January 14, 2014

COUNCIL OF THE CITY OF FORT COLLINS, COLORADO

Council-Manager Form of Government

Adjourned Meeting – 6:00 p.m.

An adjourned meeting of the Council of the City of Fort Collins was held on Tuesday, January 14, 2014, at 6:00 p.m. in the Council Chambers of the City of Fort Collins City Hall. Roll Call was answered by the following Councilmembers: Campana, Cunniff, Horak, Overbeck, Poppaw and Troxell.

Councilmembers Absent: Weitkunat

Staff Members Present: Atteberry, Nelson, Roy.

Items Relating to the Redevelopment of the Foothills Mall

The following is the staff memorandum for this item.

"EXECUTIVE SUMMARY

A. Resolution 2014-004 Approving an Updated Redevelopment and Reimbursement Agreement with the Fort Collins Urban Renewal Authority, Walton Foothills Holdings VI, L.L.C. and the Foothills Metropolitan District Regarding the Redevelopment of Foothills Mall.

B. Resolution 2014-005 Updating Prior Action Regarding the Redevelopment of Foothills Mall and Regarding Cooperation and Partnership with Larimer County on Economic Revitalization Efforts and the Use of Tax Increment Financing.

C. First Reading of Ordinance No. 008, 2014, Vacating Foothills Parkway Right-of-Way Between College Avenue and Mathews Street, and Vacating a Portion of Mathews Street.

D. First Reading of Ordinance No. 009, 2014, Authorizing the Conveyance of a Permanent Irrigation Ditch Easement and Right-of-Way to the Larimer County Canal No. 2 Irrigating Company Within the South College Avenue Frontage Road.

The purpose of this item is to authorize and approve several items relating to the redevelopment of Foothills Mall. Resolution 2014-004 authorizes and approves the execution of a Reimbursement and Redevelopment Agreement to support the redevelopment of Foothills Mall. The Agreement was made available for public review on Friday, January 3. Revisions to the Agreement since that time include the addition of a new Subsection 12.3(g), related to Arc Thrift Store, as well as clarification of the minimum Mall square footage.

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Resolution 2014-005 approves a time extension for developing a financial model with Larimer County for evaluating fiscal impacts associated with the formation of tax increment financing districts.

Ordinance No. 008, 2014 vacates the right-of-way for the remaining public street portion of Foothills Parkway from College Avenue to Mathews Street, along with a portion of the west side of Mathews Street intersecting Foothills Parkway. Ordinance No. 009, 2014, authorizes the conveyance of a permanent irrigation ditch easement and right-of-way to accommodate the realignment of the Larimer No. 2 Ditch, which allows the ditch to be relocated off the Mall property.

BACKGROUND / DISCUSSION

A. Resolution 2014-004 Approving an Updated Redevelopment and Reimbursement Agreement with the Fort Collins Urban Renewal Authority, Walton Foothills Holdings VI, L.L.C. and the Foothills Metropolitan District Regarding the Redevelopment of Foothills Mall.

NOTE: *Please refer to the May 7, 2013 Agenda Item Summary for a project overview, description of public benefits, and other project details* ***(See Attachment 1)****.*

Overview of Changes

On November 8, 2012, exclusive negotiations between the Fort Collins Urban Renewal Authority (URA) and Walton/Alberta were initiated under an Agreement to Negotiate. On May 8, 2013, the City Council and the URA Board each adopted a resolution authorizing and approving the execution of a Redevelopment and Reimbursement Agreement in connection with the redevelopment of the Foothills Mall. Since May, Alberta Development on behalf of Walton Foothills Holdings VI, L.L.C. (Developer) has continued to refine the site plan and program for the redevelopment of Foothills Mall. The following summarizes the changes to the project since May.

Mall Configuration

The Planning and Zoning Board (P&Z) approved a Project Development Plan (PDP) for the redevelopment of Foothills Mall on February 7, 2013. On December 12, 2013, P&Z reviewed a major amendment to the PDP. The major amendment includes a change in the total square footage of the project of approximately 10 percent, ***Table 1*** *highlights the differences. The biggest change is a reduction of the theater of approximately 43,000 square feet. Only concessions are taxable at a theater and constitute approximately one-third of total sales; therefore this reduction does not have a one for one proportional impact on anticipated retail sales. In addition, the changes include a reduction in other commercial space of approximately 32,000 square feet (the difference between the increase of interior mall space and reduction of all other space).*

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Table 1
Project Square Footage Comparison

	Feb.	Dec.	Difference SF	Difference %
Retained/Redeveloped Interior Mall	176,161	208,098	31,937	18.1%
Macy's	127,971	127,971	0	0.0%
Theater	86,754	43,655	-43,099	-49.7%
Youth Activity Center	23,863	24,705	842	3.5%
All Other Space	319,038	254,702	-64,336	-20.2%
Total	**733,787**	**659,131**	**-74,656**	**-10.2%**

Eligible Costs Review

Certain projects costs are eligible for public assistance per Colorado Revised Statutes relating to Urban Renewal and Special Districts (Title 32). The types of eligible costs for each (Urban Renewal Authority and Metro District) are relatively broad, overlap to some extent, and include such categories as:

- *Acquisition of a blighted area;*
- *Demolition and removal of buildings and improvements;*
- *Installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out the objectives of the urban renewal plan;*
- *Carrying out plans for a program through voluntary action and the regulatory process for the repair, alteration, and rehabilitation of buildings or other improvements in accordance with the urban renewal plan;*
- *Acquisition of any other property where necessary to eliminate unhealthful, unsanitary, or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise remove or prevent the spread of blight or deterioration or to provide land for needed public facilities.*

It is important to note that the total amount of eligible costs per the Colorado Revised Statutes

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*may be as high as $108 million -- significantly higher than the $53 million in public assistance being offered, which is approximately 49 percent of the estimate of total eligible costs (see **Table 2**). However, the Developer and the City established a process to identify project costs that are extraordinary costs associated with remediating blighted conditions on the property, or costs associated with public improvements or public infrastructure. These are costs in which there is direct public benefit. The process of identifying the eligible costs balanced the need to maximize the public benefit while ensuring the public assistance was the minimum amount necessary to make the project financially viable.*

*The following provides a brief description of each of the eligible costs summarized in **Table 2** below:*

Land Acquisition: This amount represents the estimated value of the land underlying the portions of the project that include the public gathering spaces such as the east and west lawns, the Foothills Activity Center, and other green or public spaces on the site.

Parking Structure: The parking structure allows for greater utilization of site; specifically the ability to create public gathering spaces and additional pedestrian and bicycle facilities/amenities.

Demolition/Abatement: Demolition and deconstruction of the aging facility represents an extraordinary cost associated with remediating blight and mitigation the hazardous materials.

Fixture and Amenities: This represents urban design enhancements to the public gathering spaces (east and west lawns) to provide high quality of place.

