



City of Littleton

▶ **DEBBIE BRINKMAN**
MAYOR PRO TEM
DISTRICT IV



▶ **PHIL CERNANEC**
DISTRICT III



▶ **DOUG CLARK**
MAYOR
AT LARGE



▶ **PEGGY COLE**
AT LARGE



▶ **BRUCE STAHLMAN**
AT LARGE



▶ **JIM TAYLOR**
DISTRICT I



▶ **JOSEPH TRUJILLO**
DISTRICT II



**2010 WORKSHOP
REPORT**

**LITTLETON MUSEUM
FEBRUARY 19, 2010**

City of Littleton
2255 West Berry Avenue
Littleton, CO 80165
303-795-3728



The Littleton City Council Workshop was held Friday, February 19, 2010 at the Littleton Museum.

Economic Outlook for 2010 and 2011

City Manager Jim Woods began with a welcome and overview of the topic. He stated that the previous three years, the staff approach to the budget has been cost containment with austerity measures on the drawing board in case the economy worsens. He warned that the passage by Colorado voters of Proposition 101 and Amendments 60 and 61 in November 2010 will result in permanent downsizing.

Finance Director Doug Farmen discussed 2009 revenues and expenditures and the outlook for 2010 and 2011.

2009 financial results for General Fund as compared to 2010 budget:

Category	*2009 Actual	2010 Budget	Projected Change from 2009	2010 Projection in Forecast Model	2011 Projection in Forecast Model	Projected Change from 2010
Revenues	\$44,929,605	\$46,608,350	3.73%	\$46,280,890	\$46,989,340	1.53%
Expenditures	\$46,033,791	\$48,487,460	5.33%	\$47,960,280	\$49,497,090	3.20%
Net Revenues Above (Below) Exp.	(\$1,104,186)	(\$1,879,110)	70.18%	(\$1,679,390)	(\$2,507,750)	49.3%

*2009 Actual totals will change once the final Comprehensive Annual Financial Report is completed.

For 2009, revenues were 97.4 percent of the budget. The transfer of Water Fund interest into the General Fund has not been recorded and will be close to \$355,800; if this was added to the actual total, revenues would be 98.2 percent of budget. The budget shortfall of \$842,455 is mainly due to the retail sales tax shortfall of over \$1.6 million.

In 2009, the General Fund expenditures were 93.5 percent of budget. The South Platte Park maintenance expenditure of \$218,000 hasn't been paid, awaiting receipt of invoice. If that is added, the estimated year-end total, excluding the \$500,000 budgeted interfund transfer to the Special Projects Fund that was not executed per council direction, total expenditures would have been 96.4 percent of budget for 2009.

The 2009 actual expenditures were under the final budget by \$1,735,669; this is attributable to cost containment measures in the following areas:



- Salaries and benefits - \$611,721
- Vehicle fuel - \$382,718
- Professional services - \$199,729
- Utilities - \$168,111
- Travel and training - \$107,646
- Tabor refund to escheat and record as revenues - \$98,959
- Various expenditures - \$166,785

2010 Ongoing Assessment

During this rough economy, the most important item that the City's Budget Team has been tracking is retail sales tax revenues. For 2010, the estimated \$20.8 million budget is 4.2 percent above actual revenues received in 2009. It appears that the economy may not rebound as early as projected and now achieving the 2010 budget may be difficult.

The budget team has already met this year to analyze budget issues and discuss various options to manage possible revenue shortfalls. There are currently 15 budgeted positions that the city manager has directed to remain unfilled unless absolutely necessary (estimated savings are close to \$575,000 with salary and benefits). In addition to vacancies, the budget team is looking at cost containment measures that could be implemented in 2010. The team continues to meet monthly to review the city's financial position and strategies for 2010 and subsequent years.

2011 Preliminary Analysis

As the budget team reviews the city's financial position, it is also looking for ways to reduce costs on a regular, annual basis. As shown in the table above, the forecasting model reveals that the General Fund's expenditures are growing more rapidly than revenues (3.2 percent compared to 1.53 percent). This is a structural deficit that continues to erode the fund balance each year. This cannot be sustained and must be corrected over a period of five years or less. This

fact, combined with the slow economic recovery, means that expenditures will need to be contained even more in 2011 to draw closer to conservative revenue estimates.

