

November 20, 2012

Urban Renewal Authority

A meeting of the Fort Collins Urban Renewal Authority was held on Tuesday, November 20, 2012, at 8:18 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 and Troxell.

Boardmembers Absent: Kottwitz, Weitkumat

Staff Members Present: Atteberry, Nelson, Roy.

Citizen Participation

Eric Sutherland, 3520 Golden Currant, disagreed with the summary of his statements from the October 23, 2012 Urban Renewal Authority meeting and clarified that he strongly believes in the power of tax increment financing, philosophically; however, he does not believe the individuals managing the Urban Renewal Authority know what they are doing. He cited a lack of private equity being leveraged in the RMI2 project. He asked about the source of funds for a \$5 million cash payment to the Capstone student housing project and asked when the Urban Renewal Authority will bond the money against its anticipated tax increments to recoup the investments it has made for future investments.

Boardmember Reports

Boardmember Horak reported on the building between College Avenue and the railroad tracks in midtown.

**Consideration and Approval of the Minutes of the October 23, 2012
Urban Renewal Authority Meeting, Approved**

Boardmember Manvel made a motion, seconded by Boardmember Poppaw, to approve the minutes from the October 23, 2012 Urban Renewal Authority meeting. Yeas: Manvel, Ohlson, Poppaw, Horak and Troxell. Nays: none.

THE MOTION CARRIED.

Executive Director Atteberry noted the project referenced by Boardmember Horak is the Capstone project, which is basically southwest of Prospect and College.

Boardmember Troxell clarified the project is also being referenced as The Summit.

Resolution No. 048
Adopting the 2013 Budget for the Fort Collins Urban Renewal Authority, Adopted

The following is staff's memorandum for this item.

“EXECUTIVE SUMMARY

This Resolution adopts the 2013 Budget for the Urban Renewal Authority (URA). Budget revenues include property tax increment and interest earned on investments, totaling \$1,355,034. Budget expenses include general operations, the new North College Storefront Improvement Program, and debt service payments totaling \$1,038,683.

BACKGROUND / DISCUSSION

Revenue for the URA is generated from property tax increment collections as well as interest earned on investments. Tax increment is determined by the County Assessor's Office; although the URA will not receive the final 2012 tax warrant until January 2013, the 2012 August Certification is used to inform budget preparations. Tax increment sources include the North College Plan Area and the Prospect South tax increment financing (TIF) District; however, Prospect South is too new to produce revenue for the URA, leaving North College as the sole tax increment revenue stream for 2013.

The total tax increment revenue for the North College Plan Area in 2013 is projected to be \$1,262,251. Additional revenue is collected from interest earned on investments, which totals \$92,783. Combined, the 2013 total estimated revenue for the URA is \$1,355,034.

URA expenses are a combination of operating costs and debt service payments. Operating expenses for 2013 include the following:

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|---|--------------------------|
| <i>•Operations</i> | <i>\$ 209,627</i> |
| <i>North College Storefront Improvement Program</i> | <i>\$ <u>25,000</u></i> |
| <i>Total</i> | <i>\$ 234,627</i> |

The operations line item includes cost for personnel and on-call consulting services. New in 2013 is the Storefront Improvement Program, which would provide five-year forgivable loans to business owners or tenants in the North College Plan Area for facade-related improvements. This Program is intended to augment traditional TIF assistance for smaller-scale improvements that add value, but do not necessarily generate significant increment.

The URA's annual debt service payments (principal and interest) are from the following outstanding loans:

| | |
|--|-------------------|
| <i>North College Marketplace – phase 1</i> | <i>\$ 354,821</i> |
| <i>JAX</i> | <i>\$ 37,186</i> |
| <i>Northeast College Corridor Outfall (NECCO)</i> | <i>\$ 9,827</i> |
| <i>North College Road Improvements – Vine to Conifer</i> | <i>\$ 158,760</i> |

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| | |
|--|-------------------|
| <i>Kaufman and Robinson</i> | \$ 4,745 |
| <i>North College Marketplace – phase 2</i> | \$ 238,717 |
| Total | \$ 804,056 |

The Resolution appropriates the operating and debt service budget for the URA, which totals \$1,038,683 for 2013.

The Prospect South TIF District was created in September 2011 and the URA Board approved \$5 million in TIF assistance to Capstone Development Partners for a 678-bed student housing project. Deconstruction and site preparation began in fall 2011, which included the removal of three buildings. Since the Assessor's Office bases its valuation on the condition of the parcels as of January 2012, there was no new, significant construction value captured in this TIF District. In fact, the value for the District has actually decreased from the base because the three buildings were removed. Therefore, the URA will not receive revenue from Prospect South in 2013; revenue will be captured in 2014, based on Capstone's progress and any other significant improvements as of January 2013.

FINANCIAL / ECONOMIC IMPACTS

This Resolution includes the annual operating appropriation for 2013 at \$1,038,683. Any specific appropriations related to URA participation in projects will be presented to the URA Board separately so that the URA funding is approved on a project by project basis. "

Megan Bolin, Economic Health Analyst, stated this Resolution would adopt the 2013 budget for the URA. She discussed the revenue events and loan agreements of 2012.

Boardmember Horak requested information relating to Mr. Sutherland's questions. Mike Beckstead, Chief Financial Officer, replied staff is in the middle of identifying the source of funds for The Summit project. The source will likely be finalized by the end of the first quarter of 2013.

Vice-Chair Ohlson requested additional details. Beckstead replied there are just under \$18 million of loans between the URA North College District and the City. It is unknown at this point how much of that \$18 million can be privately placed. The process could not be started until today because all of the property tax payments for the development matured in the past year.

Boardmember Horak made a motion, seconded by Boardmember Poppaw, to adopt Resolution No. 048.

Boardmember Horak asked about the establishment of a URA Finance Committee. Executive Director Atteberry replied the URA Finance Committee has not yet met; however, the Council Finance Committee briefly discussed the need for that meeting. Beckstead stated the December Finance Committee meeting will be broken into two parts, with the URA being one.

Boardmember Manvel clarified that the members of the URA Finance Committee are the same as those of the Council Finance Committee.

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Boardmember Horak stated the North College roadway improvements have been transformational for the area.

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


THE MOTION CARRIED.

Adjournment

The meeting adjourned at 8:37 p.m.


Chairperson

ATTEST:


Secretary