Ditch Relocation: Relocating a segment of the Larimer No. 2 ditch to the west side of College Ave. represents an extraordinary cost associated with remediating blight and provides an opportunity for a pedestrian underpass (described below).

Site Work: This cost is associated with earthwork (grade and fill), site walls to alleviate topographic constraints on the site, as well as asphalt paving, curb and gutter, and sidewalks.

Utilities: This represents upgrades and improvements to sanitary sewer, storm water, water lines and fire water systems.

Soft Costs: Architectural and engineering costs associated with activity center, parking structure, as well as materials testing, and environmental/abatement management.

Foothills Activity Center: A publicly owned and operated activity center that includes gymnasium, public meeting rooms and after-school programs for youth.

Pedestrian Crossing/Underpass: A pedestrian connection linking MAX BRT and Foothills Mall utilizing Larimer No. 2 Ditch alignment under College Ave.

Originally the developer requested $72 million in cost reimbursement. Through the negotiation

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process outlined above, this amount was reduced to the $53 million public finance package presented in this document. The most notable reductions from the requested assistance fall into three categories: (1) Land Acquisition, which the developer requested $16 million in reimbursement; and (2) Soft Costs, which the developer requested $7.1 million, and (3) Parking Structure, which the developer requested $12.8 million.

Table 2
Summary of Eligible Costs for Reimbursement, Comparison
($ Millions)

	Total Eligible Costs	Developer Request	City Proposal	% Developer Request	% of Eligible Cost
Land Acquisition	$51.0	$16.0	$3.7	10%	7%
Sears New Building	1.8	1.8	1.8	100%	100%
Parking Structure	12.8	12.8	9.6	75%	75%
Demolition / Abatement	3.9	3.9	3.9	100%	100%
Furn, Fixture & Amenities	1.4	1.4	1.4	100%	100%
Foothills Activity Center	4.8	4.8	4.8	100%	100%
Pedestrian Crossing / Culvert	3.0	3.0	3.0	100%	100%
Ditch Relocation	2.8	2.8	2.8	100%	100%
Site Work (street, lights, landscape, etc.)	15.6	13.9	12.9	93%	83%
Utilities	4.5	4.5	4.5	100%	100%
Soft Costs	7.1	7.1	4.6	65%	65%
TOTAL	$108.7	$72.00	$53.00	74%	49%

The eligible costs have not changed significantly since May. The costs as site, utility, and public improvement costs remain fixed despite the change in the total square footage of the project. One change that has been specifically identified is the shift in the parking structure to 978 spaces and four stories from a larger six story structure. Staff queried the Developer regarding savings related to this shift. Alberta Partners indicates that the project budget has always assumed a smaller structure than was entitled and, therefore, the cost for this improvement has not changed. This is consistent with the Developer's approach to the multifamily housing, which includes and entitlement for 800 units but has been modeled at 446 units based on developer input. Staff further evaluated the Developer's statement by comparing the cost per space of a 4-story 978 space parking structure to current market costs. At the original cost estimate of $12.8 million this equates to $13,000 per space (excluding Architecture and Engineering Costs), which is consistent with costs for similar structures being constructed in the market today.

Financial Investment Overview

The following narrative summarizes the revised financing package and highlights changes since May.

The public financing package still includes the pledge of four revenue sources in the following

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priority order:

Sources

- ***Foothills Metropolitan District Capital Mills*** *- The Metro District will pledge 50 mills of ad valorem real property tax revenue to the bond. This mill levy expires when the bond is fully repaid or within 25 years, whichever comes first.*

- ***Property Tax Increment*** *- The URA will pledge 100 percent of the annual ad valorem property tax increment revenue over the 25-year tax increment period or until the bond is fully repaid, if prior to expiration of the tax increment period, less an administrative fee up to a maximum of 1.5 percent of the gross property tax increment revenue received by the URA.*

- ***Public Improvement Fee*** *- The Developer will impose a 1 percent Public Improvement Fee (PIF) on all taxable transactions within the Project and pledge these revenues to the bond. This revenue source terminates with the repayment of the bond.*

- ***Sales Tax Increment*** *– As the URA will pledge 100 percent of the annual sales tax increment generated above a base by the Project from the City's 2.25 percent General Fund Sales Tax rate (the "Core Rate"), which is the sales tax increment established for the URA in the Midtown Urban Renewal Plan.*

The above priority order works such that the first revenue source pledged to bond repayment is the last revenue source out. Debt service is paid from all revenues collected and excess pledged revenues are released by the Bond Trustee if not needed to support Debt Service as provided in the agreement. Therefore, Tax increment revenues will be returned to the URA and the City when not needed for debt service on the bond. Therefore, the Sales Tax Increment Pledge, despite existing for all 25 years, is expected to result in the return of funds back to the City as early as 2018.

Project Cost Summary

The total redevelopment project is estimated to cost $313 million; down from the estimated $319 million in May (previously misstated in the May 7 Agenda Item Summary). These costs are split between the commercial/retail at approximately $231 million (down from $237 million in May) or 74 percent and 446 anticipated residential units at a total cost of $82 million or 26 percent. The eligible costs, which remain the same as described in May (See ***Table 3****), total approximately $53 million or 17 percent of the total cost and 23 percent of the commercial/retail costs. The eligible costs represents the target amount of bond proceeds to be generated by the pledged revenues.*

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Table 3
Summary of Eligible Costs for Reimbursement
($ Millions)

	Blight Removal Infrastructure	City Infrastructure	Total Public
Land Acquisition	$ 5.5		$ 5.5
Parking Structure	9.6		9.6
Demolition / Abatement	3.9		3.9
Fixture & Amenities	1.4		1.4
Ditch Relocation	2.8		2.8
Site Work	12.9		12.9
Utilities	4.5		4.5
Soft Costs	4.6		4.6
Foothills Activity Center		4.8	4.8
Pedestrian Crossing / Culvert		3.0	3.0
TOTAL	$ 45.2	$ 7.8	$ 53.0

Slide 9 from the presentation

Assumptions

The financial analysis resulting in the public finance investment contemplated in the proposed Redevelopment and Reimbursement Agreement relies on several key assumptions. Several of these assumptions have changed since May. Each of assumptions and the changes are described briefly below:

- ***Project Timing*** *- The financial analysis assumes a December 23 "go" date for commencement of construction activity. This result in a ground breaking in January/February 2014 and substantial completion of the project in November 2015,* ***a delay of one year from the original schedule presented in May.***

- ***Annual Sales Per Square Foot*** *- The financial analysis assumes* ***$378 per square foot in annual retail sales*** *once the project stabilizes up from $350 per square foot in May (this rate excludes non-retail space and the anchor department store). The sale per square foot figure has increased due the increased confidence in anticipated retailers at the center. In addition, this assumption relies on several inputs: (a) the average annual sales per square foot figure for all Malls as provided by the International Council of Shopping Centers ($458 per square foot for 2012); and (b) Economic & Planning Systems full analysis of retail transfer, inflow and growth.*