Special Projects Fund

The Special Projects Ending Fund Balance is estimated at \$8.2 million in 2010. The police facility addition could draw down that balance by another \$3 million in 2011. In addition, Proposition 101 could reduce the Highway Users Tax Fund (HUTF) and FASTER revenues ranging from \$220,680 - \$968,540 of funding for capital and infrastructure projects on an ongoing basis. With this funding in jeopardy, capital needs will need to be reviewed with strict parameters.



Potential Impact of Proposition 101, Amendment 60 and Amendment 61

Accounting Manager Tiffany Hooten presented a look at the estimated financial impact of three initiatives: Proposition 101, Amendment 60 and Amendment 61. These initiatives have been submitted for the November 2010 general election ballot. Exhibit A is a memorandum from the Colorado Municipal League (CML) dated October 15, 2009.

The city manager is trying to determine the best method to approach next year's budget in light of this unknown ballot result and wants to make council aware of these issues. Other cities like Boulder and Colorado Springs have performed initial studies on the initiative's impacts and it appears that Boulder will be preparing at least two budgets to mitigate those impacts.

Proposition 101 is a statutory change, while Amendments 60 and 61 are constitutional changes. All of these changes would go into effect on January 1, 2011 if approved by voters and would have immediate negative financial impacts.

A range has been included as it is unclear if franchise fees, telecommunication use taxes, highway users fees and FASTER monies would continue to be collected by the city. The following depicts estimated lost revenue estimated based on zero inflation. There is a conservative analysis (assumes franchise fees, telecommunication use taxes, highway users fees and FASTER monies will no longer be collected); and a less conservative analysis (assumes franchise fees, telecommunication use taxes, highway users fees and FASTER monies will continue to be collected).

Proposition 101 - Conservative Revenue Loss

	Fund	2011	2012	2013	2014
Specific Ownership	01	\$ 83,788	\$ 197,752	\$ 277,367	\$ 288,283
Vehicle Sales Tax	01	195,000	390,000	585,000	780,000
\$1.50 and \$2.50 Fee	01	140,000	140,000	140,000	140,000
HUTF & FASTER	34	968,540	968,540	968,540	968,540
Telecom Sales & Use Tax	01	2,100,000	2,100,000	2,100,000	2,100,000
Franchise Fees	01	542,000	542,000	542,000	542,000
Total Impact		\$4,029,328	\$4,338,292	\$4,612,907	\$4,818,823

The conservative method loss equates to approximately 6.5 percent of the 2011 General Fund revenues of \$46,989,340 as projected in the Five Year Model in the 2010 Budget document.

Proposition 101 - Less Conservative Revenue Loss

	Fund	2011	2012	2013	2014
Specific Ownership	01	\$ 83,788	\$ 197,752	\$ 277,367	\$ 288,283
Vehicle Sales Tax	01	195,000	390,000	585,000	780,000
\$1.50 and \$2.50 Fee	01	140,000	140,000	140,000	140,000
HUTF & FASTER	34	220,680	220,680	220,680	220,680
Telecom Sales & Use Tax	01	1,659,000	1,659,000	1,659,000	1,659,000
Franchise Fees	01	-	-	-	-
Total Impact		\$2,298,468	\$2,607,432	\$2,882,047	\$3,087,963

The less conservative method loss equates to approximately 4.4 percent of the 2011 General Fund revenues of \$46,989,340 as projected in the Five Year Model in the 2010 Budget document.

