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URBAN RENEWAL AUTHORITY

A regular meeting of the Urban Renewal Authority was held on Tuesday, May 18, 2010, at 10:35 p.m. in the Council Chambers of the City of Fort Collins City Hall. Roll Call was answered by the following Boardmembers: Hutchinson, Manvel, Ohlson, Poppaw, Roy, and Troxell.

Boardmembers Absent: Kottwitz

Staff Members Present: Atteberry, Krajicek, Roy.

Resolution No. 025
Approving a Financial Agreement Between the
Fort Collins Urban Renewal Authority and Jax, Inc. for an
Addition to an Existing Building at 1200 North College Avenue, Adopted

The following is staff's memorandum for this item.

“EXECUTIVE SUMMARY

Jax Mercantile is expanding the east entrance at its 1200 North College Avenue location by 3,000 square feet and converting an existing warehouse of 9,000 square feet into additional retail space. This expansion/conversion will increase its retail sales space by approximately 25%. Jax is seeking Tax Increment Financing (TIF) for the street improvement cash-in-lieu obligations and street oversizing fees required of the applicant through the Development Review process. The TIF request is \$197,460 and financing costs total \$47,000, thus the total TIF request is \$244,460.

BACKGROUND/DISCUSSION

Jax Mercantile has been an iconic destination location for outdoor surplus and goods for more than 55 years in Fort Collins. Its clientele includes northern Colorado as well as southern Wyoming. The current parcel has ample room to expand and allow future growth; however this project is mainly structured to re-use existing buildings and add several amenities to the campus. The project will create an indoor archery range and bow shop, and a court yard park abutting multiple buildings. This courtyard will include a small pond for boat and fly casting demonstrations, outdoor product education area, as well as a firepit for communal gatherings. These features will allow Jax to bring new product lines and additional features for the public to enjoy. Jax has also decided to increase its parking lot to the east and will significantly enhance the entrance by a new façade, similar to its location in Loveland.

The additional 3,000 square feet triggers the contribution of the parcel's local street portion as an infrastructure obligation for both College Avenue and the future Jerome Street. The College Avenue local street contribution is estimated at \$42,309 for the street improvements only. Jerome Street requires additional funding, considering the road does not currently exist and does not have utility

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infrastructure (water/sewer/stormwater). The Jerome Street local street cash-in-lieu of construction contribution is estimated at \$98,750. These numbers are approximate and will be finalized at issuance of the building permit. Additionally, the street oversizing fees associated with this project are \$56,400, which the applicant is also seeking TIF reimbursement. Thus, the applicant is seeking \$197,460 to be reimbursed from tax increment generated from the construction, without financing, to pay for these local street obligations at the west and east entrances. The URA will incur approximately \$47,000 in financing costs associated with funding the \$197,460 request.

Applicable URA goals:

- *Encourage voluntary rehabilitation of buildings.*
- *Improve pedestrian, bicycle or vehicular circulation and safety.*
- *Infrastructure is extraordinary and unusually costly.*
- *Project is a "destination location" that will attract from outside the area.*
- *Retention and expansion of existing business.*

This local business has been extremely successful in its current location. It is seeking additional ways to broaden the product offered to its customers. Additional features through this expansion will coincide with the URA's goals to support business retention and help expand its operations, adding more value to the economic base of the area. Furthermore, this business qualifies as a destination location within Fort Collins and Southern Wyoming."

Christina Vincent, Urban Renewal Authority Program Manager, discussed the proposed changes and additions to the Jax Mercantile building at 1200 North College Avenue. Jax has sought Urban Renewal Authority Tax Increment Financing (TIF) funds for local street portions of the unbuilt Jerome Street behind the building, the portion of College Avenue in front of the building, the sewer and water utilities associated with those street portions, and street oversizing fees. Vincent discussed the URA goals met by this project and the projected tax revenue and fees.

Boardmember Ohlson made a motion, seconded by Boardmember Poppaw, to adopt Resolution No. 025.

Boardmember Ohlson stated he would support the motion as it meets many of the URA goals. He asked for more detailed renderings and plans for future projects.

Boardmember Manvel stated he would support the motion.

The vote on the motion was as follows: Yeas: Hutchinson, Manvel, Ohlson, Poppaw, Roy and Troxell. Nays: none.

THE MOTION CARRIED.

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Resolution No. 024

Adopting Policies and Procedures for the Fort Collins Urban Renewal Authority, Adopted

The following is staff's memorandum for this item.

“EXECUTIVE SUMMARY

The Urban Renewal Authority (URA) policies and procedures were restructured and expounded upon to fit the criteria discussed at URA Board meetings over the past 18 months. It was apparent, through the process of new URA projects, that the current policy document needed improvement and additional clarity for guidance. The guidelines are general in nature and are not as clear and concise as staff or applicants thought they should be. The lack of step-by-step process and additional information, in staff's opinion, left the URA vulnerable to loopholes in the process. This revised document is an effort to enhance the process, provide better customer service to URA applicants, create better decision-making tools for the URA Board, and allow staff a reference document for URA goals and objectives.

BACKGROUND/DISCUSSION

The URA Board approved the first version of URA policies in August 2006. Originally, the URA Board formed an ad-hoc committee to create a mission statement and develop general policies. Those policies have since guided the URA in the initial stages of preparing for future URA projects. There are now several approved URA projects that both the URA team and staff felt needed more clarification and direction when guiding applicants through the process.