- ***Occupancy*** *- The financial analysis assumes, based on the construction schedule, that 75 percent of the gross leasable area will be occupied by retail tenants by December 31, 2015. This number will grow to 95 percent occupancy and remain at this level by December 31, 2016.* ***A delay of approximately one year.***

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- ***Retail Sales Growth** - The financial analysis assumes that retail sales will grow by 2 percent annually. This pace of growth is consistent with historical growth rates in the City of Fort Collins of 5.4 percent annually since 1990. In addition, this rate falls short of the historic growth rate of inflation as measured by the Consumer Price Index, 2.9 percent annually since 1982.* **NO CHANGE SINCE MAY.**

- ***Property Value Growth** - The financial analysis assumes that real property values will increase by 2 percent every other year or 1 percent average annually. This pace of growth is conservative compared to the historical growth rate in of real property in Larimer County.* **NO CHANGE SINCE MAY.**

Public Finance Revenue Summary

The Redevelopment and Reimbursement Agreement contemplates utilizing the pledged revenues, as described, to support the issuance of a bond by the Foothills Metro District. The proceeds from the bond issuance are intended to pay or reimburse the eligible costs and to pay cost of issuance. As described, the bond will be supported by four revenue sources.

*In May, a single public finance scenario was presented in the Agenda Item Summary and staff presentation. The staff presentation attached to this document presents several scenarios covering assumptions about interest rate and sales tax rate. Two scenarios are highlighted including: (1) a scenario based on an assumed 7.00 percent interest rate consistent with the May assumption and (2) a more conservative scenario assuming a 7.25 percent interest rate. These scenarios are compared to the single scenario presented in May below, see **Table 4**. These scenarios indicate that the City sales tax increment applied to debt service on the bonds will range between $9.0 and $12.0 million depending on interest rate. In addition, the net new Sales Tax revenue to the City after release of pledged revenues over the 25 year time period will range between $108 and $117 million, depending on assumptions about interest rate and inclusion versus exclusion of sales transfer changes. The more specific information provided in subsequent tables below relates to the first scenario assuming a 7.00 percent interest rate consistent with the May assumptions.*

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Table 4
Project and Public Finance Summary Comparison

($ Millions except Sales per Square Foot)	May 7th	Jan 14th @ 7.00% Bond	Jan 14th @ 7.25% Bond
Gross Leasable Area	711k + 24k	641k + 24k	
Sales Per Square Foot	$350	$378	
Total Project Cost - Retail	$237	$231	
Open Assumption	Nov '14	Phases '14-'15	
Bonds at Par Value	$73	$71	$72
Cum Bond Payments	$165	$159	$163
First Three Revenue Sources	$170	$151	$151
Dedicates Sales Tax Revenue	$105	$106	$106
GF Sales Tax Revenue	$147	$149	$149
Estimated City ST Remitted	**$8.8**	**$9.0**	**$12.0**
Net New ST Revenue	**$108**	**$117**	**$114**
Net New w/o Addtl Transfer		**$111**	**$108**

Slide 8 from the presentation

The primary revenues supporting the bond will come from the Metro District in the form of annual ad valorem taxes on real property and from the Mall owner in the form of PIF revenues. These two revenue sources will generate $43.1 and $65.6 million respectively between 2014 and 2038. These revenues have decreased since May based on the changes to the project site plan and program; ***Table 5*** *shows a comparison. In addition, the pledged URA property tax increment will generate approximately $42.7 million during the same period. By 2020, these three revenue sources will represent $6.1 million in revenue annually. Based off the financial analysis, it is anticipated that sales tax increment contribution towards debt service and the supplemental reserve ends by 2018 until 2029 when additional sales tax increment contributions*

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are required to meet the debt payments on the bond. The total sales tax increment contribution is anticipated to be $9 million.

Table 5
Comparison of Public Finance Revenues Generated by the Project, 2014-2038

($ Millions)	May 7th		Jan 14th	
	Cumulative	Annual Funding 2020	Cumulative	Annual Funding 2020
First Three Revenue Sources	**25 years**		**25 years**	
District Property Tax	$ 50.0	$ 2.1	$ 43.1	$ 1.8
URA Property Tax Increment	55.2	2.3	42.7	1.9
Developer Sales PIF	64.7	2.3	65.6	2.4
Metro District Funding	**$ 169.9**	**$ 6.7**	**$ 151.4**	**$ 6.1**
Today's Value	**$ 62.5**		**$ 55.3**	

Slide 21 from the presentation

In addition, sales tax increment has been pledged to support the issuance of a bond. There are three components to the sales tax generated by the Project, including:

- ***Base*** *- Existing sales tax revenue generated by retailers in the Mall and surrounding Project Area.*
- ***Transfer*** *- Revenue from other areas of the city that shift to the Mall after redevelopment.*
- ***New*** *- The net new revenue, or revenue in excess of base and transfer, associated with the redeveloped mall project.*

In addition, the sales tax revenue can be broken by the various pieces of the effective 3.85 percent rate. There are two main pieces, including:

- ***Core City Sales Tax Rate*** *- This corresponds to the long-standing 2.25 percent General Fund rate.*
- ***Dedicated City Sales Tax Rate*** *- This corresponds to the sum total of four dedicated sales taxes including: Transportation (0.25 percent), Natural Areas (0.25 percent), Building on Basics (0.25 percent), and Keep Fort Collins Great (0.85 percent) dedicated sales tax*

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rates for a total of 1.60 percent.

*The revenue generated by the constituent pieces of the Sales Tax rates is summarized in **Table 6.** The base, transfer, and new components of the Dedicated City Sales Tax Rate will generate approximately $106 million between 2014 and 2038. In addition, the Core Rate base Sale Tax Revenue will generate approximately $44.5 million during the same period. Therefore, the total revenue generated by the project that is not pledged to the bond is approximately $150.5 million.*

Table 6
Comparison of Sales Tax Revenue Generated by the Project, 2014-2038

($ Millions)	May 7th		Jan 14th	
	Cumulative	Annual Funding 2016	Cumulative	Annual Funding 2016
City Sales Tax Revenue	**25 years**	**First Full Year**	**25 years**	**First Full Year**
Dedicated Base / Transfer / New	$ 104.6	$ 3.5	$ 106.0	$ 3.6
Core Base	44.4	1.8	44.5	1.8
Core Transfer & New	102.7	3.1	104.6	3.2
City Sales Tax	**$ 251.7**	**$ 8.4**	**$ 255.1**	**$ 8.7**
Today's Value	**$ 94.7**		**$ 94.8**	

Slide 22 from the presentation

The Agreement only pledges the transfer and new (together, the incremental) sales tax revenue related to the Core Rate. Based on the financial analysis, these sales tax increment revenues represent approximately $104.6 million (up from $102.7 million in May) or the anticipated pledged sales tax increment revenue.

