

# South Santa Fe Business Park Roadmap to Redevelopment

*Prepared for:*  
The City of Sheridan

*Prepared by:*  
Council of Development Finance Agencies

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# About the Roadmap to Redevelopment

The *Roadmap to Redevelopment* is a product of the [CDFA Brownfields Technical Assistance Program](#), which is funded through a grant from the U.S. Environmental Protection Agency. The program provides technical assistance to brownfields communities on redevelopment finance. For communities that require detailed, hands-on assistance for their redevelopment efforts, CDFA Brownfields Project Response Teams comprised of CDFA staff and technical assistance partners are available to conduct site visits and provide recommendations. The goal of these visits is to offer communities specific, actionable advice that can transform brownfields into economically-productive sites in accordance with the goals and plans of the community. CDFA will coordinate 36 Brownfields Project Response Teams over the life of the program.

The *South Santa Fe Business Park Roadmap to Redevelopment* was developed through a multi-day process that included interviews with numerous stakeholders from the local, state, and federal government, business, and non-profit sectors. This plan provides a framework for financing the environmental remediation and infrastructure enhancements in the South Santa Fe Business Park.

The *Roadmap to Redevelopment's* recommendations combine the input of development finance experts, CDFA staff, and the interests of stakeholder groups gathered during the Project Response Team site visit.

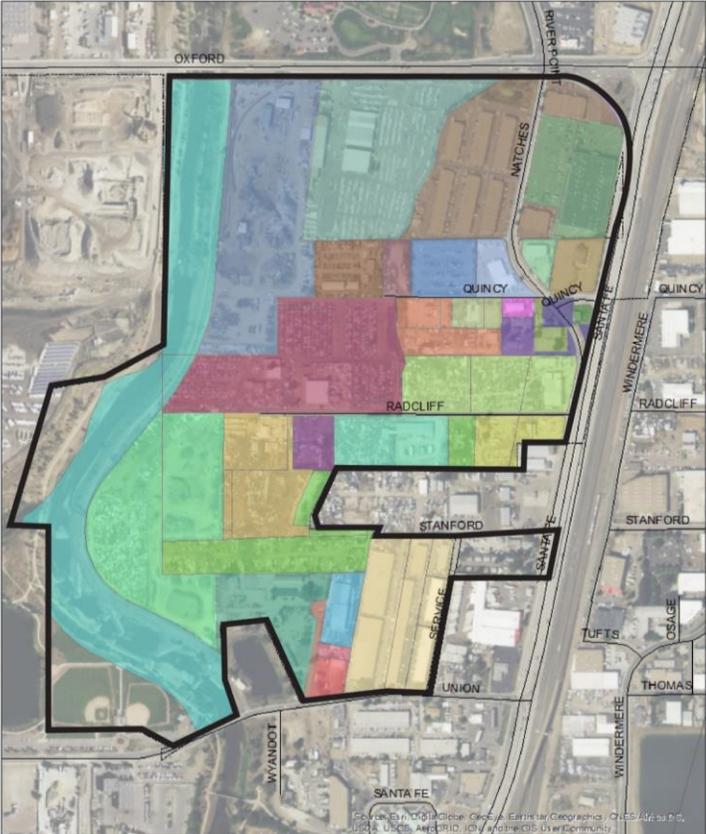
# Background & History

South Santa Fe Business Park (SSFBP) is located southwest of Denver in Sheridan, Colorado and has long been home to thriving businesses and industries, including automotive shops, lumber yards, and more recently, recycling facilities for metals and cars. SSFBP is bounded by the South Platte River to the west, South Santa Fe Drive to the east, W. Oxford Avenue to the north, and Union Avenue to the south. Although SSFBP has historically experienced healthy economic activity, it lacks the modern infrastructure necessary to support growth and expansion of businesses. Nearly all of the property within the 206-acre business park has been privately owned since the late 1800s. No common water or sewer infrastructure has ever been constructed in the park, and most property owners operate off wells and septic systems.

Many owners purchased property in SSFBP prior to Sheridan’s lot and block recording description and the parcels were recorded using metes and bounds. This system uses geographical features, distances, and directions to define a piece of land. Since many of the natural features and landmarks change over time, it can be difficult to reestablish property boundaries after so much time as passed. This complicates building on or transferring property.

