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FUNDING STRATEGY

The funding strategy for implementing this master plan includes a multi-tiered approach. The BID will not be able to fund everything alone, but also cannot expect the City to fund everything. It has to be a joint effort. Construction will also need to be phased.

This chapter outlines a strategy by considering what the city is likely to fund and how, and what will most necessarily be born out of the BID operating budget, or other means outlined in this chapter. Two critical elements to the strategy include:

- **Timing** - *timing streetscape improvements to coincide with other Colfax-related projects related to safety, transit and transit oriented development.*
- **Leveraging** - *leveraging the BID's ability to self-fund or bond for specific improvements as a way to receive other monies. This also includes leveraging the BID's commitment to this project through diligence and ongoing outreach to stakeholders about the benefits of much-needed streetscape improvements.*

In general, the funding strategy includes three tiers:

- **City Funding** - *prioritize and prepare some improvements for 2017 General Obligation (GO) Bond, and Capital Improvement Plan (CIP) cycle.*
- **BID Funding** - *utilize operating budget, some reserve funds, as well as a restructuring of the existing BID and/or including a General Improvement District overlay.*
- **Other Funding** - *look to agencies like Denver Urban Renewal Authority (DURA) for use of tax increment financing (TIF) funds, Office of Economic Development, and grants such as for green infrastructure, public art, or special pedestrian/bike facilities. Another potential revenue source could come from CDOT when/if Colfax is ever "devolved" from a state highway to a city street.*

COST OF IMPROVEMENTS

The costs for implementing this plan are presented in three sections:

- **Phase 1 Streetscape = \$2,703,000**
- **Phase 2 Streetscape = \$3,795,000**
- **Phase 2 Parks = \$2,450,000**

The park improvements include two new enhanced open space amenities along the corridor - Park Place and Performance Park. They are assumed to be completed along with phase 2 of the streetscape improvements (2022), but may take on different design and feasibility tracks, so they are included as a separate line item. The park cost estimates were also done at a "higher level", as the designs for them are not as specific as the streetscape elements for the corridor.

Therefore, the total "hard" costs (not including design/engineering fees) for implementing this plan are approximately **\$8,948,000**. The "soft" costs for design and engineering each phase are estimated at approximately **\$1,683,000**.

Note that this only includes streetscape improvements within the study area - within Colfax right-of-way from Grant to Josephine and approximately 100-feet to the north and south along side streets, as well as the two parks. Other improvements and recommendations in this plan such as bike facilities and zoning changes are not included.

WHAT THE CITY OR CDOT WILL LIKELY FUND

It is most likely that the city or CDOT would fund the streetscape improvements in this plan that are related to overall safety rather than identity or placemaking enhancements (unless a corridor-wide "placemaking" strategy evolves and warrants more attention).

To play it safe, this plan assumes that the city or CDOT could fund most of the improvements **within the roadway** (curb to curb) area as well as basic concrete sidewalks, as listed below:

ITEM:	REASONING:
✓ Standard Crosswalks	safer pedestrian crossings
✓ Bulb-outs at Intersections	to shorten pedestrian crossing distance
✓ Medians	traffic calming and pedestrian refuge
✓ Pedestrian or traffic signals	proper spacing - more opportunities for pedestrians to cross
✓ Pedestrian lights	nighttime visibility
✓ Standard sidewalks and ADA ramps	general pedestrian safety and ADA compliance

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WHAT THE BID LIKELY NEED TO FUND

The BID or other source of funding will likely need to cover everything from the curb to building face and things above and beyond standard practice:

ITEM:	REASONING:
✓ Art Crosswalks	above and beyond standard practice
✓ Street Trees	considered "placemaking" feature
✓ Stormwater/green infrastructure*	above and beyond standard practice
✓ Signage, Wayfinding and Identity Features	considered "placemaking" feature
✓ Seating	above and beyond standard practice
✓ Accent lighting	above and beyond standard practice
✓ Accent paving	above and beyond standard practice

* = highest potential for grant funding

PROJECT COSTS:

The following chart breaks down funding by phase:

PHASE	TIMING	TOTAL COST	BID FUNDS LIKELY NEEDED	OTHER FUNDS TO LEVERAGE
PRE-CONSTRUCTION PHASE				
F1.1 District Funding Assessment	2017	\$100,000	\$100,000*	n/a
F1.2 Phase 1 Streetscape Design Costs	2017	\$433,000	\$108,250**	\$324,750***
F1.3 Park Place Feasibility Study	2017	\$50,000	n/a	\$50,000***
CONSTRUCTION PHASE 1				
F2.1 Phase 1 Construction	2018-19	\$2,703,000	\$985,000****	\$1,718,000
F2.2 Phase 2 Streetscape Design Costs	2018	\$610,000	\$125,500**	\$484,500
F2.3 Phase 2 Parks Design Costs	2018	\$490,000	\$122,500	\$367,500
CONSTRUCTION PHASE 2				
F3.1 Phase 2 Construction	2020-22	\$3,795,000	\$1,424,000****	\$2,371,000
F3.2 Phase 2 Parks Construction	2020-22	\$2,450,000	\$612,500**	\$1,837,500
TOTALS		\$10,631,000	\$3,477,750	\$7,126,250

* To be repaid to BID through first year of operations of new district.

** Assuming that if BID can come up with 25% to advance design, that can leverage city support.

*** Some improvements related to intersection safety could be included in 2017 Colfax Intersection Safety Design (name TBD) or Colfax TOD/Neighborhood Plan project

**** Amount determined by adding costs associated to placemaking and identity that are likely to be funded by BID

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FUNDING STRATEGY FOR DESIGN BUSINESS IMPROVEMENT DISTRICT

PHASE 1 DESIGN:

The above chart estimates that the BID will need to come up with just under **\$210,000** for pre-construction phase. We recommend the BID allocate the following funds from the 2017 operating budget and existing reserves (currently \$300,000):

- Take **\$100,000** out of reserves to pay for F1.1. This can be repaid through the district in the 1st year of operations.
- Take approximately **\$60,000** out of reserves to assist with advancing design (F1.2).
- Allocate **\$50,000** from annual operating budget in 2017 to assist with advancing design (F1.2).

PHASE 2 DESIGN:

The \$248,000 estimated to be paid by the BID will come out of the future district (discussed on following page).

FUNDING BY OTHERS

PHASE 1 DESIGN:

The other funds needed to advance design for Phase 1 streetscape improvements and feasibility study for Park Place are just under **\$375,000**. We recommend pursuing the following:

- Assume 4-5 intersections are elevated to 30% design through 2017 Colfax Intersection Safety Design project (**\$75,000**).
- Assume Park Place Feasibility Study is conducted through Colfax TOD/Neighborhood Plan project (**\$50,000**).
- Assume rest (**\$250,000**) is paid for by 2017 CIP or GO Bond funds and is combined with \$110,000 from BID to produce 100% construction documents for Phase 1 streetscape improvements.

PHASE 2 DESIGN:

The other \$825,000 will need to come from other sources such as the City's CIP cycle or future grants.

FUNDING STRATEGY FOR CONSTRUCTION BUSINESS IMPROVEMENT DISTRICT

Getting to construction by 2018 is going to require the BID to mobilize quickly to generate resources from within the neighborhood that can be used to leverage funds from elsewhere.

At a minimum, we anticipate that the BID will need to come up with an additional **\$3,000,000** to leverage resources to build the streetscape plan, as envisioned. There are a few key ways to build up to this amount:

BID OPERATING BUDGET:

The BID could allocate approximately \$50,000 to \$75,000 annually toward this number. Over a 5-year time frame, this could generate between \$250,000 and \$375,000 toward construction.

To be conservative, assume **\$250,000** can be met through the BID operating budget over five years. This leaves a gap of about **\$2,750,000**.

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BID RESTRUCTURING:

The BID is currently locked in at a mill levy of 7.48 mills, generating \$360,000 annually. The BID budget goes up slightly each year as values rise and new development occurs in the district, but those small increases mostly cover the cost of ongoing operations and don't give the BID the capacity to generate more funding for special projects such as streetscape.

The BID could opt to run a TABOR election in which they ask their ratepayers to increase the mill levy either permanently or temporarily. This would require holding a ballot election of eligible voters (who include commercial property owners and lessees of commercial property within the BID boundaries). TABOR elections are always held at the same time as general elections (1st Tuesday in November each year) but are done as a mail ballot. Passing such an election would require that a simple majority of ballots returned demonstrate support for the funding change.

The BID could also choose to bond against these additional funds as part of the election. The following table demonstrates what the BID budget would be with additional mill increases, and what excess funding that would generate on an annual basis that could be bonded against, as well as how much could be generated by issuing a 30-year bond against these revenues:

BID Mill Levy	Annual BID Budget	Additional Revenue (to Bond against)	Funds Generated with 30-year Bond (4% interest)
8.5 Mills	\$410,000	\$50,000	\$700,000
10.5 Mills	\$510,000	\$150,000	\$2,000,000
12.5 Mills	\$610,000	\$250,000	\$3,500,000

Note: These bond numbers only demonstrate what could be generated from issuing a bond on the additional revenue above and beyond the \$360,000 current BID budget.

