

For development to thrive, city may need to share

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Economic group explores splitting tax revenue with neighbors

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Sharing is the cardinal rule of grade school.

But somehow, the concept that every first-grader learns is not as easy when applied to communities and cities.

In Northern Colorado, the issue of sharing - and especially the sharing of revenue from development - has suddenly come to the forefront because of major growth that's expected to occur along the northern Interstate 25 corridor in the next several years.

Much of the growth is occurring on city boundaries, blurring the lines between which city should benefit from its revenue or pay for capital improvements in the area.

In addition, once-small cities like Loveland and Windsor are blossoming and expanding toward other larger communities like Fort Collins, said Doug Hutchinson, mayor of Fort Collins.

That makes issues of transportation and the environment more of a Northern Colorado issue than an individual city problem.

"I think that Fort Collins needs to take a look at defining its role as a regional player," Hutchinson said. "We have not been a strong regional player recently."

The concept of communities sharing and working together to plan for development was one of the issues discussed by the Economic Vitality and Sustainability Action Group, or EVSAG, formed by the city of Fort Collins about two years ago.

The group's task was to assess the strengths and weaknesses of the city and suggest ways to improve it. The 18-member group, made up of community volunteers, presented a report to the Fort Collins City Council last June with its suggestions.

EVSAG members pointed out the key roles development organizations and business groups play in helping the community thrive.

Before Fort Collins can become a regional player and work together with other cities, residents and city leaders need to recognize that the community is undergoing a structural change, said David Neenan, chairman and chief executive of The Neenan Co. in Fort Collins and a member of the original EVSAG group.

Much of that change involves the shifting of jobs as more manufacturing positions are shipped overseas, never to return, he said. That problem has been apparent in Fort Collins for the past

several years as a number of the city's major high-tech companies, including Advanced Energy, move manufacturing operations to other countries.

As a result of the changing tide in Fort Collins and the lingering economic downturn, community leaders are trying everything to jump-start the economy, Neenan said.

"A lot of people want to take the city back to where it was before, and a lot of people are doing things that worked before and don't work today," he said.

What's mine is yours

One of the economic tools that's recently been tossed around as a way to help all of Northern Colorado grow is the concept of revenue sharing.

At its most basic level, revenue sharing describes the practice of two or more communities dividing up sales- and property-tax revenue from development within a certain area.

In theory, revenue sharing is supposed to provide a way for cities to work together and plan for future development, said Rod Wensing, Windsor's town manager.

But it's challenging to work out agreements between two different communities, especially when there are land-use restrictions and prior development agreements in place.

"It depends ultimately on the project involved and how high the stakes are and who the players are at the time," Wensing said.

Windsor has intergovernmental agreements with Greeley and Severance, a small town about 16 miles southeast of Fort Collins. The agreements allow Windsor to share revenues with both communities.

In 2000, the town set up its agreement with Severance, marking off a two-mile stretch of land from County Road 19 to County Road 21 on either side of Colorado 392.

There's no development in the area yet, but when it comes, the communities will divide revenue generated from the project by a 70-30 split. If the project is in Windsor, the town will collect 70 percent and vice versa, Wensing said.

"It was a good time to do it because there wasn't anything out there," he said. "We wanted to avoid any future disputes that might pop up with the development."

It took the town about four years to establish its intergovernmental agreement with Greeley, largely because of complications with prior landowner agreements. The revenue-sharing area is about four miles long and covers the U.S. Highway 34 corridor between Colorado State Highway 257 west and County Line Road.

Windsor annexed about two miles of the land and will keep all development fees and property taxes from future development in that area. It will share with Greeley 40 percent of the sales taxes collected.

In both agreements, communities were able to establish development guidelines ahead of time, allowing the cities to decide on the types of projects they wanted to move into the area before developers began submitting proposals.

"It promotes regionalism," Wensing said. "We're going to be neighbors, and we'd better get along, and we better understand what the rules are and the values of the community."

Revenue sharing has been brought up several times between Fort Collins and Loveland but has never successfully worked out, said Don Williams, Loveland city manager.

Talks about revenue sharing derailed largely because the two cities couldn't agree on how to share revenue from existing businesses in an area.

In Loveland, for example, city officials worked to set up a financing package with Loveland-based McWhinney Enterprises for its 700,000-square-foot upscale shopping center at the interchange of I-25 and Highway 34. It would be difficult to turn around and share the fruits of those efforts with Fort Collins, Williams said.

"I don't think we're at a point yet where we can come up with an easy formula," Williams said. "Why would we just send money to other communities? What's so very difficult to do is how do you find that point of equilibrium where there's fairness?"

While revenue sharing between Fort Collins and Loveland hasn't worked in the past, it's an issue that should be re-examined, Hutchinson said.

The city of Fort Collins' first step should be defining its role as a regional player and then working with neighboring Northern Colorado cities to achieve that role, he said.

In the past, Fort Collins was considered the hub of Northern Colorado, but its position is changing as more development moves to Loveland and outlying communities such as Evans and Severance.

"There are mutually beneficial reasons for economic cooperation where you end up with a win-win situation," Hutchinson said.

A helping hand

If city leaders don't agree on aspects of revenue sharing, they do agree that partnering with economic development groups and business organizations across Northern Colorado will help create jobs for the entire region.

The Northern Colorado Economic Development Corp., or NCEDC, for example, works with cities and communities in Larimer County to ensure prospective companies are moved through the development review process faster and find the sites they're looking for, said Jacob Castillo, director of business development.

That relationship was evident when the organization worked with the city of Fort Collins to bring environmental technology manufacturer In-Situ to the city. The Wyoming company opened its headquarters in Fort Collins last fall and is in the process of adding to its work force.

"It shows that we're working as unified groups and that we have the same vision of Northern Colorado," Castillo said. "Rather than being fragmented, we work together as a team."

The Fort Collins Area Chamber of Commerce works with the NCEDC and the city of Fort Collins to make sure prospective companies are given the right information, said Chamber President David May.

The Chamber has helped jump-start the economy largely by keeping discussions about economic health on the forefront of residents' and city officials' minds, May said.

"We've been very dogged about that and very persistent in what we think the steps should be," he said.

Without economic agencies and business organizations, development wouldn't stop, but it could be more challenging, Williams said.

"It provides some focus to the efforts."