping a pick-up load of trash in the Larimer County landfill is now an \$18 fee. Not sure if the author is blaming McWhinney for this as well.
4. The Hahn farm was inappropriately designed "blighted" which allowed the creation of the URA and the TIF.
5. The sales tax rebate and property tax diverted to Centerra allows the McWhinney's to use the funds for any purpose and have resulted in Loveland NOT having sufficient funds to provide equitable services to all residents.

I am request assistance in compiling factual information which would enable me to draft a rebuttal to this article. To the extent possible, it would be helpful to have citation of authoritative references such a state statutes or municipal codes.

Sincerely,



Copy to Alan Krcmarik