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URBAN RENEWAL AUTHORITY

A regular meeting of the Urban Renewal Authority was held on Tuesday, June 7, 2011, at 9:55 p.m. in the Council Chambers of the City of Fort Collins City Hall. Roll Call was answered by the following Boardmembers: Horak, Manvel, Ohlson, Poppaw, Troxell, and Weitkunat.

Staff Members Present: Atteberry, Krajicek, Roy.

Vice-President Ohlson made a motion, seconded by Boardmember Troxell, to adopt the minutes of the May 17, 2011 meeting. Yeas: Weitkunat, Manvel, Ohlson, Poppaw, Horak and Troxell. Nays: none.

THE MOTION CARRIED.

Resolution No. 033

Approving a Loan From the City Of Fort Collins to the Fort Collins Urban Renewal Authority and Appropriating the Proceeds of that Loan for the Purpose of Funding Public Infrastructure Improvements for the Kaufman and Robinson, Inc. Project at 1330 Blue Spruce, Adopted

The following is staff's memorandum for this item.

“EXECUTIVE SUMMARY

The Fort Collins Urban Renewal Authority (URA) is seeking a loan from the City to reimburse Kaufman and Robinson, Inc (KRI) for the public improvements associated with building a new location at 1330 Blue Spruce Drive. Offsetting these costs allowed the retention and expansion of a locally owned business to be economically feasible. The total cost of this Project was \$192,891. The requested loan amount from the City of Fort Collins General Fund Reserves to the URA will be \$192,891. The URA will utilize the City's Interfund Borrowing program that was formally added to the City's investment policies in 2008. This program enables the City to use a portion of its investment portfolio to assist City Departments and related entities (e.g., the URA) to access funds at a competitive interest rate while still providing a market based yield to the City investment portfolio.

BACKGROUND / DISCUSSION

The City and the URA entered into an intergovernmental agreement on August 15, 2006 allowing the City to advance funds to the URA in support of its activities. Any such advance of funds shall be evidenced in writing in the form of a loan memorialized by a promissory note or a grant, which transaction shall not be valid until first having been approved by both the City Council and the URA Commission.

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On June 2 2009, the URA Board approved a Redevelopment Agreement between the URA and KRI to provide financial assistance through reimbursement for a new building project at 1330 Blue Spruce Drive. The obligation was to reimburse up to \$215,000 upon issuance of a Certificate of Occupancy for the public improvements as stated in the Redevelopment Agreement.

On December 1, 2009, the URA Board approved a revised Redevelopment Agreement between the URA and KRI to provide additional financial assistance through reimbursement for green building components added to the new building project at 1330 Blue Spruce Drive. The original obligation was to reimburse up to \$215,000 and was increased by \$54,000 for green building features, bringing the maximum amount to \$269,000 upon issuance of a Certificate of Occupancy for the public improvements as stated in the Redevelopment Agreement.

Exhibit C from the Redevelopment Agreement lists the public improvements included as total eligible costs (Attachment 1). Also attached is a list of eligible improvements based on receipts delivered to URA staff. The project did not utilize all the funds originally granted which leaves more unencumbered TIF for the plan area. The URA will see a savings of \$76,109 back to the North College URA Plan area. See table 1 below to illustrate this point.

Table 1

	Amount	Percent of TIF
Total TIF the Project will generate	\$600,000	100%
Total TIF awarded to Kaufman and Robinson	\$269,000	45%
Total reimbursable expenses	\$192,891	32%
Financing costs*	\$32,000	5%
Total cost to URA	\$224,891	37%
Total unencumbered funds for the plan area	\$375,109	63%

*Financing costs are estimated until the rate is set the day after approval.

FINANCIAL / ECONOMIC IMPACTS

The Project was determined by the URA Board to be a qualified project for tax increment financing and consistent with the North College URA Plan as well as the North College Corridor Plan. Over the remaining life of the plan area, the project will generate an estimated \$600,000. This action approves the loan agreement between the City and URA to finance the commitment made by the URA Board to Kaufman and Robinson.

URA funding for the Project totals \$192,891. As mentioned above, the URA will save funding on this project from original projections and allow more funding for plan area wide improvements. This loan is a five year term loan, with the first four years interest only payments and the remaining balance paid in year five."

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Boardmember Horak made a motion, seconded by Boardmember Troxell, to adopt Resolution No. 033. Yeas: Weitkunat, Manvel, Ohlson, Poppaw, Horak and Troxell. Nays: none.

THE MOTION CARRIED.

Resolution No. 034
**Approving a Loan from of the City of Fort Collins to the Fort Collins Urban
Renewal Authority and Appropriating the Proceeds of That Loan for the
Purpose of Funding Public Infrastructure Improvements for the
North College Marketplace Project, Adopted**

The following is staff's memorandum for this item.

