

AGENDA ITEM SUMMARY

March 17, 2015

City Council

STAFF

Jennifer Hensley, Finance Coordinator
Matt Robenalt, Executive Director

SUBJECT

Items Relating to the Downtown Development Authority.

EXECUTIVE SUMMARY

- A. Second Reading of Ordinance No. 033, 2015 Appropriating Unanticipated Tax Increment Revenues in the Fort Collins, Colorado Downtown Development Authority Fund for Expenditure on Projects and Programs in Accordance with the Downtown Plan of Development.
- B. Second Reading of Ordinance No. 034, 2015, Appropriating Unanticipated Revenue from Interest Earnings and Reappropriating Existing Project Funds for Expenditure on Projects and Programs in Accordance with the Downtown Plan of Development.

These Ordinances, unanimously adopted on First Reading on March 3, 2015, appropriate certain unanticipated revenues and reappropriate certain funds previously committed for projects and programs under the Downtown Plan of Redevelopment. Ordinance No.033, 2015, appropriates \$63,205 in unanticipated revenue for use in the Old Town Square Renovation. This ordinance also includes the repayment of the 2015 Revolving Line of Credit Draw #2, in the amount of \$63,205 from the Downtown Development Authority Debt Service Fund. Ordinance No. 034, 2015, appropriates unanticipated revenue from interest earnings in the amount of \$29,220, and will also reappropriate previously committed project funds in the amount of \$438,611 for use in the Old Town Square Renovation.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinances on Second Reading.

ATTACHMENTS

- 1. First Reading Agenda Item Summary, March 3, 2015 (w/o attachments) (PDF)
- 2. Ordinance No. 033, 2015 (PDF)
- 3. Ordinance No. 034, 2015 (PDF)

AGENDA ITEM SUMMARY

March 3, 2015

City Council

STAFF

Matt Robenalt, Executive Director
Jennifer Hensley, Finance Coordinator

SUBJECT

Items Relating to the Downtown Development Authority.

EXECUTIVE SUMMARY

- A. First Reading of Ordinance No. 033, 2015 Appropriating Unanticipated Tax Increment Revenues in the Fort Collins, Colorado Downtown Development Authority Fund for Expenditure on Projects and Programs in Accordance with the Downtown Plan of Development.
- B. First Reading of Ordinance No. 034, 2015, Appropriating Unanticipated Revenue from Interest Earnings and Reappropriating Existing Project Funds for Expenditure on Projects and Programs in Accordance with the Downtown Plan of Development.

The purpose of this item is to appropriate certain unanticipated revenues and reappropriate certain funds previously committed for projects and programs under the Downtown Plan of Redevelopment. Ordinance No.033, 2015, will appropriate \$63,205 in unanticipated revenue for use in the Old Town Square Renovation. This ordinance also includes the repayment of the 2015 Revolving Line of Credit Draw #2, in the amount of \$63,205 from the Downtown Development Authority Debt Service Fund. Ordinance No. 034, 2015, will appropriate unanticipated revenue from interest earnings in the amount of \$29,220, and will also reappropriate previously committed project funds in the amount of \$438,611 for use in the Old Town Square Renovation.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinances on First Reading.

BACKGROUND / DISCUSSION

The Downtown Development Authority (the "DDA") was created in 1981 with the purpose, according to State statute, of planning and implementing projects and programs within the boundaries of the DDA. The DDA and City adopted a Plan of Development that specifies the projects and programs the DDA would undertake. In order to carry out the purposes of the State statute and the Plan of Development, the City, on behalf of the DDA, has issued various notes and tax increment bonds. The first issuance of tax increment bonds and/or notes occurred in 1984 with subsequent issues through 2012.

- A. **Ordinance No. 033, 2015, 2015 Appropriating Unanticipated Tax Increment Revenues in the Fort Collins, Colorado Downtown Development Authority Fund for Expenditure on Projects and Programs in Accordance with the Downtown Plan of Development.**

Within the 2015 budgeting process, the DDA Board and City Council adopted a Revolving Line of Credit ("Line of Credit") draw of up to \$1,000,000. The purpose of the Line of Credit established by the City of Fort Collins on behalf of the DDA by Ordinance No. 089, 2012 is to satisfy the statutory requirement for expending revenues received in the Tax Increment Fund for debt service. The DDA and City have agreed that the Line of

Credit will be used only for the purposes of expending tax increment revenues that are available in the Tax Increment Fund in the respective calendar year, thus achieving \$0.00 balance owed on the Line of Credit at the end of each year. The DDA will receive additional tax increment revenue in 2015 above amounts previously forecasted during the annual budgeting process that occurred in late 2014. The Board of Directors desires to appropriate those additional revenues in the amount of \$63,205 to the Old Town Square Renovation Project.

