

Niwot Local Improvement District Advisory Committee

MEETING MINUTES

Tuesday, November 10, 2020

Virtual Meeting

Present: Laura Skaggs, Lisa Rivard, Cornelia Sawle, Mary Coonce, Jim Eastman, Scott Firle, Bruce Rabeler, Biff Warren, Eric Bergeson

Guests: Jocelyn Rowley, Anne Postle, Catherine McHale, Kathy Trauner, Tony Santelli, Leigh Suskin, Linda Klueber, Chuck Klueber

Staff: Mark Ruzzin

Call to Order:

Laura called the meeting to order at approximately 7:00 p.m.

Approval of Meeting Minutes:

The advisory committee considered the October 6, 2020 meeting minutes:

ACTION: On a motion from Biff, seconded by Mary, the committee voted unanimously to approve the October 6, 2020 meeting minutes, as amended to add Mary to the attendee list.

Treasurer's Report:

Bruce presented the monthly Treasurer's Report to the committee and walked through the various financial reports he prepared for the meeting.

Bruce noted that through August, the LID had collected just over \$136,000. Bruce reminded the committee that the Colorado Department of Revenue has informed the county that they believe a large online retailer is charging the LID sales tax to all sales within the Niwot zip codes, rather than charging the tax only on online sales made to addresses located within the LID boundary. County financial staff are advising the NLIDAC to spend LID revenues conservatively, at least until CDOR makes a finding in this case, as it is possible that moneys remitted to the LID may need to be returned.

Regarding year-to-date funding requests and approvals, Bruce noted that the LID is about \$100,000 over budget after approving the October funding requests, with about \$250,000 in funding request approvals against the annual budget of \$149,313. If the November request is approved as submitted, the LID will be about \$105,000 over budget for the year. This will leave about \$115,000 in the LID's reserve.

Year-to-date, just over \$72,000 has been reimbursed, leaving about \$177,000 yet to be reimbursed, \$101,512 of that being the parking lot project. Bruce is not expecting the full amount of money approved to be requested for reimbursement.

The committee spent some time discussing the potential overpayment to the LID, raising questions about how the state will handle the situation, and in particular, if the state will require the online vendor to return the LID sales tax back to the customers who were charged the tax inappropriately. Laura raised the possibility of the LID making the case that this money should stay with the LID. Other committee members agreed with this position.

Mark noted that he is in communication with the county's financial team about the situation and is forwarding the advisory committee's questions to the county staff. As they wait to get clarity from CDOR about the situation, Mark recommended that the committee follow the finance team's recommendation that the LID set aside 16% of its monthly collections, equal to the percentage of county-wide sales tax collections coming from online vendors, and not spend those revenues until the situation is resolved. The committee endorsed this approach.

Funding Requests:

The advisory committee considered the following funding request:

1. Niwot Business Association: Little Holiday Shops - \$5,100.00

Tony Santelli presented the funding request for the NBA. Tony described the retail incubator model, the benefits to the district, and talked in detail about the specifics of the proposal. Specific to the proposal, the Little Holiday Shops have set up in an empty commercial space in Cottonwood Square, with the landlord only asking for enough rent to cover monthly operating costs of the space.

To ensure that a retail incubator supports the goals and priorities of the LID, Tony described the boundaries, or requirements, that the sponsors have developed and which they are proposing must be met for any incubator-type project to be approved for LID funding: The incubator space must be large enough to be able to host at least 5 businesses (currently, there are 20 businesses active in Little Holiday Shops); the concept must be portable, and able to be implemented in any empty commercial space in Niwot that is large enough to host at least 5 businesses; the concept must be scalable, so that it can be adapted to fit any size space; the concept must be inclusive, and allow both new and existing businesses to participate; and any business that participates must be generating LID sales tax revenues.

The goal of the boundaries is to help ensure that LID funds are being broadly distributed and are clearly being used to support the entirety of the LID, not just the specific businesses that may be part of any incubator space.

Tony walked through the spreadsheet that was provided to the committee that outlined the costs associated with the incubator program. The NBA is asking for LID support of expenses related to advertising and marketing the Little Shops (\$1,400); payroll costs to support the Little Shops Ambassadors (staff who are on-site staff to answer questions about the retailers showing their wares in the incubator and to ring out sales, and who are also responsible for recruiting and screening businesses and managing the Little Shops marketing campaign; \$3,154); and miscellaneous supplies and fixtures to be utilized by the retailers (\$546).

The committee had a lengthy discussion about the proposal, including: the components that the sponsors have proposed for LID funding and additional detail about these components; how the proposal compares (and doesn't) to activities the LID typically funds; the role that the Little Shops Ambassadors play in supporting the Little Shops incubator; how the Little Shops Ambassadors are paid (through vendor fees); and other aspects of how the concept is working.