GID OVERLAY:

General Improvement Districts (GIDs) are special-district funding mechanisms that are similar to BIDs but with two key differences:

- *GIDs can assess both residential and commercial property, whereas BIDs can only assess commercial property; and*
- *GIDs can only fund infrastructure and maintenance, whereas BIDs can fund almost anything related to improving an area*

For infrastructure projects such as streetscapes, GIDs are a great tool for neighborhoods to use. GIDs can overlay BIDs and create an additional stream of revenue, in perpetuity or on a time-limited basis, without having to mess with current BID infrastructure. GIDs, like BIDs, can also be bonded against. They can assess via any mechanism desired. For purposes of modeling, the following table demonstrates what a GID overlay could look like (using existing BID boundaries) utilizing a linear front-footage charge:

GID Linear Front Footage Charge	Annual Revenue Generated	Funds Generated with 30-year Bond (4% interest)
\$10 per linear foot	\$140,000	\$2,400,000
\$12 per linear foot	\$168,000	\$2,900,000
\$14 per linear foot	\$196,000	\$3,400,000

Note: This assumes approximately 14,000 linear feet, the entirety of the current BID boundary.

Creating a GID requires three steps:

- *Collecting signatures from qualified electors (commercial and residential property owners as well as residents who rent property within the district boundaries and are registered to vote) - 200 signatures, or signatures of 30% of the total electors (whichever is less) are required.*
- *City Council hearing and ordinance*
- *TABOR election of qualified voters. A simple majority of ballots returned must be in favor.*

LARGER GID BOUNDARY CONSIDERATION:

One additional consideration the GID may want to pursue is working with adjacent BIDs and/or maintenance districts to create a GID larger than the current BID boundaries. Through an agreement, multiple districts could utilize this one funding mechanism to generate funding for projects in all districts.

CAPITAL CAMPAIGN:

Short of creating a special district funding source, raising the amount of capital needed to get the Colfax Streetscape project jumpstarted would be extremely challenging. Obtaining grants, foundation funding, etc. typically requires some sort of match. A capital campaign could be a way to generate funding to obtain a match. A Capital Campaign is likely to be more successful for projects which include amenities that can serve a broader population, such as the parks.

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LEVERAGED FUNDING

The BID will not be able to generate all the funding needed to build all of the elements in this proposed plan without assistance. The funds the BID does generate, however, should be leveraged to obtain additional funding from a variety of sources. These may include:

2017 GENERAL OBLIGATION (GO) BOND:

Roughly every 10 years, the City and County of Denver authorizes general obligation (GO) bonds to restore, replace and expand existing capital assets across the City. Denver will present the next GO Bond authorization to voters in November 2017, with a focus on major rehabilitation of city assets and new investments in capital infrastructure. The process to prioritize projects for the GO Bond is underway currently and the package of projects is likely to be ready in the 1st quarter of 2017. We would recommend that the BID include the following in the GO Bond request as the mostly likely items to be funded:

√	Intersection Improvements for Pedestrian Safety and Connectivity
√	Bicycle Facilities for Bicycle Safety and Connectivity
√	Park Place Park
√	Performance Park

CAPITAL IMPROVEMENT PLAN (CIP):

CIP dollars are awarded during an annual budget process for citywide capital maintenance and infrastructure needs. The City charter mandates a 6-year capital planning process and creation of a Capital Improvement Plan (currently, that plan's term is 2013 to 2018). It is then the responsibility of City departments, the Budget and Management Office, the Mayor's Office and City Council to identify funding and select projects that can be undertaken within the funds available each budget year. The Mayor's Office and City Council can also identify critical needs that are not currently funded and develop plans to address them. Around 20% of funds appropriated to CIP are typically for "discretionary projects." Budget requests for discretionary projects are brought to the City's Executive Development Council, who uses the following criteria to prioritize projects:

- Complete a project (or meaningful project phase)
- Leverage non-City funding
- Implement multi-departmental major plan (or plan component)
- Facilitate partnerships with regional or local jurisdictions
- Address one-time significant structural need or maintenance supplemental to meet minimum levels of service.