Public Finance Package Structure

*To better understand the structure of the public finance package, **Table** 7 summarizes the anticipated sales tax revenue split between the two rates (Core and Dedicated) by the three components (Base, Transfer, and New). In 2016, the total pledged sales tax increment revenue to the project (identified by the yellow) totals $3.2 million (up from $3.1 million in May) of the approximately $5.1 million generated by the Core Rate (2.25 percent). The City retains the remaining $5.4 million generated by the unpledged Dedicated Rate (1.60 percent) and Core Rate*

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base. These numbers increase to $3.4 million in pledged increment revenue and $5.6 million in retained revenue by 2018.

Table 7
Comparison of Annual Sales Tax Revenue Generated by the Project, 2016 & 2018

($ Millions)	May 7th				Jan 14th			
	Sales Tax in 2016				Sales Tax in 2016			
	Base	Transfer	New	Total	Base	Transfer	New	Total
Core Tax - 2.25%	1.8	1.0	2.1	$ 4.9	1.8	0.9	2.3	$ 5.1
Dedicated Tax - 1.6%	1.3	0.7	1.5	$ 3.5	1.3	0.7	1.6	$ 3.6
Total	$ 3.1	$ 1.7	$ 3.6	$ 8.4	$ 3.2	$ 1.6	$ 3.9	$ 8.6
	Sales Tax in 2018				Sales Tax in 2018			
	Base	Transfer	New	Total	Base	Transfer	New	Total
Core Tax - 2.25%	1.8	1.1	2.2	$ 5.1	1.8	1.0	2.4	$ 5.3
Dedicated Tax - 1.6%	1.3	0.8	1.6	$ 3.7	1.3	0.7	1.7	$ 3.8
Total	$ 3.1	$ 1.9	$ 3.8	$ 8.8	$ 3.2	$ 1.8	$ 4.2	$ 9.1

Slide 25 from the presentation

As stated, the pledged sales tax increment revenue serves as the last revenue source to support the issuance of the bond. Therefore, as the remaining three pledged revenues grow over time the need for pledged sales tax increment revenue to support the bonds diminishes. The financial analysis demonstrates this in the estimated cash flow presented in ***Table 8****.*

The bond will likely be issued in 2014 with three years of capitalized interest. Based on forecasts, revenue will first be available to fund debt payments (including contributions to the supplemental reserve) of the bond in 2015. In 2015, the pledged revenue sources, excluding the sales tax increment revenue, will generate approximately $1.8 million towards bond repayment and reserve contributions. The pledged sales tax increment revenue will generate an additional $0.8 million. These two revenue sources combined will generate sufficient revenue (along with capitalized interest) to cover the debt payment and reserve contributions required by the bond. The pledged revenue sources, excluding the sales tax increment revenue, will grow to $4.9 million in 2017 largely due to the delay in property tax valuation and collection. The pledged sales tax increment revenue is anticipated to grow to $3.3 million. Together, these revenues will cover the debt payment and the last sizable portion of the supplemental reserve fund contribution.

Starting in 2018, the pledged revenue sources, excluding sales tax increment revenue, are anticipated to cover the debt payment, which is anticipated to terminate in 2038. As a result,

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starting in 2018 the pledged sales tax increment revenue will not be required to meet debt payments or reserve contributions until 2029 when additional sales tax increment contributions will be required. These revenues will, according to the terms of the Agreement, be released back to the City. In 2018, the total sales tax revenue retained by the City and sales tax increment revenue released back to the City will rise to $9.0 million and continue at this rate with 2 percent growth per year. This constitutes a $4.2 million increase in net new revenues compared to the existing $4.8 million of sales tax revenue generated in 2012. Approximately $7.2 million of the pledge sales tax increment is used between 2015 and 2017 to support the debt payment and reserve contributions. Additional sales tax increment contributions will be required between 2029 and 2038 increasing the total estimated sales tax increment applied to the bonds to $9.0 million.

Table 8
Anticipated Public Finance Cash Flow, 2012-2019
($Millions)

May 7th	First 3 Revenue Sources	Pledged Sales Tax Increment	Bond Payments & Reserve	Sales Tax Returned	Base & Dedicated Sales Tax	Sales Tax Revenue
2012						**4.8**
2015	2.1	2.5	4.6	---	5.0	**5.0**
2016	2.3	3.1	5.4	---	5.3	**5.3**
2017	6.5	3.2	9.7	---	5.4	**5.4**
2018	6.5	3.3	6.0	**3.3** +	**5.5** =	**8.8**
2019	6.7	3.4	5.7	**3.4** +	**5.6** =	**9.0**
Jan 14th	**First 3 Revenue Sources**	**Pledged Sales Tax Increment**	**Bond Payments & Reserve**	**Sales Tax Returned**	**Base & Dedicated Sales Tax**	**Sales Tax Revenue**
2012						**4.8**
2015	1.8	0.8	2.7	---	3.8	**3.8**
2016	2.4	3.2	5.6	---	5.5	**5.5**
2017	4.9	3.3	8.1	0.2	5.5	**5.7**
2018	5.5	3.4	5.3	**3.4** +	**5.6** =	**9.0**
2019	5.5	3.5	5.4	**3.5** +	**5.7** =	**9.2**

Slide 24 from the presentation

One final change between the May financial package and the current version relates to the use of excess PIF revenue. The project financials are conservatively based on a sales estimate of $378

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per square foot. The National average in 2012 for all malls was $455 per square foot and newer malls in Denver were $600 to $700 per square foot. Anticipating this upside potential, staff built into the May agreement the creation of a Foothills Mall Fund (FMF) where excess revenues from the PIF could be used for specific improvements associated with the Mall. The intent was to keep the Mall fresh and competitive in the retail market. On further reflection, staff considered the FMF provided additional value to the Developer and not the community. The Agreement requires the Developer to maintain the Mall as a "Class A" shopping center after completion of construction.

The current Agreement requires the Bond Trustee to apply excess PIF revenue not needed for debt service (which is expected to result from retail sales upside) to pay down the principal on the bonds in the year the excess revenue is generated by the project. This will lower the overall interest payment and shorten the bond term by approximately four to five years assuming sales increase to $478 per square foot. Staff believes this would be beneficial to multiple constituents:

- *Tenants/Developer – Benefit from early termination of the Metro District Debt property tax of 50 mills reducing overall property tax costs at the site.*
- *Citizens – Benefit from the early termination of the 1.00 percent PIF, which is required to terminate when the bonds are repaid.*
- *Other Taxing Entities – Could benefit because the URA could elect to discontinue collecting property tax increment allowing these revenues to flow to the entities ahead of schedule.*
- *City – Benefits from early payment of the bonds and termination of the sales tax increment, as well as from the sales tax revenue generated by the increase from $378 to $478 per square foot.*

B. Resolution 2014-005 Updating Prior Action Regarding the Redevelopment of Foothills Mall and Regarding Cooperation and Partnership with Larimer County on Economic Revitalization Efforts and the Use of Tax Increment Financing.