The committee also spent time discussing the intersection between the Little Shops proposal and the economic development activities of the LID that are overseen by Catherine McHale. Several committee members expressed their feeling that the proposal will benefit and supplement Catherine's ongoing economic development work.

At this point in the discussion, Jim moved, seconded by Biff, to approve the funding request for \$5,100.00.

Additional committee members raised questions and discussion points, including: other options for covering the salaries of the Little Shops Ambassadors; their opinion on where the proposal meets the statutory requirements under which the LID operates, including the interpretation provided by the county attorney; whether the LID should be utilizing taxpayer funding to provide direct benefit to a small number of businesses by covering costs that other Niwot businesses must cover without public support; fairness issues relating to the existing businesses in Niwot that cannot qualify for the program; and how the Little Shops proposal diverges from the types of activities that the LID has historically funded.

The project sponsors provided additional context for how the proposal was developed and why, and took some time to answer questions that had been raised earlier in the discussion by committee members.

At the request of committee members, Mark provided a report on his conversations with Kate Burke in the County Attorney's Office regarding the proposal. Mark noted that he provided Kate with the funding request as submitted by the sponsors and also the questions that committee members asked when this item was discussed at the October NLIDAC meeting. In short, Kate suggested that the LID look to fund those components of the proposal that look most like and are consistent with the kinds of activities that the LID historically funds. The purchase of hardware or services that would be seen as tenant finish-type activities are not typically funded by the LID and seem to specifically benefit only those businesses participating in the incubator; advertising and marketing activities are clearly within the LID's authority to support, but here the incubator advertising must also make reference to and advertise the LID at-large, not just the incubator; and on a short-term basis, similar to a multi-weekend event that utilizes services such as musicians, covering the costs of the Little Shop Ambassadors seems reasonable, as the proposal is time-constrained to last only through the holiday shopping season and will close on Dec. 31.

Committee members spent additional time discussing various aspects of the proposal in response to the information provided by Mark.

At this point in the discussion, Jim amended his original motion to reduce it to \$4,554.00, by removing the tenant finish-like expenditures that are included in the proposal, which total \$546.00. After some discussion, Biff again seconded the motion.

Biff noted that between the October meeting and the November meeting, the project sponsors have addressed his concerns by clarifying that the proposal is an NBA project, that the proposal will benefit a large number of small businesses and not just a single business, and that covering the payroll costs of the ambassadors, as the role was described in the meeting, is similar to paying for economic development activities such as those conducted on behalf of the LID by Catherine.

Biff underlined the point made by others that the incubator will support retail and the marketing of Niwot, which will have the effect of benefiting all Niwot businesses, not just those directly participating in the incubator.

Committee members took time to express additional thoughts regarding the proposal and the motion, both positive and negative.

Bruce raised some questions about the mechanics of the proposal, and also stated that it makes sense for the LID to support the proposal because it can be seen as a holiday event, but if the concept is bigger than the holidays, it becomes difficult to see how the LID supports the concept in the long-term.

Leigh Suskin noted that the funding request is specific to the Little Holiday Shops effort, which may become an annual holiday activity supported by the NBA. She noted that it is possible that the concept may move forward in the new year, depending on the experience of the Little Holiday Shops effort, with the goal of spinning off new businesses on an annual basis.

Laura noted her support for a holiday-oriented event, but raised concerns with the LID supporting an ongoing incubator effort, as shared by the county attorney. Laura also noted the important work that Catherine provides as Niwot's economic development director, and how this work provides ongoing support to businesses in Niwot and to any businesses that may be looking to locate in Niwot.

Biff noted for the record that \$300.00 of the proposal will be directed to the Left Hand Valley Courier, of which he is part-owner.

Scott expressed his concerns about the staffing aspect of the proposal, though he strongly supports the overall project. Other members expressed their belief that the proposal serves as an economic development activity for the town and one that will benefit the district as a whole. Laura noted for the committee that economic development is not called out as a statutorily approved use of LID funds; while the sponsors are creatively calling the Little Shops a marketing device, the committee must be comfortable that the proposal is serving the district's marketing and advertising needs, as these are approved uses of LID funds.

ACTION: Jim moved, seconded by Biff, to approve the funding request for \$4,554.00.

The advisory committee APPROVED the motion, with Bruce opposed.

Old Business:

Mark noted for the committee that he continues to work with the Commissioners' Office public information officers to develop an online funding request form for the LID.

Chuck Klueber provided the committee with a short update on the parking lot project, noting that the contract with the winning vendor has been signed and that the county will pay the parking lot invoices directly, rather than requiring the NBA to cover these costs on the front end and then be reimbursed for the expenses. He also reminded the committee of the two grants that have been received to support the installation and provision of the electric vehicle charging stations. Biff noted that a drainage survey has been completed, and that the formal development agreement has been signed with the county which will allow for the building permit process to move forward.

Public Comment:

No members of the public spoke during public comment.

Adjournment:

The meeting was adjourned at approximately 8:45 p.m.