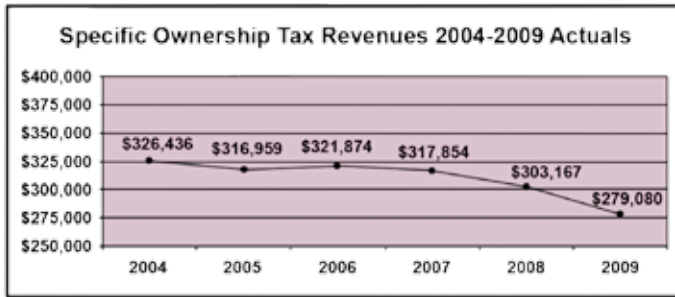
Proposition 101

There are several different issues included in this initiative. The focus is on four major impacts:

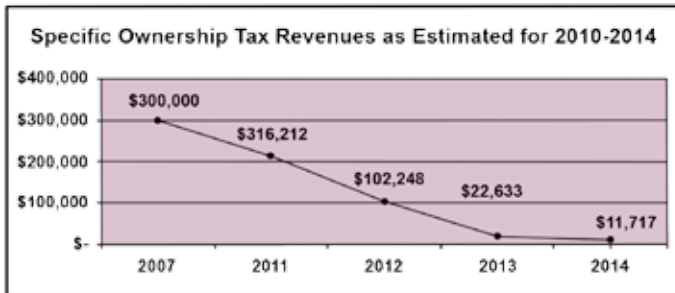
- a) **Specific Ownership Taxes** – Specific ownership taxes must decrease in four equal steps annually to \$2 on new vehicles and \$1 on all other vehicles.
- b) **Vehicle Sales Tax Exemption** – All state and local taxes on vehicle rentals and leases shall end, and on \$10,000, reached in four equal yearly steps, of sales prices per vehicle. Sales rebates are not taxable.
- c) **Other Fees** – All vehicle registration, license, and title charges combined shall total \$10 annually per vehicle. All state and local government charges on vehicles and vehicle uses shall cease, with certain exceptions. All added charges shall be considered tax increases.
- d) **Telecommunications** – Starting January 1, 2011, there will be no state or local charges on various forms of telecommunications. Additional charges will be considered tax increases. There is an exemption for 911 fees, which will continue to be charged at 2009 rates.



a) Specific Ownership Taxes – These taxes will decrease in four years to \$2 and \$1. The following graph indicates specific ownership tax revenues since 2004 for the city.



Specific ownership tax revenues have been steadily decreasing in past years due to the slump in vehicle sales. The out years are estimated as follows if the ballot measure is approved. This assumes a January 1, 2011 effective date.



With an equal four-year annual decrease, it appears that by year four, at the \$2 and \$1 amounts, the city will receive approximately \$11,717 in revenues. Thus, at full phase-in, the city could potentially lose \$288,283.

The following is based on 2009 revenues for fees that would be eliminated with the passing of this initiative. This reflects a potential revenue loss to the city of \$83,788 in 2011, year one of the phase-in. A range of conservative to less conservative is not applicable to this revenue source.

Current Revenue Source: The Specific Ownership Tax is paid by owners of motor vehicles, trailers, semi-trailers, and trailer-coaches in lieu of all ad valorem taxes on motor vehicles. The amount of tax paid is a function of the class, age, and value of the vehicle. Generally, the amount of tax paid decreases with the age of the vehicle. Specific Ownership Taxes for Class A vehicles, which includes any motor vehicle, truck, truck tractor, trailer or semi-trailer used to transport persons or property over public highways for compensation, are paid to the State. Specific Ownership Taxes are distributed to each city/district based on the entity's percentage of the total property tax dollar warrant as a percent of the total tax dollar warrant for the entire County. Source: §42-3-101, C.R.S.

b) Vehicle Sales Tax Exemption – As proposed by the initiative, \$10,000 of the value of a vehicle would be exempt from state and local taxes.

Using the February 2009 motor vehicle sales tax report from Arapahoe County, the gross amount of sales tax collected on vehicles was \$88,266. If the first \$10,000 of the sales price of the vehicle had been exempt, the amount of sales tax collected would have been \$35,306. This is a decrease of \$52,960 or 60 percent. The 2009 motor vehicle sales taxes were \$1,325,284. After full phase-in, the 60 percent decrease equates to a loss of vehicle sales tax revenue of \$780,000.

The following is based on 2009 revenues for fees that would be eliminated with the passing of this initiative. This reflects a potential revenue loss to the city of \$195,000 in 2011; year one of the phase in. A range of conservative to less conservative is not applicable to this revenue source.

