January 14, 2014

Urban Renewal Authority

A meeting of the Fort Collins Urban Renewal Authority was held on Tuesday, January 14, 2014, at 9:25 p.m., in the Council Chambers of the City of Fort Collins City Hall. Roll Call was answered by the following Boardmembers: Campana, Cunniff, Horak, Overbeck, Poppaw, and Troxell.

Boardmembers Absent: Weitkunat

Staff Members Present: Atteberry, Nelson, Roy.

Agenda Review

Executive Director Atteberry stated there were no changes to the published agenda.

Consideration and Approval of the November 5, 2013
Urban Renewal Authority minutes, Adopted

Boardmember Cunniff made a motion, seconded by Boardmember Overbeck, to approve the minutes of the November 5, 2013 Urban Renewal Authority meeting. Yeas: Campana, Cunniff, Horak, Overbeck, Poppaw and Troxell. Nays: none.

THE MOTION CARRIED.

Items Relating to the Redevelopment of Foothills Mall

The following is the staff memorandum for this item.

"EXECUTIVE SUMMARY

- *Resolution No. 068 Approving an Updated Redevelopment and Reimbursement Agreement with the City of Fort Collins, Walton Foothills Holdings VI, L.L.C., and the Foothills Metropolitan District Regarding the Redevelopment of Foothills Mall.*

- *Resolution No. 067 Updating the Terms of Resolution No. 056 Regarding Cooperation and Partnership with Larimer County on Economic Revitalization Efforts and the Use of Tax Increment Financing.*

The purpose of this item is to authorize and approve items relating to the redevelopment of Foothills Mall. Resolution No. 068 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 067 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.

BACKGROUND / DISCUSSION

- ***Resolution No. 068 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 URA and Walton/Alberta were initiated under an Agreement to Negotiate. On May 8, 2013, Fort Collins Urban Renewal Authority Board authorized and approved the execution of a Redevelopment and Reimbursement Agreement, by the Executive Director of the Fort Collins Urban Renewal Authority, in connection with the redevelopment of the Foothills Mall. Since May, Alberta Development on behalf of Walton Foothills Holdings VI, L.L.C. 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 may

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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 process outlined above this amount was reduced to the $53 million public finance package

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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 priority order:

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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 City Council staff 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 the City Council Agenda Item Summary regarding Foothills Mall redevelopment 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. For the remaining scenarios, please review the staff presentation attached to the City Council Agenda Item Summary for Resolution 2014-004.*

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

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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 22 from the City Council staff 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 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.***

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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 23 from the City Council staff 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 base. These numbers increase to $3.4 million in pledged increment revenue and $5.6 million in retained revenue by 2018.*

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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 26 from the City Council staff 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, 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

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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 25 from the City Council staff 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 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.

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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.,*

- ***Resolution No. 067 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.

FINANCIAL / ECONOMIC IMPACTS

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.*

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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 8****. 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.*

Table 8
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 9****. The total building permit and plan check fees, capital expansion fees, utility fees, and street oversizing fees will total approximately $12.4 million.*

Table 9
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***

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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.

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.

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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 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)*

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- *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."*

Josh Birks, Economic Health Director, recommended the record of the previous Council meeting be included in the discussion related to this item.

Boardmember Troxell made a motion, seconded by Boardmember Campana, to adopt Resolution No. 068. Yeas: Horak, Poppaw, Troxell and Campana. Nays: Cunniff and Overbeck.

THE MOTION CARRIED.

Boardmember Troxell made a motion, seconded by Boardmember Campana, to adopt Resolution No. 067. Yeas: Horak, Poppaw, Troxell, Cunniff and Campana. Nays: Overbeck.

THE MOTION CARRIED.

Adjournment

The meeting adjourned at 9:30 p.m.

Vice-Chair

ATTEST:

Secretary

CITY OF FORT COLLINS SEAL URBAN RENEWAL AUTHORITY

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