B. Ordinance No. 034, 2015, Appropriating Unanticipated Revenue from Interest Earnings and Reappropriating Existing Project Funds for Expenditure on Projects and Programs in Accordance with the Downtown Plan of Development.

Over the past year, proceeds from DDA revenues that have not been spent have accumulated interest earnings. These funds need to be appropriated for expenditure. The amount of interest earnings to be used at this time is \$29,220. The DDA Board desires the appropriation of these interest earnings for use in the Old Town Square Renovation.

Also, the DDA Board desires to re-appropriate remaining funds previously appropriated for the Downtown River District Improvements - Jefferson St. Project in the amount of \$438,611. Originally approved by the DDA in 2009 and appropriated by Council in 2012, these funds are not currently being utilized by the City and Colorado Department of Transportation in an active construction project. The DDA's committed amount of \$438,611 is insufficient to finance the full scope of improvements envisioned for Jefferson Street, and further financing discussions and funding solutions are necessary before the City and Colorado Department of Transportation can advance the Jefferson Street improvements. The DDA Board desires to utilize the available funds from the Downtown River District Improvement - Jefferson St. Project in 2015 for capital improvements associated with the Old Town Square Renovation, and then refund the project commitment with uncommitted tax increment revenues that will be realized in 2016. These uncommitted revenues are being realized in part from the DDA Board of Director's policy to contribute less than the full tax increment stream produced by a public/private project and thus preserve a portion of the tax increment stream for other public capital projects, such as the Old Town Square Renovation.

CITY FINANCIAL IMPACTS

The DDA Board has authorized expenditure on the following projects and programs which will be funded with this appropriation:

Unanticipated Revenue	63,205
Interest Earnings	29,220
Reappropriation of Downtown River District Improvements - Jefferson St. Project Funds	<u>438,611</u>
Old Town Square Renovation	<u>\$531,036</u>

BOARD / COMMISSION RECOMMENDATION

At its February 12, 2015 meeting, the Downtown Development Authority Board of Directors adopted Resolution 2015-02 authorizing the appropriation of funds as stated above. **(Attachment 3)** All approvals by the DDA Board are contingent upon City Council appropriation of these funds to fulfill the DDA's commitment to the projects and programs.

ATTACHMENTS

1. DDA Boundary map(PDF)
2. DDA minutes, February 12, 2015 (draft) (PDF)
3. DDA Resolution 2015-02 (PDF)

ORDINANCE NO. 033, 2015
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROPRIATING UNANTICIPATED TAX INCREMENT REVENUES
IN THE FORT COLLINS, COLORADO DOWNTOWN DEVELOPMENT
AUTHORITY FUND FOR EXPENDITURE ON PROJECTS AND PROGRAMS
IN ACCORDANCE WITH THE DOWNTOWN DEVELOPMENT PLAN

WHEREAS, the Fort Collins, Colorado Downtown Development Authority (the “DDA”) has been duly organized in accordance with C.R.S Section 31-25-804; and

WHEREAS, on October 9, 2014, the DDA Board of Directors (the “DDA Board”), acting under the provisions of C.R.S. 31-25-816, adopted a budget for the fiscal year beginning January 1, 2015 which included appropriation of the 2015 Line of Credit Draw (the “2015 LOC Draw”), and determined the mill levy necessary to provide for payment during fiscal year 2015 of properly authorized operational and maintenance expenditures to be incurred by the DDA; and

WHEREAS, on November 4, 2014, the City Council adopted on second reading Ordinance No. 139, 2014 appropriating for expenditure from the 2015 LOC Draw the sum of up to \$1,000,000 to be used in accordance with DDA Resolution 2014-03; and

WHEREAS, on November 14, 2013 the DDA Board adopted a \$3,000,000 budget for the Old Town Square Renovation; and