Current Revenue Source: A 3 percent (3%) tax is charged at the point-of-sale on the purchase of motor vehicles. The tax is remitted to each county by the vendor and the counties distribute the tax to the local municipalities based on where the purchaser resides. The City of Littleton receives motor vehicle sales taxes, less a 5 percent collection fee, from Arapahoe and Jefferson counties each month. Source: City Code: 3-9-3-1 (F) & 3-9-3-5.

c) Other Fees – This measure would reduce all other fees that are collected with the registration of vehicles such as the \$1.50 and \$2.50 fee, the HUTF, FASTER monies and others that are remitted to other agencies to a total \$10 per vehicle annually.

In 2009 the city collected \$1,135,725 in HUTF and FASTER monies. These monies would not have been collected had this initiative been in effect in 2009.

Following are estimates of lost revenues based on 2009 revenues for fees that would be eliminated with the passing of this initiative. Potential revenue losses to the city range from \$360,680 to \$1,108,540. A range of conservative to less conservative has been used because it is unclear if the HUTF and FASTER monies will continue to be collected. Even if it is deemed that HUTF and FASTER monies were no longer collected, it is assumed that the city will still receive about 18 percent of these fees. These revenues are used to fund street rehabilitation projects as well as concrete, traffic signals, curb and gutter and other similar road work.

	Less Conservative Loss	2011	Conservative Loss
\$1.50 Fee	\$	60,000	\$ 60,000
\$2.50 Fee		80,000	80,000
HUTF & FASTER		220,680	968,540
Total	\$	360,680	\$ 1,108,540

Current Revenue Source: Each county is authorized to collect an additional registration fee on vehicles in the amount of \$1.50 and \$2.50 annually. The amount is then allocated to the county and local municipalities based on the place of residence of the registered owner of the vehicle. These revenues are to be expended only for the construction and maintenance of highways, roads and streets within the city's boundaries. Source: §42-3-310, C.R.S.

Current Revenue Source: The Highway User's Tax Fund (HUTF) and FASTER monies are state collected locally shared revenue. HUTF revenues are based on a variety of formulas that include revenues based on motor fuel taxes, driver's license, and motor vehicle registration fees. The HUTF is distributed monthly among the state, counties, and municipalities based on a formula that takes into account the number of vehicles registered and the miles of streets in each municipality relative to the same data in other municipalities. These funds may be spent on new construction, safety, reconstruction, improvement, repair and maintenance, and capacity improvements. These sources may not be used for administrative purposes.

d) Telecommunications – This initiative appears to essentially eliminate all sales and use taxes and franchise fees.

In 2009, the city collected \$1,990,355 in sales tax and use tax from telephone and cable companies. Franchise fees collected in 2009 were \$536,868. There is a question as to whether the franchise fees and use taxes would continue to be collected.

This report includes a range of conservative to less conservative estimates. If this initiative should pass, the city would potentially lose \$1,659,000 - \$2,642,000 in revenues related to telecommunications and franchise fees each year.

	Less Conservative Loss	2011	Conservative Loss
Sales Tax	\$	1,659,000	\$ 1,659,000
Use Tax		-	441,000
Telephone Franchise		-	92,000
Cable Franchise		-	450,000
Total	\$	1,659,000	\$ 2,642,000

Current Revenue Source: The City Code provides for a business and occupation tax for telephone utilities to be paid annually in the amount of \$92,000. The current telephone service provider is Qwest Communications, Inc. Source: City Code 3-12-1.



Current Revenue Source: The franchise fee is compensation for the benefits and privileges granted under the Cable Television Franchise Agreement. The fees are in consideration of permission to use City streets and rights-of-way for the provision of cable services. Throughout the duration of the Agreement, the fee is established at five percent (5%) of gross subscriber revenues. Source: City Code 8-9-5(A).

Amendment 60

This initiative relates, for the most part, to property taxes and TABOR and would be a constitutional change. Most cities in Colorado have been "de-bruced," however, the City of Littleton has not. This will not impact Littleton as much as some other entities that are "de-bruced." What will impact the city is the requirement of enterprises and authorities to pay property taxes.