“EXECUTIVE SUMMARY

The Urban Renewal Authority (URA) is seeking a loan in the amount of \$3 million from the City to fulfill the remaining reimbursement obligation for the North College Marketplace granted by the URA Board in September 2008. The first appropriation for \$5 million was received in April 2009 for Off Site Street Infrastructure, Wetlands Mitigation, and Demolition/Site Preparation. The requested loan amount from the City of Fort Collins' General reserves to the URA will be \$3 million and reimbursed to the project for the On-Site public improvements. The URA will utilize the City's Interfund Borrowing program that was formally added to the City's investment policies in 2008. This program enables the City to use a portion of its investment portfolio to assist City Departments and related entities (e.g., the URA) to access funds at a competitive interest rate while still providing a market based yield to the City investment portfolio.

BACKGROUND / DISCUSSION

The City and the URA entered into an intergovernmental agreement on August 15, 2006 allowing the City to advance fund to the URA in support of its activities. Any such advance of funds shall be evidenced in writing in the form of a loan memorialized by a promissory note or a grant, which transaction shall not be valid until first having been approved by both the City Council and the URA Commission.”

On September 16, 2008 the URA Board approved Resolution No. 011, authorizing a Redevelopment Agreement between the URA and the developer to provide financial assistance for the North College Marketplace. It was determined at that time that the URA would need to borrow the funds to pay for the public improvements and then bond against that amount in the future. The City loaned the URA funds in the amount of \$5 million on April 21, 2009 for those public improvements associated with the first three line items of Exhibit C of the Redevelopment Agreement (attached).

Below are the line items listed in Exhibit C for the initial appropriation of \$5 million:

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*Off Site Street Infrastructure	\$ 2,812,620
*Demolition, Property Clean up and Site Preparation Cost	\$ 366,650
*Wetlands Mitigation, Landscaping, Unsuitable Materials and Payment to the Wetlands' Reserve Fund	\$ 1,763,206
*Contingency (initial amount)	\$ 57,524
	\$ 5,000,000

The remaining line items listed in Exhibit C are requested for this appropriation of \$3 million:

*On Site Utilities (Sanitary, Storm, Water, Dry)	\$1,022,861
*Gateway/Landscaping/Pedestrian Connection/Grading/ North South Circulation and College Avenue Public Access Easement/Paving of Grape Street	\$1,702,128
*Relocation Assistance (Up to 1,000 per residence)	\$ 10,000
*Contingency (remaining)	\$ 265,011
	\$3,000,000

Exhibit C from the Redevelopment Agreement lists the public improvements included as potential eligible costs.

FINANCIAL / ECONOMIC IMPACTS

The Project was determined by the URA Board to be a qualified project for tax increment financing and consistent with the North College URA Plan as well as the North College Corridor Plan. Over the remaining life of the plan area, the project will generate an estimated \$15.5 million in property tax increment. This action approves the loan agreement between the City and URA to finance the commitment made by the URA Board for the North College Marketplace.

URA funding for the Project's second appropriation amount totals \$3,000,000. This loan is a 20-year term loan. "

Boardmember Horak made a motion, seconded by Boardmember Troxell, to adopt Resolution No. 034 as amended.

Boardmember Manvel asked if the URA adopting this Resolution would be affected by the outcome of the source of funds discussion to be had prior to Second Reading before Council. Staff replied in the affirmative.

Boardmember Manvel made a friendly amendment to remove the reference to General Fund in the Resolution. Boardmembers Horak and Troxell accepted the amendment.

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

THE MOTION CARRIED.

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Resolution No. 035

Approving an Agreement to Repay the City of Fort Collins \$2.7 Million to Help Defray the Cost of Constructing Public Improvements for the North College Avenue Improvements - Vine Drive to Conifer Project, Adopted

The following is staff's memorandum for this item.

“EXECUTIVE SUMMARY

This Resolution authorizes the Executive Director of the Fort Collins Urban Renewal Authority (URA) to negotiate and execute a reimbursement agreement and promissory note with the City of Fort Collins. The proposed agreement authorizes the URA to reimburse funds in the amount of \$2,700,000 for the design, installation, construction and financing of a two inch asphalt overlay, the construction of various urban design elements, an eight foot on-street bike lane, a landscaped parkway, shared use paths, the definition and consolidation of property access routes for local business throughout the corridor, an updated storm system including water quality treatment ponds, and safety improvements at the Conifer and Hickory Intersection. The payment obligation will be interest only for two years followed by annual interest and principal payments until December 31, 2029. The estimated financing cost associated with the reimbursement is \$1,144,338.