Despite steady truck traffic in and out of the park, few access roads exist. Aside from one narrow road that was given 15 feet of public ROW, the remaining roads are privately shared. The business park lacks adequate fire hydrants and fire suppression systems, so the City cannot grant building permits for new construction or for improvements like major electrical upgrades. Business owners who wish to expand are limited by what their current system supports and are circumscribed to improvements that can be made without triggering the City’s building permit process.

SSFBP faces several environmental challenges as well. Environmental investigations to date have suggested groundwater pollution, unstable soil conditions, and methane, an explosive gas associated with historic landfill use and dumping. The auto and lumber yards are likely to have contributed their own contaminants to the land over time, and the operation of these businesses prior to any environmental



Ownership Map of South Santa Fe Business Park.

regulations suggests previous on-site disposal of liquid and solid waste. All of these factors create substantial environmental hurdles for owners who wish to buy, sell, or expand their properties.

Over the years, attempts have been made by SSFBP owners and City of Sheridan to install water and sewer in this area, but the coordination of these efforts has fallen short due to challenges such as those described above, and other public- and private-sector conflicts. The last major attempt at developing infrastructure in SSFBP occurred between 2005-2008, under a previous City Administration. At that time, engineered drawings for water and sewer were produced and cost estimates for the project were about \$5M. The cost today is expected to be considerably more expensive in part due to construction cost inflation. Additionally, these drawings did not include any street infrastructure or account for such costs.

Within the last year, there has been renewed discussion between the City and several owners to revisit the opportunity for much needed infrastructure. This is largely due to a variety of requests by individual owners: some are interested in selling their properties, while others would like to improve or expand their existing operations. The City is working to gain the property owners' support and cooperation in the installment of water, sewer, and additional access roads in SSFBP. The plan is to preserve the nature of the thriving business/industrial park while modernizing the infrastructure to serve existing businesses and increase the appeal of the location for potential buyers. Additionally, the City hopes to integrate a multimodal trail system to accommodate pedestrians and bikes. A new path has been established connecting Santa Fe Drive to the newly constructed section of the Eastside South Platte River Trail which runs along the western edge of the SSFBP. A trail through the SSFBP would provide a critical connection for pedestrians and cyclists throughout the community.

# South Santa Fe Business Park

# Roadmap to Redevelopment

## Recommendations

### Part I: Updating Environmental Assessments

#### i. EPA Targeted Brownfield Assessment (TBA) Program

To install water infrastructure, the City must have access to clean trenches. To achieve this, the City needs to first understand what contaminants exist in SSFBP and what amount of cleanup is needed. The City should request assistance through the EPA's Targeted Brownfield Assessment program to begin soil sampling, particularly along areas where infrastructure might be installed. TBAs are conducted by an EPA contractor on behalf of an eligible entity, typically a municipality. Although not intended for use directly by private parties, TBAs can sample soils throughout SSFBP provided that the City obtain a property access agreement from the owner. Services provided through TBAs include site assessments, cleanup options and cost estimates, and community outreach.

#### ii. EPA Coalition Assessment Grant

An Assessment Coalition is comprised of three or more eligible entities. The lead coalition member submits a Communitywide Assessment grant proposal on behalf of itself and the other members. The coalition may request up to \$600,000 to work on a minimum of five hazardous substance and/or petroleum sites. The City should apply as the lead coalition member; other eligible entities might include the Urban Drainage and Flood Control District and the South Platte Working Group. The Coalition Assessment Grant would allow the City to target assessment needs in SSFBP while having access to a large pool of funding. The grant must be used to assess a minimum of five properties and no more than \$200,000 can be expended on one site.<sup>1</sup>

### Part I: Resurrecting the Special Improvement District (SID)

Although the City has not finalized infrastructure drawing or received official cost estimates, a multi-million-dollar project will likely require property owner contribution in addition to any City, State, or Federal resources. An SID is a type of special assessment in which property owners pay an assessment for the provision of infrastructure improvements or enhanced public services. The municipality (in this case the City) serves as the governing body of the SID and can issue bonds repayable from the special assessment revenue to pay for the infrastructure improvements. The SID can be dissolved once any debt issued by the municipality on behalf of the SID is paid off.