It is unclear how the property taxes would be assessed, especially if the enterprises do not own property. In relation to the sewer utility enterprise, all sewer user rates would have to increase in order to pay the property taxes that the enterprise would be required to pay. These tax revenues would be paid to the City of Englewood because the plant is physically located in the City of Englewood. There is no reasonable estimate of the impact of the property taxes that would be required because the value and assessment criteria are still being assessed.

Another potential impact of this initiative is the ability of a petition to lower property taxes by taxpayers. In 2009, the city received approximately \$4,100,000 in property taxes.

Amendment 61

Debt is the topic of this initiative and would be a constitutional change. It stipulates several limitations including:

- No political subdivision may issue any debt prior to voter approval.
- Enterprises may not borrow money if the borrowing exceeds 10 percent of the assessed value within its jurisdiction.
- All borrowings would be limited to a ten year repayment term.
- No borrowing may continue past its original term and all current borrowing shall be paid. Except enterprise debt, after each debt is repaid, current tax rates shall decline as voter-approved revenue changes equal to its planned average annual repayment, even if not repaid by taxes.

Some of the main questions in this initiative would relate to debt for the wastewater treatment plant. This amendment would limit the ability of the city to issue debt for future federally mandated health related improvements to the plant without voter approval. Since this plant is shared equally with the City of Englewood, there could be significant issues if voters in one city approved the measure while voters in the other city did not.

In addition, any capital leases or Certificates of Participation (COPs) that the city might want to enter into would have to be approved by voters and current COPs would have to be refinanced since they will not be paid off within the next ten years. Lease/purchases would have to be voted upon each year. This could significantly delay the purchase of needed equipment as votes could only take place in November. In addition, the city has typically issued debt with terms of 20-25 year repayment. A limit of ten years would significantly increase the annual debt payment.

Several concerns, both financially and procedurally, would have significant impact on the city if voters approve these three measures.

Council Action

Staff explained that additional cost containment measures have been implemented, such as office supply consolidation; preferred vendors; fleet efficiencies; new health insurance provider; efficiency studies in police, human resources, the court and fire; and revising overtime policies. Staff reiterated that no stone has been left unturned. Fifteen positions remain open and the only vacancies to be filled will be front line police and fire. Although the economy has not rebounded as fast as was hoped, the theme is monitoring.

Council agreed that at this point, it is comfortable with the monitoring mode. The city manager will ask department directors to prepare information on where five and ten percent

cuts could come from, and then prepare options for council to consider and give direction. The intent is to let council get a sense of what cutting certain services will look like.

Community Services Building



City Manager Jim Woods gave an overview of the history of the Community Services/Sternberg Building (CSSB).

The city acquired the building in 2003 as the result of a partnership with South Suburban Parks and Recreation (SSPR) to build a community center, the Buck Community Center. The city took ownership of the Arapahoe County Courthouse in 1998 under an intergovernmental agreement with Arapahoe County. The city then restored the original 1908 courthouse to be used for municipal court operations. At that time, Arapahoe County continued to operate a detention facility and office building adjacent to the courthouse.

In 2003, a proposed partnership with SSPR to construct a recreation center that had been approved as part of a SSPR bond election in May 2000 resulted in the city acquiring the remaining portion of the courthouse site and entering into a 50-year lease with SSPR for the construction of the recreation center. The city contributed \$1.2 million to purchase the property from Arapahoe County and demolish the detention center using TABOR funds approved by Littleton voters in November 2002. The CSSB had been occupied by the county Community Services Department, which provided a variety of services to mostly low-income citizens. The initial lease agreement with SSPR had anticipated that the building would be demolished for additional parking for the recreation center. However, several council members expressed interest in preserving the building due to its association with Mr. Eugene Sternberg, who had been a prominent architect in the Littleton area for many years and had designed and occupied the building.

Due to this preservation interest, it was decided to delay the demolition of the building until the recreation center was



open and there could be an evaluation of the actual parking demand. In the meantime, the city commissioned a “due diligence” report by Intergroup Architects in 2004 to evaluate the feasibility of restoring the building. It is Exhibit B. The city building maintenance division took steps to secure the building and try to protect the major building systems as much as possible. The Buck Community Center opened in May 2005. After about a year of operating experience, SSPR staff concluded that additional parking was not necessary, and the lease with the city was amended to allow retention of the CSSB if desirable.