BACKGROUND / DISCUSSION

North College Avenue, also known as US Highway 287, is a major north-south four lane arterial that runs through north Fort Collins, providing both local and regional connectivity. Through previous planning efforts, staff identified the need to enhance the northern gateway to the city, improve multimodal travel while accommodating the large volume of interstate truck traffic, and to address aging utility infrastructure and drainage issues. There was also a desire to establish a strong connection between the growing North College corridor and the rest of the community, in particular, the historic Old Town area as well as the locally and regionally significant Poudre River bicycle/pedestrian trail.

North College Avenue between Vine Drive and the Conifer/Hickory intersection is heavily traveled, lacks multimodal improvements, has poorly defined access points to existing businesses, and lacks even minimal urban design features to beautify the corridor. Previous projects have begun to address the deficiencies along the corridor through the construction of multimodal improvements, access consolidation/definition, various utility upgrades, and the installation of urban design elements. This project continues these efforts by connecting to the southern terminus of the Phase I North College Improvement Project constructed in 2004 and 2005. Phase I improvements spanned from Jefferson Street to Vine Drive.

Goals for the roadway and streetscape improvements along North College Avenue between Vine Drive and Conifer Street include the following:

- Create a safe and effective travel corridor for all users including bicycles, pedestrians, transit users, passenger vehicles, and heavy vehicles*

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- *Define access points as highlighted in the US 287/SH14 Access Management Report*
- *Maintain compatibility with utilities, including stormwater, water, sewer, power, and communications*
- *Support the economic viability of the project area*
- *Upgrade the image of the North College Corridor while minimizing impacts to existing infrastructure*
- *Maintain compatibility with the intent of previous local planning efforts*

All of the planned improvements along North College Avenue will be designed and constructed in accordance with previous planning efforts, the Colorado Department of Transportation's guidelines and specifications, current utility and floodplain regulations, and the US 287/SH14 Access Management Report's short term goals. Medians and side street connections will not be constructed as part of this project as they are anticipated to be built concurrent with redevelopment activity in the area. Construction is planned to begin fall of 2011, focusing on utility improvements. Roadway construction is planned to begin early spring of 2012 and be completed by the end of 2012.

FINANCIAL / ECONOMIC IMPACTS

Financial Impact

The funds from the City pursuant to the repayment agreement and supporting promissory note will be for a 17.5 year term at approximately 3.92 percent interest (the 20-year Treasury Bill rate on June 7, 2011). The estimated financing cost to the URA is approximately \$1.1 million based on the term and interest rate. Interest will begin accruing when funds are disbursed, currently anticipated in mid-year 2012 (based on the anticipated construction schedule). There is no impact to the City's General Fund or General Fund reserves. However, this financial commitment will consume \$3.8 million in unencumbered Tax Increment (\$2.7 million principal and \$1.1 million interest) generated by projects in the North College Urban Renewal Plan (NCURP). These funds might otherwise be spent on capital projects in the NCURP area. In addition, the principal and interest will impact the cash flow of the NCURP. This may adversely impact the ability to refinance the NCURP's current debt into the private sector. Staff has been actively analyzing this opportunity. Preliminary estimates indicate that this additional loan may delay the possibility of the URA borrowing from the market by 1 to 2 years.

Economic Impact

One of the primary goals of this project is to support the economic viability of the project area by upgrading the image and safety of the North College Corridor, while minimizing impacts to existing infrastructure. This is consistent with adopted long-term plans for the area, including the North College Corridor Plan (2007), Fort Collins' City Plan (2011), and the North College Urban Renewal Plan. The project will address these goals through the construction of multimodal improvements, urban design features, the consolidation and definition of accesses, and other improvements which target and encourage redevelopment. The completion of these improvements will provide an economic benefit to the North College area as well as to the City of Fort Collins as a whole with increased property values and sales tax collection.

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ENVIRONMENTAL IMPACTS

The project will have a positive impact on long-term air and storm water quality. The addition of improved bicycle and pedestrian facilities will increase the number of people walking and biking along North College Avenue, resulting in improved air quality. The utility upgrades in this project include improvements to stormwater quality with the installation of water quality ponds to remove suspended solids and hydrocarbon contaminants from roadway drainage prior to discharge into receiving waters. "

Boardmember Manvel made a motion, seconded by Boardmember Horak, to adopt Resolution No. 035. Yeas: Weitkunat, Manvel, Ohlson, Poppaw, Horak and Troxell. Nays: none.

THE MOTION CARRIED.

Adjournment

The meeting adjourned at 10:00 p.m.

Loren Weitkunat

Mayor, Ex Officio President

ATTEST:

Ganda M. Kraviec

City Clerk, Ex Officio Secretary

