

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 22

DATE: July 1, 2008

STAFF: Chip Steiner
Darin Atteberry

SUBJECT

First Reading of Ordinance No. 076, 2008, Appropriating Funds in the Downtown Development Authority Fund for Expenditure in Accordance with the Downtown Plan of Development.

RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

At its April 10, 2008 meeting, the Downtown Development Authority Board voted to recommend approval of the appropriation.

FINANCIAL IMPACT

The DDA Board has authorized expenditure on the purchase of the Elks Building, 140 East Oak Street, in the amount of \$2,800,000. The funds are currently available but require appropriation by City Council.

EXECUTIVE SUMMARY

The Downtown Development Authority (DDA) is asking Council to appropriate \$2,800,000 from the Downtown Development Authority Operations and Maintenance 2004A DDA Bond Project and the 2007A Bond Project fund for the purchase of the Elks building. The DDA Board has authorized the expenditure on this project.

BACKGROUND

The Downtown Development Authority (the "DDA") was created in 1981 with the purpose, according to State statute, of planning and implementing projects and programs within the boundaries of the DDA. The DDA and the City adopted a Plan of Development that specifies the projects and programs the DDA would undertake. Subsequent to that Plan, the City has adopted the Downtown Plan and the Downtown Strategic Plan. All three documents cite the need for and the pursuit of a downtown hotel. The Elks building will be torn down (saving and recycling as much material as possible and minimizing the impact of local landfills) and the surface area will become public parking in conjunction with the hotel development. While the DDA originally intended to build a convention center on the Elks site, the hotel developer has agreed to add 7,000 square feet of meeting space within the hotel proper (in addition to the 5,000 square feet it has already

committed to build). The DDA intends, with City Council approval, to use the saved funds for improvements to six alleys, the planning, design and construction of a year-round community market, and to ensure the DDA-planned amphitheater is built to the maximum benefit of the community.

ATTACHMENTS

1. Minutes from the April 10, 2008 meeting of the DDA.
2. Excerpts from the Downtown Development Authority Plan of Development, Downtown Strategic Plan and the Downtown Plan.

DDA Minutes
 April 10, 2008
 Page 3

Board discussion clarified that the landscaping was part of the permanent structural improvement and therefore qualified for a façade grant.

Moved by Ms. Jordan, seconded by Mr. Sears: To fund this proposal at 417 West Mountain Avenue for the amount of \$11,036. The motion passed unanimously.

UPDATES

New Racks: Mr. Steiner reported the results of two facilitated meetings between the parties involved in the debate over news racks. The current proposal to City Council that has been agreed to by both sides is to approve twelve (12) condominium locations now and also approve four (4) additional permitted future sites that would not be installed at this time. This will involve an amendment to the ordinance between first and second reading by Council.

Moved by Ms. Jordan, seconded by Mr. Taylor: To approve funding of four (4) additional condominium news racks if they are permitted at a future date with the understanding that this is the final offer. The motion passed unanimously.

EXECUTIVE SESSION

Moved by Mr. Taylor, seconded by Mr. Sears: To move to Executive Session to discuss real estate issues. This Executive Session for the purpose stated is authorized pursuant to CRS 24-6-402 (4) (1) (1). The motion passed unanimously.

Moved by Mr. Taylor, seconded by Mr. Sears: To move from Executive Session back to Regular Session. The motion passed unanimously.

Moved by Mr. Taylor, seconded by Ms. Spencer: To authorize the Authority to offer \$2.8 million to purchase the Elks Building and, if accepted, to amend the contract accordingly. The motion passed unanimously.

Further discussion of the Board reached consensus that it would be advisable to postpone the April 22nd joint work session with City Council on the hotel project.

ADJOURN

There being no further business the meeting adjourned at 9:45 a.m.

George Breilig, Secretary

FORT COLLINS
DOWNTOWN DEVELOPMENT AUTHORITY

PLAN OF DEVELOPMENT

ADOPTED BY THE
COUNCIL OF THE CITY OF FORT COLLINS, COLORADO

SEPTEMBER 8, 1981

3. Sidewalks and pathways

C. A parking program to provide sufficient public parking to service all occupants and owners within the District including, but not limited to, the following:

1. Construction of parking garages and lots concentrating on areas of present parking deficiencies as shown in Attachment I, Page 14 of the Parking Study attached hereto as Appendix V and such areas as may require parking facilities in connection with projects undertaken hereafter.
2. Increase the efficiency and effectiveness of existing parking.
3. Introduce programs to reduce the need for parking such as:
 - a. Shuttle system;
 - b. Van pooling;
 - c. Park and ride lots;
 - d. Bikeways.
4. Establish special parking zones and regulations.
5. Work in conjunction with the City Parking Commission to carry out other actions described in the Parking Study (Appendix V).

D. A convention/exhibition facility to be built in conjunction with private development of a downtown hotel and banquet hall facility emphasizing use of the District for trade shows, cultural events, business meetings, conventions, entertainment and also to promote tourism and to complement the Lincoln Center.

E. A pedestrian and vehicular circulation system including but not limited to the following features:

1. A north-south one-way street system utilizing Mason Street as the northbound artery and Howes Street as the southbound artery.
2. A bypass system that would relieve traffic congestion on College Avenue, Mulberry Street, Riverside Avenue and Jefferson Street.
3. A pedestrian system including, but not limited to:
 - a. Canopies and shelters;
 - b. Seating and rest areas;
 - c. Lighting;
 - d. Information and directory centers;
 - e. Handicapped accessibility;
 - f. Landscaping;
 - g. Pedestrian graphics.