Since 2006, a number of uses have been discussed, including relocation of some city operations in combination with a police facility. Prior to the 2007 recession, the city had also received inquiries from private investors regarding the building. However, given the uncertainty of a solution for the police facility, the council decided at that time to continue to mothball the building until the city’s space needs were better defined.

As city council moved toward a decision on the police building in 2009, staff began to explore options for the CSSB and several council members toured the building.

Historical Significance of Sternberg Building

There has been some interest in the historical significance of the building and it was included on the city’s Historical List of Merit in 2002. The city staff commissioned a study in 2009 to further document its historical significance. Exhibit C is an evaluation conducted by Diane Wray Tomasso, a historic preservation consultant, which describes the architectural and historical value of this building. There are two prominent figures in the history of Littleton and Arapahoe County associated with the building; the architect Eugene Sternberg, and attorney Martin Miller. Ms. Wray’s evaluation expresses in detail the impressive legacy of both of these men as well as the architectural significance of the building.

Potential Uses of Sternberg Building

The staff has been studying space needs for a number of city departments, including Police and Fire Dispatch, Fire Administration, and Information Services. The Fire Prevention Bureau recently moved to leased space in a building on Mineral Avenue to improve its operation and free up needed space for the remodel of Station 11. Staff has also explored space options involving the Geneva Lodge building, which is currently under a 20-year lease with Fisher and Associates, and potentially underutilized rooms in the courthouse such as the training room and jury courtroom on the second floor.

The CSSB is approximately 7,400 square-feet, and could potentially be used for some of the needs mentioned above. In addition to the age and general physical condition of the building, there are significant challenges to address, such as the level of handicapped access that can be provided, and parking. Some of the parking demand would depend on the degree to which the general public might be expected to use the building. Staff did explore the potential of acquiring State Land Board property located two blocks north on Powers for parking, but Land Board staff have indicated it wants to pursue uses that would yield a higher market value.

Potential Funding of Sternberg Building

At this stage there can only be a very general estimate of the cost to renovate the building, which would depend a great deal on the ultimate use and technical complexities involved. Judging by the 2004 Due Diligence Report, a very preliminary range could be between \$1 million and \$3 million. With the obvious stress on the city’s general fund reserves, staff explored other potential sources of funding. One option that appears to have promise is the Open Space Fund with revenues from the Arapahoe County Shareback Program. The guidelines for the Open Space program adopted by the county in 2003 permit the following in Section VIII. (E) (1):

- (G) To acquire lands with other important values such as historic sites that contribute to the County’s and County municipalities’ natural and cultural heritage;
- (J) To improve, restore and/or protect open space lands as provided herein:
- (L) To pay for related acquisition, construction, equipment, and /or improvements;

After reviewing Ms. Tomasso’s evaluation of the building’s historical significance and the above guidelines, the city attorney believes the restoration of the CSSB is a permissible use of the Shareback funds. For example, Arapahoe County

invested Open Space funds to improve several structures at the historic 17-Mile House property it owns.

At the end of 2009, there was a cash balance in the City's Open Space Fund of approximately \$3.7 million. Assuming that the Ensor acquisition and other budget expenditures are completed during this year, the estimated cash balance in the Fund at the end of 2010 is \$2.3 million.

Another potential source of funding is the State Historic Fund (SHF), which the city has received grants from for the restoration of the Courthouse and the Bemis House. These funds are distributed on a 25 percent matching basis. At this time, the Colorado General Assembly is considering appropriating a large portion of the fund to restore the capital dome. However, staff at the SHF has indicated that there may still be some funding available over the next couple of years for a limited number of projects.

Other Options for Sternberg Building

An option that has been discussed previously is to solicit proposals from private investors. As stated above, there was interest expressed by private parties in 2006-2007. Staff has not prepared a formal request for proposals, but can do so if the council wants to explore this option.

A third option would be to continue to mothball the building, and hope that city General Fund revenues might be replenished over the next several years and then consider city uses.