WHEREAS, on February 12, 2015 the DDA Board amended the budget for the Old Town Square Renovation to \$3,900,000; and

WHEREAS, also on February 12, 2015, the DDA Board, by Resolution 2015-01, recommended to the City Council the appropriation of \$63,205 from the 2015 LOC Draw to be used to finance DDA projects or programs in accordance with the DDA Plan of Development including the Old Town Square Renovation and annual line of credit financing cost; and

WHEREAS, it is the desire of the City Council to appropriate the sum of \$63,205 in the DDA Debt Service Fund for the fiscal year beginning January 1, 2015 and ending December 31, 2015, to be for the 2015 LOC Draw; and

WHEREAS, Article V, Section 9, of the City Charter permits the City Council to make supplemental appropriations by ordinance at any time during the fiscal year, provided that the total amount of such supplemental appropriations, in combination with all previous appropriations for that fiscal year, does not exceed the current estimate of actual and anticipated revenues to be received during the fiscal year; and

WHEREAS, the appropriation of the unanticipated revenue as described herein will not cause the total amount appropriated in the DDA Fund to exceed the current estimate of actual and anticipated revenues to be received in that fund during the fiscal year.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS, as follows:

Section 1. That there is hereby appropriated for expenditure from the 2015 LOC Draw the sum of up to SIXTY THREE THOUSAND TWO HUNDRED FIVE DOLLARS (\$63,205), to be used to finance DDA projects or programs in accordance with the DDA Plan of Development including the Old Town Square Renovation and annual line of credit financing cost.

Section 2. That there is hereby appropriated for expenditure from the Downtown Development Authority Debt Service Fund the sum of SIXTY THREE THOUSAND TWO HUNDRED FIVE DOLLARS (\$63,205) for payment on the 2015 LOC Draw.

Introduced, considered favorably on first reading, and ordered published this 3rd day of March, A.D. 2015, and to be presented for final passage on the 17th day of March, A.D. 2015.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 17th day of March, A.D. 2015.

Mayor

ATTEST:

City Clerk

ORDINANCE NO. 034, 2015
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROPRIATING UNANTICIPATED REVENUE FROM INTEREST EARNINGS AND
REAPPROPRIATING EXISTING PROJECT FUNDS
FOR EXPENDITURE ON PROJECTS AND PROGRAMS IN ACCORDANCE
WITH THE DOWNTOWN PLAN OF DEVELOPMENT

WHEREAS, on April 21, 1981, the City adopted Ordinance No. 46, 1981, establishing the Fort Collins, Colorado Downtown Development Authority (the “DDA”); and

WHEREAS, the DDA’s Plan of Development was approved by the City Council of the City on September 8, 1981, and established the purpose of the DDA and the types of projects and programs in which the DDA would participate; and

WHEREAS, bond proceeds from 2008 through 2012 have accrued interest earnings in the amount of \$29,220; and

WHEREAS, DDA and City staff have identified previously committed project funds in the amount of \$438,611 which are currently available and are not needed in 2015 for the planned project; and

WHEREAS, on February 12, 2015, the Board of Directors of the DDA voted to recommend to the City Council of the City the appropriation of the above-referenced interest earnings and previously committed project funds for expenditure on the Old Town Square Renovation; and

WHEREAS, Article V, Section 9, of the City Charter permits the City Council to make supplemental appropriations by ordinance at any time during the fiscal year, provided that the total amount of such supplemental appropriations, in combination with all previous appropriations for that fiscal year, does not exceed the current estimate of actual and anticipated revenues to be received during the fiscal year; and

WHEREAS, the appropriation of the unanticipated revenue as described herein will not cause the total amount appropriated in the DDA Fund to exceed the current estimate of actual and anticipated revenues to be received in that fund during the fiscal year.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS that there is hereby appropriated for expenditure from reserves in the DDA Fund the sum of FOUR HUNDRED SIXTY SEVEN THOUSAND EIGHT HUNDRED THIRTY-ONE DOLLARS (\$467,831) to be used for the Old Town Square Renovation Project.

Introduced, considered favorably on first reading, and ordered published this 3rd day of March, A.D. 2015, and to be presented for final passage on the 17th day of March, A.D. 2015.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 17th day of March, A.D. 2015.

Mayor

ATTEST:

City Clerk