Under Resolution 2013-045, the City committed to work with Larimer County to develop such agreements as may be necessary to develop a model for evaluating fiscal impacts associated with the formation of tax increment financing districts. Work was to be completed by December 15, 2013. For two reasons the work has not been completed - the County wants to involve multiple municipalities and when the floods hit, the County put this work on hold. The County has confirmed its desire to complete this work in 2014 and would like a one year extension. In light of the modification to the schedule for the Mall project, language regarding property tax increment to be shared with the County has been updated.

C. First Reading of Ordinance No. 008, 2014, Vacating Foothills Parkway Right-of-Way Between College Avenue and Mathews Street, and Vacating a Portion of Mathews Street.

Foothills Parkway was originally built and dedicated as a public street from College Avenue to Stanford Road with the development of the Foothills Fashion Mall (now known as Foothills Mall). In 1988, an expansion to Foothills Mall for Foley's (now Macy's) resulted in the vacation

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of Foothills Parkway right-of-way from Mathews Street to Stanford Road as approved in Ordinance No. 116, 1987 adopted by City Council on May 17, 1988.

The owner of Foothills Mall has requested that the remaining public portion of Foothills Parkway from College Avenue to Mathews Street be vacated. Additionally, a portion of right-of-way along the west side of Mathews Street would be vacated due to the owner realigning a portion of Mathews Street intersecting Foothills Parkway, resulting in excess right-of-way. The owner received approval by the Planning and Zoning Board on February 7, 2013 of the Foothills Mall Redevelopment Project Development Plan and a condition of approval of the plan was made requiring this portion of Foothills Parkway be vacated.

Vacations of public right-of-way are governed by City Code Section 23-115, which provides for an application and review process prior to submission to the City Council for formal consideration. The process includes review by potentially affected utility agencies, City staff, emergency service providers, and affected property owners in the vicinity of the right-of-way proposed to be vacated. This review process was followed in conjunction with review of the Foothills Mall Redevelopment Project Development Plan, and based on comments received; the Planning Development and Transportation Director recommended that the vacation be approved. With the proposed vacation, easements for access, emergency access, drainage, utilities, and transit would be retained, preserving rights to utilize the vacated portion for these purposes. In order to ensure that the vacation is tied to the approval of the Foothills Mall Redevelopment, this vacation is conditioned upon the recording of the Ordinance, which must occur concurrently with the recordation of the subdivision plat known as "Foothills Mall Redevelopment Subdivision".

If Foothills Parkway and a portion of Mathews Street are vacated, the City will no longer be responsible for the maintenance, and as such, the roadways can be eliminated from the City's street maintenance program. Ongoing maintenance of the area being vacated is the responsibility of the abutting property owner; however, with redevelopment of Foothills Mall, a metro district has been established, and maintenance of the vacated area would be assigned to the metro district.

D. First Reading of Ordinance No. 009, 2014, Authorizing the Conveyance of a Permanent Irrigation Ditch Easement and Right-of-Way to the Larimer County Canal No. 2 Irrigating Company Within the South College Avenue Frontage Road.

The Larimer No. 2 Ditch is currently located on the Foothills Mall site and is to be relocated to the west of College Avenue in an effort to accommodate the redevelopment of the mall and the adjacent properties. The proposal is to realign the ditch so that it flows underground in a box culvert from its current location immediately north of Red Lobster restaurant, within the College Avenue frontage road and day lighting at its current location immediately south of Monroe Drive. It should be noted that the additional benefit of realigning the ditch allows a pedestrian underpass to be constructed in the location where the ditch currently flows under College Avenue. The pedestrian underpass will allow the redeveloped mall to have excellent pedestrian connections to the Mason Corridor and MAX transit stations.

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The frontage road along College Avenue immediately adjacent to Markley Motors and Red Lobster restaurant was dedicated as right-of-way in the 1970's as part of the subdivision that created those commercial sites. Right-of-way that is dedicated to the City of Fort Collins is owned and maintained by the City; however, the adjacent property owners have a property right in the right of way in that if the City ever vacated the right of way, under State law, ownership of the land would revert back to those adjacent property owners. In order for the City to dedicate the required easement to the Larimer No. 2 Ditch Company for the relocated ditch, the City must acquire that underlying property right from Markley Motors and Red Lobster. The City has acquired the necessary property interests from Markley Motors and is in the process of acquiring the necessary property interests from Red Lobster. This Ordinance authorizes the City to convey a permanent easement to the Ditch Company to operate and maintain ditch facilities under the College Avenue frontage road, once the necessary remainder property interests have been acquired. It should be noted that the City is not seeking compensation from the ditch company for the conveyance of the easement because the relocation is occurring as a result of the redevelopment of the mall.

FINANCIAL / ECONOMIC IMPACT

Financial Impact to the City

The financial analysis evaluated the impact of the sales tax increment pledge over the full 25 years of the bond term. This provides a fuller understanding of the impact to the City of the sales tax increment pledge. The total anticipated sales tax revenue generated by the Core Rate between 2014 and 2038 is approximately $149 million with $105 million in sales tax increment pledged toward the bonds (Transfer and New; shown in yellow), as shown in ***Table 9****. The Dedicated Rate generates approximately $106 million between 2014 and 2038. The grand total of anticipated sales tax is approximately $255 million.*

Table 9
Comparison of Sales Tax Revenue Generated by the Project, 2014-2038

($ Millions)	May 7th				Jan 14th			
	Sales Tax over 25 Years				Sales Tax over 25 Years			
	Base	Transfer	New	Total	Base	Transfer	New	Total
Core Tax - 2.25%	44	35	68	$ 147	44	31	74	$ 149
Dedicated Tax - 1.6%	32	24	49	$ 105	32	22	52	$ 106
Total	$ 76	$ 59	$ 117	$ 252	$ 76	$ 53	$ 126	$ 255

Slide 23 from the presentation

As indicated previously, the staff presentation includes two public finance scenarios: (a) an assumed interest rate of 7.00 percent, and (b) an assumed interest rate of 7.25 percent. In both

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scenarios, the estimated new revenue between 2014 and 2038 is approximately $126 million. In the 7.00 percent scenario the estimated sales tax increment contribution to debt service is approximately $9.0 million. The estimated sales tax increment contribution to debt service in the 7.25 percent scenario is estimated at $12.0 million. Therefore, the estimated net new sales tax revenue received by the City or remitted to the City as released pledged sales tax increment, after subtracting the anticipated sales tax increment contribution to debt service, will range between $114 and $117 million or between $4.6 and $4.7 million annually on average. This amount is up from $108 million in net new revenue estimated in May.

A change in the amount of sales tax transfer accounts for a substantial portion of the estimated increase in net new sales tax revenue to the City. Adjusting the above revised net new sales tax revenue estimates to exclude this increase in sales tax transfer reduces the anticipated range to between $108 and $111 million. This is an even more conservative estimate of anticipated net new revenue and remains on par with the previously estimated amount of $108 million presented in May.