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<sup>1</sup> EPA Brownfield Assessment Grants- Assessment Coalitions. Retrieved from: [https://www.epa.gov/sites/production/files/2015-02/documents/acfs\\_062408.pdf](https://www.epa.gov/sites/production/files/2015-02/documents/acfs_062408.pdf)

In 2006, two special improvement districts were established simultaneously: a water SID and a sewer SID. The boundaries of both SIDs are identical. A review of the City's records indicates that a majority of the properties within the SSFBP were included. In 2008, the City held an election in which the property owners within the SID voted to authorize the SIDs to issue combined debt in the amount of \$3.17M. To date, neither SID has imposed a special assessment.

It is recommended that the City continue to communicate with property owners about the potential to fund projects using the SIDs to pay for a portion of the infrastructure. This tool can be used in combination with several other district financing tools and grants to finance the improvements. In the case of the SSFBP owners, the investment made by paying the assessments would be expected to pay for themselves in the form of increased property value once the improvements are completed.

To fund the SID, new cost estimates would be required based upon a new plan for sewer and water infrastructure; the new plan is likely to include street infrastructure to the extent that street construction is necessary for the installation of the water and sewer improvements. Although the SID has the power to build streets, the existing debt authorization only included water and sewer costs at 2007 prices. New cost estimates will likely indicate the need for additional debt authorization for water and sewer as construction costs have likely increased in the last decade.

Once a piece of property is in the SID boundaries, the property owner can be required to pay its equitable share of the assessment. Each property would be assessed a fee based on the benefit realized by that property. Benefits include things like an increase in the market value of the property, the adaptability of the property to a more profitable use, reduction in maintenance costs, increase in convenience to property owners (including the facilitation of access to streets), and recreational improvements accruing to particular property owners as a direct result of drainage improvement. It is recommended that the SID elect a steering committee to work in coordination with the City on the implementation of the infrastructure improvements and property assessments.

## Part II: Establishing a Metro District

A metropolitan district, or "metro" district, is a special district permitted by Colorado State Statute to finance certain public infrastructure, including construction of streets, installation of water and sewer lines, drainage improvements, sidewalks, streetscapes, medians and landscaping. Metro districts are often formed to provide a greater amount of service than a municipality is able or willing to provide. It is recommended the SSFBP owners discuss the opportunities that a metro district would provide in combination with, or in place of, the SID.

As a local governing body, a metro district has the power to tax and/or impose fees for services, and to issue tax-exempt bonds repayable from those taxes and fees to help pay for public improvements. An election is required for the metro district to authorize the issuance of debt. Once formed, a metro district is governed by an elected board of directors. The board has authority to manage, control, and administer all the business and affairs of the district.

Formation of the metro district would require approval of a service plan by the City and County<sup>2</sup>, petition of 30 percent of eligible electors (SSFBP property owners), and a majority vote in an election. The district must impose a mill levy each year; one mill is equal to \$1 for every \$1000 of assessed value. The rate is determined by dividing the total assessed value of all the taxable property in a district by the amount necessary to cover the desired improvements and/or services. The number of mills imposed is the same for each piece of property; properties with higher assessed value will pay more, and properties with lower assessed value will pay less.

A feature of metro districts is that the property owners control the board and have authority to issue general obligation and revenue bonds directly, rather than the City issuing the bonds on their behalf. Metro districts are permitted to finance a broader range of eligible capital improvement projects than SIDs, and can provide more extensive maintenance and services. However, the SIDs can likely achieve the same initial goals as the Metro District, financing the installation of water and sewer infrastructure, without additional elections since the SIDs have already been created. A financing strategy which involves some combination of the two districts could be explored to facilitate the initial financing of infrastructure while providing some long-term improvement opportunities for the district. The Metro District should plan carefully to avoid redundancy of services already provided by the City; full cooperation with the City will encourage effective administration of SSFBP redevelopment.

### Part III: Exploring U.S. Economic Development Administration (EDA) Public Works Funding

The U.S. Economic Development Administration (EDA) Public Works program provides construction funding for traditional public works projects, including water and sewer systems improvements, industrial parks, business incubator facilities, expansion of port and harbor facilities, skill-training facilities, and brownfields redevelopment. EDA Public Works resources are directed to economically distressed areas with the intent of fostering job creation and attracting private investment.<sup>3</sup> Although SSFBP has historically been a healthy economic engine for the City, its standing as a brownfield area lacking sewer and water infrastructure may eventually cause it to lose value as existing businesses are prevented from expanding or selling their properties. The City should initiate a conversation with the EDA planning grant contact or Regional Director about the project to determine whether the project meets the program objectives and qualifications. Grant awards vary depending on the project, but awards of up to \$3M are available.<sup>4</sup>

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<sup>2</sup> County approval is only necessary when there is unincorporated property within the district boundaries.