If the council is interested in pursuing renovation of this building, staff recommends the following steps:

1. Submit an application for Historic Landmark Designation to the Historical Preservation Board for its review and recommendation.
2. Develop an RFP for space planning and architectural services to determine the most feasible and economically practical uses of the building.

Council Direction

Following a robust discussion about the benefits and hindrances to historic landmark designation, parking, phasing of renovation, city space needs, matching funds, the cost of demolition, council voted 5 to 2 to put the building on the market. Staff was directed to solicit proposals/marketing efforts from brokers and explore possible partnership options with a buyer.

Council also entertained a motion for staff to perform an in-depth analysis for use of vacant space at the courthouse for fire administration, dispatch, information services, or other city operations and bring it



back at a study session. An amendment directed staff to look at moving any city department into vacant space at the courthouse. The amendment and the main motion were passed 6-1.

Economic Development Strategies

Director of Business/Industry Affairs (BIA) Chris Gibbons presented to council an overview of his department's many efforts to assist local businesses through its Economic Gardening Program and provided information on other innovative economic development programs throughout the country. He talked about economic opportunities, i.e. Downtown Littleton, redevelopment on Broadway, and marginal shopping centers on the north end of town. Littleton used to be a Martin Marietta town, then a telecommunications town. Now health care is where the growth is. The economy will continue to grow as long as there is land.

All the tools of modern economic development were invented in 1936 in Mississippi. Littleton is known for putting entrepreneurship on the map with Economic Gardening. It has exploded and is the hottest topic in economic development. When Littleton city staff does research on Economic Gardening, it always refers to B/IA. Gibbons explained how the staff uses metrics to track wealth in the community, such as household income, property values, number of jobs in the community, and types of jobs. Since Economic Gardening began in Littleton,



the jobs base doubled from 15,000 to 30,000, sales tax revenue tripled, and the job growth rate is 135 percent.

Economic Development vs. Community Development

Gibbons explained the distinguishing characteristics of economic development and community development. Economic development is generally considered those activities which increase jobs and wealth. Most economic development organizations around the country focus only on primary industries (meaning the company sells outside the community). These primary (or basic) industries bring new dollars into a community, which then circulate through the local businesses.



Most economic development agencies do not get involved in retail, although in Littleton the staff has worked with all types of businesses from the smallest retailer on Main Street to corporations as large as EchoStar.

Community development, on the other hand, generally encompasses the actual construction of new development projects as well as the planning and regulatory functions (zoning, code enforcement, building codes, etc.). Sometimes the general public perceives the construction of a new building as the sole indication of economic development, even though it is actually the last step. The start up and growth of an entrepreneurial company is necessary before it moves into a new building. In between these two worlds lie things like urban renewal, Main Street projects, redevelopment, business improvement districts, downtown development authorities, tourism and other activities that combine the job/wealth creation aspect of economic development and the physical construction aspect of community development. Often these are specialized activities with specialized staff.

In many ways economic development and community development are two sides of the same coin. It is difficult to have companies create new jobs in poorly planned communities, and it

is difficult to undertake community development activities without a solid economic base.

Having said all of this, staff looked at the awards programs for innovation and excellence in ten economic and community development professional organizations over the past five years. Gibbons provided a summary of the awards and a memo answering questions posed by Council Member Cernanec about economic development. See Exhibit D. It is interesting that staff kept running into its own Economic Gardening program (a winner of both National League of Cities and International Economic Development Council innovation awards) in other communities that received awards. On any given day, scans will pick up a half dozen articles, “tweets,” and references to Economic Gardening around the country.

Summary of Economic Development Research

The various awards programs for economic development generally fall into common categories:

- Real estate redevelopment projects
- Intergovernmental partnerships
- Culture and arts
- Tourism
- Workforce training
- Marketing, brochures, web sites, social media
- Technology based
- Environmental and sustainability
- Recruitment
- Business retention/expansion
- Entrepreneurship
- Leadership, lifetime achievement, excellence

Each of these has policy and budget implications. The city has historically not been involved in tourism promotion. Over the last two decades, at least five different councils have considered and discarded the idea of establishing a marketing budget and tourism promotion campaign. It would require a fairly significant budget and either consultants or the addition of skilled staff.