This process began in fall 2009 with the URA team producing several iterations of the document. Once in final draft format, it was presented to the North College Citizen Advisory Group (CAG). The CAG is an advisory group that makes recommendations to the URA Board for North College projects. The CAG reviewed the policies in two separate meetings and made recommendations for changes, which are in the revised version of this document.

Basic changes:

- *Clear introduction with explanation of the purpose of the Policies and Procedures.*
- *Clear distinction of the objectives, goals, and eligible development and costs.*
- *Establish evaluation criteria*
 - *Financial feasibility (establishment of a threshold for projects that need proforma analysis)*
 - *Policy assessment*
 - *Local ownership criteria changed from Larimer County to 40 mile radius from the City of Fort Collins Growth Management boundary.*
 - *All payments will be issued on a reimbursement basis at the issuance of Certificate of Occupancy, unless otherwise determined by the URA Board.*
- *Includes the questions stated in the URA application.*
- *Step-by-step process illustration.*

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This document will allow the URA Board and staff to continue guiding development to meet the overall objectives and emphasize the new process structure."

Christina Vincent, Urban Renewal Authority Program Manager, stated the purpose of the Policies and Procedures is to offer guidance to staff, the Citizens Advisory Group, the URA Board, and applicants. Objectives, eligible developments and costs, criteria, process and timeline are clearly defined. Financial need must be stated and a close link to economic health principles and green building objectives must be addressed.

Eric Sutherland, 3520 Golden Currant, stated private capital should be a funding source for any TIF project. He disagreed with financing private projects with public funds and expressed concern that the URA had violated its mission statement by funding the RMI2 project.

Boardmember Ohlson asked about requirements for deconstructing buildings. Vincent replied there are no existing or proposed policies stipulating deconstruction requirements.

Boardmember Ohlson asked if deconstruction requirements could be included in the Policies. Mike Freeman, Chief Financial Officer, replied they could be included, should the Board opt to postpone adoption of the policies and procedures. The issue could also be discussed at an upcoming joint meeting with the Citizens Advisory Group.

Boardmember Manvel noted sustainability is mentioned in the Policies and Procedures document.

Mayor Hutchinson suggested adopting the Resolution with a stipulation that a review occur within the next six months.

Boardmember Ohlson stated projects receiving public funding should be required to be deconstructed rather than demolished.

Boardmember Manvel made a motion, seconded by Boardmember Roy, to adopt Resolution No. 024, including the revised Exhibit A and a requirement to review the policies and procedures within 6 months involving Citizens Advisory Group feedback.

Boardmember Manvel asked for clarification regarding use of the phrase "North College" in certain parts of the Policies and Procedures. Vincent replied certain procedures are meant to be followed citywide as the URA boundaries are the same as the city boundaries. Certain policies apply solely to the North College area. Freeman stated the document only applies to North College at this time because it is currently the only URA planning area. Policies could be adapted for other planning areas in the future.

Boardmember Manvel noted there are two main purposes for TIF financing: to encourage good projects and to generate additional tax dollars for public projects. He asked why the latter was not included as part of the introduction to the document. Vincent replied the current title of the document is "Policies and Procedures for the Applicant." Should the Board opt to change the document title, other information could be included.

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Boardmember Manvel asked that the word "encourage" be replaced with "facilitate" in the section of the document relating to the purpose statement. Boardmember Roy accepted the change as part of the motion.

Boardmember Ohlson asked if the Board violated the URA mission statement by financing the RMI2 building. Vincent and Freeman replied in the negative.

Boardmember Ohlson asked who currently owns the RMI2 building and who will own it 20 years in the future. Freeman stated the current and future owner is RMI2 Properties, LLC. It is subject to a Master Covenant spanning 40 years, a first right of refusal spanning the first 20 years, and a first right of offer spanning the second 20 years. The building must be used for an economic development purpose consistent with the mission of the existing business incubator, subject to Council approval. The public dollar investment is therefore protected for the next 40 years.

Executive Director Atteberry noted the City has a representative on the RMI2 Board to ensure the City's interests are protected.

City Attorney Roy asked Mr. Sutherland for clarification regarding his claim that the URA Board violated its mission statement. Mr. Sutherland stated the City's general fund reserves are public capital and using that to fund the RMI2 project leveraged public capital against a TIF award rather than private capital.

City Attorney Roy asked if there is private capital being invested in the RMI2 project. Freeman replied US Bank is contributing \$1.8 million in new market tax credits and the remaining outstanding debt is private in that it has to be repaid without a public source. The URA is contributing \$2.8 million; therefore the remaining \$2.1 million is private capital.

City Attorney Roy stated the URA mission statement and the State URA statute were not violated in funding the RMI2 building. The mission statement is not a law, but rather a policy statement adopted to guide investment decisions.

The vote on the motion was as follows: Yeas: Hutchinson, Manvel, Ohlson, Poppaw, Roy and Troxell. Nays: none.

THE MOTION CARRIED.

Adjournment

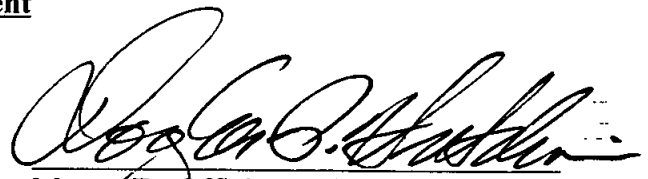
The meeting adjourned at 11:25 p.m.

ATTEST:



City Clerk, Ex Officio Secretary





Mayor, Ex Officio President