<sup>3</sup> Funding Opportunities. U.S. Economic Development Administration. Retrieved from: <https://www.eda.gov/funding-opportunities/>

<sup>4</sup> EDA 2017 Grant Opportunity. Grants.gov. Retrieved from: <https://www.grants.gov/web/grants/search-grants.html?keywords=EDA%20public%20works%202017>

## Part IV: Subsidizing the Project Using a Portion of the 5% Marijuana Excise Tax

The City of Sheridan recently adopted a 5 percent excise tax on retail marijuana and related products. In the City's current budget plan, these funds will be committed to funding public safety activities. The installation of infrastructure throughout SSFBP, particularly those costs associated with installation of fire hydrants, sprinkler systems, and road access for emergency purposes, are valid public safety concerns. A portion of the excise tax could be set aside to cover costs directly related to public safety throughout SSFBP.

## Part V: Utilizing Regional and State Program Resources

### i. Colorado Department of Local Affairs (DOLA)

The Local Government Financial Assistance section has a number of grant and loan programs available within DOLA, some of which are specifically designed to address public service needs. These resources are distributed "on both a formula and discretionary basis depending upon applicable state statutory provisions, federal requirements and/or program guidelines."<sup>5</sup> The City should contact DOLA to discuss opportunities for financial assistance for the SSFBP infrastructure project.

### ii. 319 Grants: Nonpoint Source Pollution Program

One of the City's ongoing concerns with the SSFBP is the water quality impacts of surface runoff and non-point source pollution (NPS). Section 319 of the 1987 amendments to the Clean Water Act established a Nonpoint Source Management Program that provided states with grant money to assist with restoring waterways and protecting existing water quality from future nonpoint source pollution. To qualify, projects must be consistent with Colorado's Nonpoint Source Management Plan. Non-federal matching funds equal to at least 40% of the total project cost are required. Colorado Department of Public Health and Environment is currently accepting concept papers for NPS project ideas.

### iii. Colorado Enterprise Zone (EZ) Tax Credit

The EZ Tax Credit encourages economic activity and redevelopment in distressed areas. SSFBP is located in the South Metro Administrative Enterprise Zone, and should qualify for Colorado state incentives. The Colorado EZ program encourages community participation and public-private partnerships for EZ-based projects; state taxpayers can earn income tax credits for contributions to projects approved by EZ Administrators that advance economic development objectives, including job retention and job creation.

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<sup>5</sup> Colorado Department of Local Affairs: Financial Assistance. Retrieved from: <https://www.colorado.gov/pacific/dola/financial-assistance>

# South Santa Fe Business Park Roadmap to Redevelopment

## Additional Resources

CDFA Brownfields Financing Toolkit |

<http://www.cdfabrownfields.org/cdfa/cdfaweb.nsf/pages/brownfields-resources.html>

CDFA Online Resource Database |

<http://www.cdfa.net/cdfa/cdfaweb.nsf/ordsearch.html>

Colorado Department of Public Health and Environment Nonpoint Source Funding Opportunities |

<https://www.colorado.gov/pacific/cdphe/nonpoint-source-funding-opportunities>

A Guide to Special Districts |

[https://www.sdaco.org/sites/default/files/guide\\_to\\_special\\_districts\\_2017.pdf](https://www.sdaco.org/sites/default/files/guide_to_special_districts_2017.pdf)

Colorado OEDIT Advanced Industry Funding Fact Sheet |

<https://choosecolorado.com/wp-content/uploads/2017/06/AIA-Infrastructure-Fact-Sheet.pdf>

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# About the Authors

The *Roadmap to Redevelopment Plan* was authored by the Council of Development Finance Agencies (CDFA), a national association dedicated to the advancement of development finance concerns and interests. Learn more about CDFA at [www.cdfa.net](http://www.cdfa.net).

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The Council of Development Finance Agencies is a national association dedicated to the advancement of development finance concerns and interests. CDFA is comprised of the nation's leading and most knowledgeable members of the development finance community representing public, private and non-profit entities alike. For more information about CDFA, visit [www.cdfa.net](http://www.cdfa.net) or e-mail [info@cdfa.net](mailto:info@cdfa.net).

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