Some of the categories describe activities already going on in other city departments such as sustainability (the city’s interdepartmental Green Team), culture and arts (the Fine Arts Committee), brochures/web sites/social media (the Department of Communications).

In some categories, like recruiting, the city has been a long-time leader in moving away from corporate incentive packages.

These practices are under intense scrutiny nationwide with a fierce debate about the fairness of tax breaks or incentives for one business but not another. Incentive abuses are common and “claw back” clauses for companies that don’t perform are now standard. The recruiting pond is generally considered to be drying up as much industrial relocation is moving out of the U.S. to cheaper locations in Mexico, China and India. Over the years, more and more communities have adopted Littleton’s far-sighted policy of focusing on local entrepreneurship. Council Member Cole distributed a hand-out and commented on the importance of code enforcement in attracting and retaining residents as well as businesses. See Exhibit E.

Potential Economic Development Projects

Staff reviewed all of the award-winning programs over the last five years and selected several that might be appropriate to Littleton’s size, scale and constraints/opportunities.

Constraints

- The community is almost built out. There are approximately 273-acres of vacant commercially-zoned property. Only four of these are of significant size: Ensor (87 acres), Marathon (33 acres), Flying B (30 acres), and Mineral at Platte Canyon Road (16 acres). The remaining parcels are in the one-to-five-acre range.
- The budget outlook for the near future is limiting. Several potential statewide ballot issues could reduce the budget even further.

Opportunities

- The community has never had a formal marketing campaign or tourism effort.
- Downtown is generally considered vibrant and healthy with a good future. Additional efforts here should reinforce that trend.
- Redevelopment may make some sense along sections of Broadway.
- Health care is a major and growing industry.

Council Direction

Gibbons explained that there are many opportunities in Littleton. Downtown Littleton is one, as are redevelopment on Broadway and marginal shopping centers in the northern part of town. Council discussed that other Colorado cities are



involved in Economic Gardening, it is very competitive. There is more bang for the buck in growing existing businesses than recruiting new ones, the premise is to find the kinds of businesses that produce jobs, the databases and marketing assistance are the tools. What strategies can keep Littleton ahead of the pack? Community pride is important and so is telling Littleton’s story. While Economic Gardening is part of the story, so is historic downtown, open space, diversity of jobs, great school system, museum and library. How do we leverage those to a competitive advantage? Do we need more codes for businesses?

Council concluded that Littleton has a very successful economic development policy and that Economic Gardening is working well.

Council Member Stahlman made a presentation about marketing (Exhibit F). Council discussed the proposal and agreed that Council Members Cernanec and Stahlman will conduct more research on a proposed marketing plan, with limited staff assistance. They will provide a memo to council with their findings and recommendations.

Outreach Schedule

Council discussed a proposed outreach schedule presented by staff. A number of changes were made and the new outreach schedule is Exhibit G.

Open Forum

Council Member Taylor asked for a study session concerning Sterling Ranch. It was agreed that council will listen to a presentation by the developer if the developer wishes to do so, but only if it is different than what was previously submitted to Douglas County for review.

Council Member Cernanec led a discussion on Outcomes-Based Budgeting. It was decided that in May there will be an all-day budget seminar with staff to establish expectations and priorities.

Council Member Cernanec stated that several homeowners associations have dissolved because they cannot afford liability insurance for their officers. He requested a memo from the city attorney with ideas that could help them.

Council Member Cernanec would like council to discuss knowledge management and secession planning.

Council Member Cole wanted to know if there was consensus to have the city negotiate contracts for a single residential refuse collector in specific neighborhoods to reduce the impact on streets. After staff explained that several councils have studied this issue and due to the complexities involved, council decided not to pursue it.

Council Member Taylor asked the Planning Commission to look at the National League of Cities Livable Communities paper so they could discuss it with council at their joint meeting in March. Planning Commission Chair Metcalf stated the Planning Commission is working on it.



Council Member Stahlman asked that with the dissolution of the Business/Industry Affairs Advisory Committee, how do we engage businesses? Council Member Cole said she wants a written policy that includes the types of business the council and B/IA engage in. She would like to begin with a list of current activities and see what holes there are, if any. All agreed.