Economic Impact Analysis Overview

The Project will generate economic impacts during construction and operations. The construction activities, occurring while the Developer builds and renovates Foothills, will generate one-time impact for construction workers and businesses in the area. The on-going operations of the redeveloped mall and the occupying tenants will create annual economic impacts, employing workers in the community and supporting additional economic activity throughout the region.

*An economic impact analysis prepared by TIP Strategies and ImpactDataSource evaluates the plan to redevelop the Foothills Mall (**Attachment 3**). The analysis uses the Project Development Plan as approved by the Planning & Zoning (P&Z) Board, on February 7, 2013, as the input, assuming a $312 million project investment and 446 multi-family residential units.*

*The one-time construction activity will support 2,905 workers in the area and support $160.1 million in new earnings for these works, as shown in **Table 9**. The redeveloped mall operations represent the restaurant and retail employment and earnings supported by tenants at the mall. Currently, mall tenants employ 200-300 workers but employment is trending lower. It is projected that tenants leasing space in the redeveloped mall will employ a total of 1,200 workers when fully leased. In total, the mall's operations will support 1,434 total workers and $28.4 million in workers' earnings annually.*

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Table 9
Summary of One-Time and Annual Economic Impacts

Construction (One-Time)	***One-Time***
Jobs	*2,905*
Earnings	*$160,096,057*
Average Earnings per Job	*$55,111*
Operations (On-going)**	***Annual***
Jobs	*1,434*
Earnings	*$28,375,412*
Average Earnings per Job	*$19,785*

In addition to economic impacts, the redevelopment of the mall will generate one-time revenues collected by the City of Fort Collins. These revenues will be generated by the construction and renovation investment. Specifically, the redevelopment and construction project will result in sales and use tax collections, capital expansion fees, building permits and plan check fees. The one-time revenue from Sales and Use Taxes will total approximately $5.1 million with approximately $4.8 million in construction materials sales and use tax revenue and $197,000 in sales and use tax from construction worker spending, as shown in ***Table 10****. The total building permit and plan check fees, capital expansion fees, utility fees, and street oversizing fees will total approximately $12.4 million.*

Table 10
Summary of One-Time Fiscal Impacts

Sales and Use Taxes - Construction Materials	*$4,870,250*
Sales and Use Taxes - Construction Worker Spending	*$197,245*
Total Sales & Use Taxes	***$5,067,495***
Building Permit & Plan Check Fees	*$848,414*
Capital Expansion Fees (Less Credits)	*$3,441,306*
Stormwater, Water & Wastewater Fees (Less Credits)	*$6,332,604*
Street Oversizing Fees	*$1,729,600*
Total Permit, Plan Check, and Fees	***$12,351,924***

If Foothills Parkway and a portion of Mathews Street are vacated, the City will no longer be responsible for the maintenance, and as such, the roadways can be eliminated from the City's street maintenance program. Ongoing maintenance of the area being vacated is the responsibility of the abutting property owner; however, with redevelopment of Foothills Mall, a metro district has been established, and maintenance of the vacated area would be assigned to the metro district.

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ENVIRONMENTAL IMPACTS

Triple Bottom Line Analysis

City staff prepared a Triple Bottom Line Analysis Map (TBLAM) for the Foothills Mall Redevelopment Project. The purpose of looking at major projects through a triple bottom line lens is to identify opportunities and issues in an unbiased and broad way. The TBLAM is not used to make decisions but rather to identify and work to mitigate issues, to optimize solutions whenever possible, and to inform decisions. The Mall TBLAM is presented in ***Attachment 4****.*

Carbon Footprint

A carbon footprint analysis was completed for the Mall Redevelopment Project at City Council's request, to evaluate the footprint of the proposed redeveloped mall and compare that to the footprint of the existing mall and to the existing mall if it were operating under thriving conditions. A local sustainability engineering consulting firm, The Brendle Group, prepared the analysis in conjunction with City staff. The footprint analysis was reviewed and refined at a May 3, 2013 mall charrette and was provided to City Council on May 3rd separate from the AIS.

Storm Water Quality

The Foothills Redevelopment is required to meet current storm water standards, which will result in significant upgrades to the site. Runoff will be captured and treated to remove pollutants and discharged off site at a much slower rate than the existing condition. The storm water management and treatment facilities will provide significant reductions in peak rates of runoff from the site seen during all storm events. The reductions will create improvements in the environment downstream of the site such as reductions in the erosion of channels and improved water quality in rivers and streams that receive the runoff from the site.

BOARD / COMMISSION RECOMMENDATION

At its April 24 and May 1, 2013 meetings, the Economic Advisory Commission (EAC) recommended supporting the Redevelopment and Reimbursement Agreement. At its October 16, 2013 meeting, the EAC recommended supporting the revised Redevelopment and Reimbursement Agreement.

PUBLIC OUTREACH

The following lists outreach associated with all URA actions related to Foothills Mall.

Outreach between 2007-2008

- *April 4, 2007 written notification to property owners and business interests*
- *April 6, 2007 published notification in the Coloradoan*
- *April 11, 2007 public open house*
- *April 17, 2007 City Council meeting, submitting the Existing Conditions Survey to the*

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Planning and Zoning Board, Poudre School District, and Larimer County

- *April 19, 2007 Planning and Zoning Board meeting*
- *Written notification to taxing entities*
- *May 15, 2007 City Council meeting, adopting the Foothills Urban Renewal Plan*
- *November 18, 2008 City Council meeting, dissolving the Foothills Urban Renewal Plan*

Outreach between 2011-2013

- *January 21, 2011 written notification to property owners and business interests*
- *February 1, 2011 City Council meeting, authorizing staff to prepare an Existing Conditions Survey*
- *April 20, 2011 public open house*
- *May 17, 2011 City Council meeting, submitting Existing Conditions Survey to the Planning and Zoning Board, Poudre School District, and Larimer County*
- *May 19, 2011 written notifications to taxing entities*
- *July 12, 2011 written notification to property owners and business interests*
- *2011, general outreach was also provided throughout the year to community organizations, such as the South Fort Collins Business Association and Chamber of Commerce*
- *September 6, 2011 City Council meeting adopting the Midtown Urban Renewal Plan*
- *July 18, 2012 written notification to property owners and business interests (Mall area only)*
- *November 8, 2012 URA Board meeting, adopting an Agreement to Negotiate with mall Owner*
- *December 12, 2012 written notice to property owners and business interests*
- *December 12, 2012 published notification in the Coloradoan*
- *February 28, 2013 City Council meeting, reaffirming the Midtown Existing Conditions Survey and Urban Renewal Plan*
- *March 28, 2013 written notice to property owners and business interests regarding the plan amendment*
- *March 28, 2013 published notification in the Coloradoan regarding the plan amendment.*

General Outreach on the Financial Investment Package:

- *Economic Advisory Commission Meeting, Special Session, April 24, 2013 and May 1, 2013 (Provided under separate cover as part of the City Council Packet on May 2, 2013)*
- *Fort Collins Area Chamber of Commerce, Local Legislative Affairs Committee, April 26, 2013*
- *Open House for Board and Commission Chairs, April 30, 2013*
- *Economic Advisory Commission Meeting, October 16, 2013*
- *Council Finance Committee Meeting, October 21, 2013*
- *Public Open House, October 30, 2013."*

City Manager Atteberry stated this agreement is the result of years of work with three different property owners.