Executive Development Council (EDC)

recommendations are forwarded to City Council as part of the annual budgeting process with budget hearings in September and adoption of budget in November. The typical CIP budgeting calendar is set out below:

DATE	DELIVERABLE
April/May	Agencies manage internal process to develop capital needs and request lists
Early June	One-year capital budget submittals due to Budget and Management Office (BMO)
June/July	EDC makes funding recommendations
July 1	BMO submits budget requests to City Council
July/August	Meeting with Mayor's Office to discuss requests
Sept. 15	Draft Budget
September	City Council Budget Hearings
October	Revised Budget to City Council

CDOT DEVOLUTION:

One of the recommendations within this plan is to "devolve" Colfax Avenue, meaning the City of Denver would take over ownership of the street as well as operations and maintenance. The devolution process does frequently come with a funding transfer from CDOT and there may be opportunity to consider that funding be put towards infrastructure improvements, but that would be at the discretion of the City of Denver.

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DENVER URBAN RENEWAL AUTHORITY (DURA):

DURA works with developments and neighborhoods to establish Tax Increment Financing (TIF) areas. TIF is different than BIDs or GIDs, in that TIF is **not an additional assessment or tax**. Rather, TIF captures future increases in taxes within a boundary area which can be directly reinvested into a project instead of going into the City's general fund. There are three steps required to establish a TIF area:

- *First, a blight study must be conducted and “blight” must be found. The “but for” argument must also be upheld, which means that development wouldn’t happen “but for” the use of TIF. Passing a blight study and the “but for” test can be challenging for developing areas.*
- *Next, DURA works with the property owner to develop a complete financial analysis that looks at the return on investment to determine what DURA can commit to a project.*
- *Ultimately, any DURA deal must go through the DURA board and City Council to be approved.*

It's unlikely that TIF could be used on a neighborhood-wide basis but may be useable for certain properties/ areas to move forward redevelopment within the plan. The first step to understanding that is a meeting and potentially a blight study in coordination with DURA. TIF monies are often used for things like streetscape improvements, but as stated, might only be applicable to a single development project and not the entire neighborhood.

GRANTS:

Grants are often available for portions of streetscape projects such as this, but the BID is likely to have more success with grants if it targets funding certain enhancements to the streetscape and proposed parks. Items that could be a good fit for grant funding include:

- **Green stormwater:** *The BID may want to explore becoming a part of the Sustainable Neighborhoods Network and/or the national EcoDistricts program which provides training and support as well as access to additional funding sources to support implementation of these projects.*
- **Creative crosswalks and other art projects:** *Arts & Venues is the agency within the City of Denver which allocates funding to creative projects through grants and other support. Additionally, the BID may want to consider becoming a certified Colorado Creative District through the State of Colorado which brings with it funding of anywhere from \$25,000 to \$50,000 and access to additional funds and support. Grants and foundation support are far-reaching for arts projects. Locally, The Boettcher Foundation and The Denver Foundation are good sources. Nationally, the NEA, Artplace, The Kresge Foundation and The Kauffman Foundation are all good sources for funding.*
- **Pedestrian and cycle improvements:** *Denver Health is a great source for grant funding on pedestrian and cycle improvements. MORE TO COME HERE...*

FUNDING ONGOING MAINTENANCE COSTS:

Based upon current estimates, it appears the maintenance impact for streetscape improvements may be an additional \$100,000 per year (above the \$120,000 currently spent on maintenance.) This may or may not be able to be covered by existing BID revenues, but we can assume there will be at least some increase to maintenance costs. Maintenance is rarely funded from outside sources. The BID will need to plan ahead to cover these costs. A few options to consider:

- **Increasing the BID Mill Levy permanently**
- Whether that happens as part of a complete restructuring of the BID or happens in addition to creating a GID, increasing the BID mill levy to cover increasing maintenance and programming costs is something the BID will want to explore within the next five years. Even adding an additional 1 mill to the budget would substantially help cover the additional operating costs.
- **Creating a two-part GID** – *Creation of a new GID provides the opportunity to establish different funding streams. For example, the GID could be created with a mill levy of 1-2 mills in perpetuity to fund additional maintenance, and could also have a one-time linear front footage charge that could be bonded against for infrastructure. This would save the BID from having to go through an amendment TABOR election.*
- **New organizational components to the BID** – *Many district management organizations have different components. Frequently, BIDs also have membership and/or non-profit arms that raise money in addition to BID revenue. Colfax Ave is long-overdue for exploring an expanded organizational structure. Creation of a 501(c)(6) membership arm or a 501(c)(3) charitable arm could expand the BID's annual revenues substantially and help off-set growing costs while allowing the BID to leverage their funding and do more for the neighborhood.*

CONCLUSIONS AND RECOMMENDATIONS

Completing a project of this nature requires a complex stack of capital, maintenance and programming dollars. Timing and phasing of this is complex as well. The following recommendations summarize the explanations and options listed in this chapter, by year:

IMPLEMENTATION YEAR	BID ACTION ITEMS	BID FUNDING	LEVERAGED FUNDING
2017 (Pre-Construction)	<ul style="list-style-type: none"> ✓ Begin conversations with DURA to explore using TIF for particular projects, such as the District 6 Denver Police Headquarters block to help fund streetscape improvements for that block. ✓ Put together realistic GO Bond project list by February 2017 based on how other Colfax-related city projects move forward. ✓ Put together 2018 CIP project list for planning/design and construction of Phase 1 improvements - submit by April 2017. ✓ Talk to City Council, Community Planning and Development, and Public Works to identify if there are any funds available to invest in further planning and design in 2017. 	<ul style="list-style-type: none"> ✓ Allocate \$50,000 from 2017 operating budget to advance design ✓ Allocate \$60,000 from BID reserves to advance design ✓ Allocate \$100,000 from BID reserves to explore restructuring BID or create GID to fund construction needs by November 2017 (to be repaid to BID in 1st year of operations) 	<ul style="list-style-type: none"> ✓ Lobby for at least \$75,000 worth of city monies for intersection designs within BID (from 2017 Colfax Intersection Safety Improvements project) - to then be listed on 2017 GO Bond for city monies for construction. ✓ Lobby for \$50,000 to be included in the 2017 Colfax TOD/Neighborhood Plans project to study the feasibility for Park Place Park. ✓ Find other \$250,000 needed to complete full construction documentation for Phase 1 improvements (see BID Action Items.)
2018 (Phase 1 Construction)	<ul style="list-style-type: none"> ✓ With restructured BID and/or GID in place, issue bonds/loan to jumpstart Phase 1 construction. ✓ Become part of Sustainable Neighborhoods Network ✓ Major grant application push ✓ Implement new organizational components to BID ✓ Put together 2019 CIP project list for planning/design and construction of Phase 2 improvements - submit by April 2018. ✓ Work with CDOT and City on devolution process. 	<ul style="list-style-type: none"> ✓ Allocate \$50,000 from 2018 operating budget to advance design ✓ Put \$100,000 back in reserves after 1st year of BID/GID operations. ✓ Put \$985,000 from bond monies toward Phase 1 construction. ✓ Put \$125,500 from bond monies toward design and engineering for Phase 2. ✓ Put \$122,500 from bond monies toward design and engineering for Park Place. 	<ul style="list-style-type: none"> ✓ Spend \$1,718,000 from various sources (GO Bonds, CIP funds, grants, etc.) for Phase 1 construction. ✓ Find \$457,500 to advance Phase 2 design and engineering (CIP funds or other planning and design funds) ✓ Find \$367,500 to advance Phase 2 design and engineering for parks (CIP funds, GO Bonds, Capital Campaign, Parks & Recreation funds, or other).

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2019 (Phase 1 Construction)	<ul style="list-style-type: none"> √ Apply to Colorado Creative Districts program. √ Apply to become an EcoDistrict √ Put together 2020 CIP project list for planning/ design and construction of Phase 2 improvements - submit by April 2019. 	√ Allocate \$100,000 from BID restructuring/ GID overlay for increased programming and maintenance.	√ Continue with above funding to finalize design and engineering for Phase 2 streetscape and parks.
2020 (Phase 2 Construction)	√ Put together 2021 CIP project list for planning/ design and construction of Phase 2 improvements - submit by April 2020.	√ Allocate \$100,000 from BID restructuring/ GID overlay for increased programming and maintenance.	<ul style="list-style-type: none"> √ Spend \$2,371,000 from various sources (GO Bonds, CIP funds, grants, etc.) for Phase 2 streetscape construction. √ Spend \$1,837,500 from various sources (GO Bonds, CIP funds, grants, capital campaign, parks and recreation funds, etc.) for Phase 2 parks construction.
2021 (Phase 2 Construction)	√ Put together 2022 CIP project list for planning/ design and construction of Phase 2 improvements - submit by April 2021.	√ Allocate \$100,000 from BID restructuring/ GID overlay for increased programming and maintenance.	√ Continue with above funding to finalize construction for Phase 2 streetscape and parks.
2022 (Phase 2 Construction)	√ Put together 2023 CIP project list for planning/ design and construction of Phase 2 improvements - submit by April 2022.	√ Allocate \$100,000 from BID restructuring/ GID overlay for increased programming and maintenance.	√ Continue with above funding to finalize construction for Phase 2 streetscape and parks.