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Laurie Kadrich, Director of Community Development and Neighborhood Services, stated the major changes between the project approved February 7, 2013 and this project are slight reductions in the height of the buildings, improved pedestrian connectivity, reduced retail space around the perimeter of the mall, and reduced theater space. Kadrich discussed other site changes with the new project and detailed some of the reasons for redevelopment of the mall, including that it is a catalyst project for the Midtown Area. She detailed the two Ordinances for Council consideration.

Mike Beckstead, Chief Financial Officer, stated this new project plan has about 10% less retail space than the original project and the opening has been delayed a year. He stated the financial deal is fundamentally unchanged. The amount of sales tax increment expected to be required to support the bonds would still be $9 million, assuming a 7% rate. In his opinion, the deal is fundamentally sound and has a structure designed to protect the City's balance sheet.

City Manager Atteberry stated Councilmember Cunniff had requested a summary of changes between was approved on February 7, 2013 and what was approved on December 12, 2013 by the Planning and Zoning Board. He noted Council has received that summary which includes a list of fifteen changes between the two versions. Additionally, there was a revised development agreement in Council's read-before packet.

Mayor Pro Tem Horak requested a summary of the changes for the benefit of the audience.

(Secretary's note: The Council took a brief recess at this point in the meeting.)

Kadrich detailed the changes between the first and second projects approved by the Planning and Zoning Board.

City Manager Atteberry stated the development agreement was made available to the public and Council on January 3rd.

Deputy City Attorney Daggett reviewed the development agreement changes made in the read-before packet and since that time.

Councilmember Poppaw asked about the tree mitigation plan. Courtney Levingston, Project Planner, replied changes from the Project Development Plan approved in February include approximately ten fewer trees due to utility conflicts; however, the number of mitigation tree inches has been increased.

Councilmember Overbeck asked about the termination clause. Beckstead confirmed the June 30, 2014 date is in the agreement for either party to terminate, should the bonds not be issued.

Mayor Pro Tem Horak requested a summary of the development agreement changes made since January 3rd. Beckstead replied with a summary of five changes.

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Cheryl Distaso, Fort Collins Community Action Network, questioned the use of these funds for the mall given the number of people living in poverty in Fort Collins and the need for affordable housing, and asked how these populations would benefit from this financial assistance package.

Glen Colton, 625 Hinsdale Drive, opposed the mall finance package and stated the sales tax received by the City would be at the cost of shoppers.

Tim Kenney, 2824 Abbotsford, supported the mall finance package and redevelopment.

Donna Clark, Fort Collins Marriott Director of Sales and Marketing, supported the mall finance package and redevelopment.

Bob Clancy, 2263 Trestle Road, supported the mall finance package and redevelopment.

Reggie Casselberry, Fort Collins Marriott General Manager, supported the mall finance package and redevelopment.

Jamey Cutter, Corner Bakery Café, expressed concern regarding an article written in the Coloradoan about the scraping of his building and noted there are eighteen years remaining on his lease.

Kerrie Petruso, LensCrafters General Manager, supported the mall finance package.

Lori Radcliff, Fort Collins resident, supported the mall finance package and redevelopment.

Ryan Coffey, Fort Collins resident, supported the mall finance package and redevelopment.

Brooke Tamlin, Palmer Properties Retail Manager, spoke on behalf of Spiro Palmer and supported the mall finance package.

Mark Driscoll, 1906 Pacific Court, supported the mall finance package and redevelopment.

John Clarke, 2208 Nancy Gray Avenue, supported the mall finance package and redevelopment.

Mike Pruznick, Fort Collins resident, opposed the mall finance package.

Michael Bello, Fort Collins resident, supported the mall finance package and redevelopment.

Ray Martinez, 4121 Stoneridge Court, supported the mall redevelopment.

Luke McFetridge, South Fort Collins Business Association, supported the mall finance package and redevelopment.

Ashley Styles, Fort Collins resident, supported the mall finance package and redevelopment.

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Don Butler, Fort Collins resident, supported the mall finance package and redevelopment and commended Fort Collins citizens on their generosity.

John Anderson, Fort Collins resident, agreed with Ms. Distaso's comments and stated this project makes a joke of the City's claims of sustainability.

Casey Lipole, 3407 Stover, supported the mall finance package and redevelopment.

Curt Bear, 611 Laporte, supported the mall finance package and redevelopment.

Don Provost, Alberta Development Partners, commended the partnership and and discussed the community benefits of the project.

Carolyn White, land use counsel for Alberta Development, stated this agreement is essentially the same as the agreement approved in May 2013 and provides approval for $53 million in public eligible costs to support a $300 million construction project. She requested Council support of the finance package.

Nancy York, 130 South Whitcomb, stated she would have preferred a remodel of the existing mall and described the proposed new mall as an auto-magnet and the cause of an increase in air pollution. Additionally, Ms. York expressed concern regarding the salaries of mall employees and the future of Foothills Gateway.

(Secretary's note: The Council took a brief recess at this point in the meeting.)

Councilmember Poppaw noted Council unanimously approved the first mall deal with Alberta and asked Mr. Provost for his input regarding whether or not he knew the May deal was not going to go through. Mr. Provost replied he was negotiating in good faith and the slight changes in the plan are not believed by Alberta to be significant enough to even have this meeting.

Councilmember Poppaw stated this is a 10% decrease in the size of the mall and one year of revenue has been lost. She asked if Mr. Provost intends to begin the project, assuming this deal is approved. Mr. Provost replied in the affirmative. Ms. White replied the agreement has to not only be approved, but also executed, and stated the agreement is the same.

Councilmember Poppaw disagreed and stated the 10% decrease in size and decrease in revenue for the City make the agreements different.

Councilmember Troxell stated some of Council's requirements added delays to the project.

Councilmember Poppaw asked if Councilmember Troxell understood those delays would cause the mall opening to be pushed past December 2014. Councilmember Troxell replied the

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agreement that led to the vote in May included additional provisions added by Council which required additional work and time.

Councilmember Poppaw asked if Council was specifically made aware that the mall would not open in December 2014 when it voted in May. City Manager Atteberry replied in the negative and stated it was his decision to bring the item before Council again given the extent of the changes.

Councilmember Poppaw asked how the increase in internet shopping is going to impact this project. Beckstead replied there is no clear answer for that question; however, malls are still opening and relevant. He stated this project will provide a vibrant mall to the city.

Councilmember Poppaw requested input regarding the Corner Bakery Café issue. City Manager Atteberry replied he also learned about the potential demolition of the building from the *Coloradoan*. Mr. Provost replied this tenant, among others, still has a lease and the information printed in the *Coloradoan* did not come from Alberta, who has no intention of demolishing the building.

Councilmember Poppaw requested information regarding the average wage for mall employees. Josh Birks, Economic Health Director, replied that figure is part of the economic impact analysis.

Councilmember Poppaw requested information regarding the projected loss of revenue due to the later opening date. Beckstead replied there is lost revenue at the front end; however, the economic model instead has the last year falling off as the lost revenue; in the metro district, that figure is a little over $8 million. However, that money is not truly lost as the model is focused on a fixed period of time. He estimated the sales tax revenue which would have been gained in 2014-2015 with the original opening date is about $3.5-4 million less that it will be with the later date.

Birks stated the economic impact analysis shows jobs from the ongoing operations of the mall will have an average salary of $19,700.

Councilmember Poppaw asked what the average monthly rental rate will be for the housing units in the project. Mr. Provost replied the housing products are still being developed and do not yet have established rents; however, rents will likely be at the higher end of the market.

Councilmember Poppaw expressed concern about the lack of affordable workforce housing in the area.

Councilmember Campana noted an affordable housing impact fee could be backdated so as to apply to this project.

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Councilmember Cunniff asked about an article indicating a request for an additional $13.7 million in fee reductions, or waivers, following the signing of the May agreement. Beckstead replied there was a request made in June or July for an additional $13-14 million of public improvements for blight remediation; the City met with Alberta in August and declined to offer any additional incentives.

Councilmember Cunniff asked who covers the other half of the lost property tax and URA TIF revenue if the housing units are not built. Beckstead replied that is the City's risk in this deal.

Councilmember Cunniff asked about the wetland mitigation ratio for the canal relocation. Rick Richter, Director of Infrastructure Services, replied he would calculate the ratio.

Councilmember Cunniff asked if the areas offering community activities, such as ice skating, are still part of the project. Mr. Provost replied in the affirmative.

Councilmember Cunniff asked if the ability for children to do activities outdoors will be lost with the relocation of the Youth Activities Center. Bob Adams, Recreation Director, replied most of the City's activities are currently located inside the facility and he does not anticipate much change between the locations. Mr. Provost discussed the potential use of the east lawn area for youth at the Center.

Councilmember Campana asked what happens to the supplemental reserve fund when the bonds are no longer outstanding. Beckstead replied the fund is given back to the revenue sources that contributed to the fund.

Councilmembers Campana and Cunniff had a brief discussion related to the risk to the City created by the finance package.

Councilmember Cunniff discussed the net sales of the mall which suffered a precipitous decline following 2000 and noted the quality of the mall management moving forward is critical.

Councilmember Campana discussed the agreement's clause requiring certain landscaping and other standards to be maintained.

Councilmember Overbeck asked how the June 30, 2014 termination date was developed. Beckstead replied it is an extension of the date in the May agreement.

Councilmember Overbeck asked how quickly bonds could be issued. Beckstead replied a late spring timeframe is anticipated.

Councilmember Troxell made a motion, seconded by Councilmember Campana, to adopt Resolution 2014-004.

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Councilmember Troxell commended the public-private partnership aspects of the agreement and the benefits the project will have for the Midtown area.

Councilmember Campana thanked Alberta for its investment in the Fort Collins community and commended staff work and the patience of the community. He stated the deal is designed to minimize the City's risk and encouraged the community to shop at the mall.

Councilmember Cunniff stated he would not support the finance package as the cost is high and brick and mortar shopping is declining. He expressed concern regarding the mall aesthetics and the ability to follow-up on certain requirements of the agreement. Additionally, he stated he can no longer support the use of 100% TIF and stated this deal is not what Fort Collins citizens expect.

Councilmember Overbeck stated the risks are greater than the rewards for this assistance package given the possibility of interest rate increases. He expressed concern regarding the location of the Youth Activity Center and retail closures. He also expressed concern regarding traffic and air pollution.

Councilmember Poppaw stated an opportunity was lost with respect to including sustainability staff members and investigating the impacts of the project on lower wage earners. She stated she would support the motion but stated the package should have been better.

Mayor Pro Tem Horak noted the Fort Collins Downtown was once in a similar situation as is the mall currently and discussed the use of the Downtown Development Authority. He commended the conservative approach taken by staff in developing the agreement and finance package. He suggested a retrospective study of the project upon completion.

The vote on the motion was as follows: Yeas: Campana, Horak, Poppaw and Troxell. Nays: Cunniff and Overbeck.

THE MOTION CARRIED.

Mayor Pro Tem Horak requested a summary of Resolution 2014-005. City Manager Atteberry replied this item extends the prior agreement with Larimer County addressing some of its concerns regarding impacts.

Councilmember Troxell made a motion, seconded by Councilmember Campana, to adopt Resolution 2014-005.

Councilmember Cunniff stated he would support the motion.

Councilmember Troxell stated he would support the motion in order to enhance the partnership between the City and County.

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The vote on the motion was as follows: Yeas: Cunniff, Horak, Poppaw, Overbeck, Troxell and Campana. Nays: none.

THE MOTION CARRIED.

Councilmember Troxell made a motion, seconded by Councilmember Campana, to adopt Ordinance No. 008-2014, on First Reading.

Councilmember Troxell stated this is a routine item which makes sense for the project.

Councilmember Cunniff agreed with Councilmember Troxell.

The vote on the motion was as follows: Yeas: Cunniff, Horak, Poppaw, Overbeck, Troxell and Campana. Nays: none.

THE MOTION CARRIED.

Councilmember Troxell made a motion, seconded by Councilmember Campana, to adopt Ordinance No. 009-2014, on First Reading.

Councilmember Troxell noted this item is critical to be completed as soon as possible.

City Manager Atteberry stated Rick Richter is available to answer the previous wetland mitigation question. Richter stated there is a total of 1.5 affected areas which have been classified as low-quality existing wetlands. Those wetlands will be mitigated at a one to one ratio, likely in the Poudre River area with a higher quality replacement.

The vote on the motion was as follows: Yeas: Cunniff, Horak, Poppaw, Overbeck, Troxell and Campana. Nays: none.

THE MOTION CARRIED.

Other Business

Councilmember Cunniff stated he would like the City Manager to develop a process for monitoring, reporting, assessment, and oversight of this project and other economic development activities for performance. City Manager Atteberry replied he will report to Council regarding that structure.

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For additional information or an official copy, please contact City Clerk's Office City Hall West 300 LaPorte Avenue Fort Collins, CO 80521 USA

Adjournment

The meeting adjourned at 9:25 p.m.

Mayor Pro Tem

ATTEST:

City Clerk

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