CONVENTION CENTER/HOTEL - FACTS AND FINDINGS

Reason for Investigation

The most important factor in creating and maintaining an economically viable District is people: people shopping, people visiting, people working, people playing and people belonging. A market study recently completed by DMJM/Phillips, Reister; Haley, Inc. (DMJM) indicates that a downtown hotel/convention center in Fort Collins would bring an additional 89,000 people a year to downtown and those people would spend \$6.6 million during their stay. That increase in spending would add substantially to the economic vitality of the area. It can reasonably be assumed that the injection of that increased level of spending in the area would have the spinoff effect of creating a major expansion of conventioneer-servicing businesses. These new and expanded businesses will occupy much of the underutilized and vacant commercial space and will provide a market for major new commercial space. More than any other major development, a hotel/convention center could enhance the District as the regional commercial, financial, governmental, social, recreational, and cultural center of Northern Colorado.

Areas of Improvement or Obsolescence

- Decreasing sales as compared to the rest of the City (see Appendix IX):
 - Total for the area.
 - Sales per square foot.
- Short activity day caused by people leaving the downtown area to return home.
- Activity center that will draw and keep people downtown.
- Major development that can act as an impetus to others.

2.1.5 Support the development of a new performing arts/community center in the Mason Street area.

- a. The proposed performing arts/community center facility should be elevated as the top civic project priority for strengthening downtown. It should be constructed within the next 5 years.
- b. The Mountain and Mason site for the performing arts/community center facility is one of the top locations, given its proximity to the retail/entertainment core, the future Mason Transportation Corridor, and existing parking. If this site is determined to not be feasible, locate the facility in close proximity to the core.



Example of a downtown hotel.

2.1.6 Encourage a hotel, with space to support conventions/conferences and tourism if possible.

- a. Currently, downtown has only 18 hotel rooms, (38 more were approved for the historic Armstrong Hotel building late in this planning process). There is clearly a market opportunity to develop new downtown hotel rooms.
- b. Efforts should be made to attract any new hotel property to downtown – either a boutique specialty hotel (50 to 80 rooms) or a conference destination facility (150 to 200 rooms), or both. The hotel would also become a major downtown employer.
- c. Conduct a formal feasibility study to assess the need for a downtown hotel and conference facility.



Example of a hotel street entryway.

2.1.7 Treat Jefferson Street as a connection between the retail/entertainment district and the river corridor, and diminish it as a barrier.

- a. Jefferson Street's status as a State Highway with significant truck traffic tends to foster a perception that it is a barrier.
- b. Work with the Colorado Department of Transportation to consider amending the *US 287/SH 14 Access Management Report* to 1) incorporate implementation of safe parking on Jefferson Street.
- c. Explore lower speed limits and ways to limit speeding on Jefferson Street.
- d. Textured crossing materials and other options should be implemented to encourage pedestrian access across Jefferson at Linden and Lincoln.



On-street parking on Jefferson street.

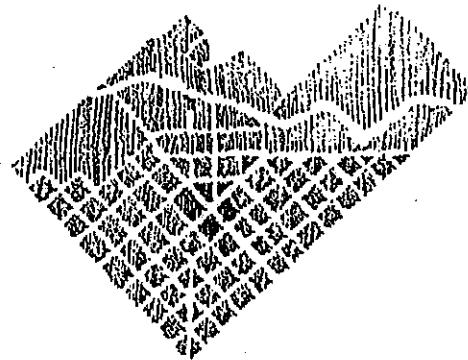


Downtown Plan

FINAL DRAFT

**CITY OF FORT COLLINS
DOWNTOWN PLAN**

An Element of the Comprehensive Plan



**City of Fort Collins, Colorado
June, 1989**

Recommendation

Sponsorship of privatization projects by government is an unusual but promising method of development. The City of Fort Collins and Larimer County are ready to assume the challenge to develop Block 31. The time is right, the resources are available, the private sector is interested, and the needs of the respective governments justify proceeding with the orderly implementation of a privatization project for this area of the Downtown.

It is recommended that the City and County governing bodies authorize a thorough investigation of a private/public partnership in the development of Block 31 and that they provide adequate funding to pursue this opportunity.

3.6 Establish a program to recruit major anchors to the Downtown area.

There is an urgent need to identify and attract new anchor activities to give the Downtown area the draw and prominence required to attract customers and businesses. A number of potential anchors have been identified.

- Department store(s)
- Specialty retail shops
- Home improvement or furnishing center(s)
- Quality hotel(s)
- Eating and drinking establishments
- Conference Center(s)
- Performing/Cultural Arts facility(s)

Attracting these anchors to Downtown requires a combination of factors, but with strong public sector involvement and hard work, it can be done.

The pool of anchors looking to open a Downtown establishment is not deep. Due to its rapidly expanding population base, however, the Fort Collins region is attractive to many retail and restaurant chains and hotels. The big hurdle is convincing these companies that a Downtown site is superior to alternative suburban locations.

What To Do

There are numerous approaches to attracting anchors to Downtown. It is recommended that a task force be formed composed of people interested in the Downtown representing financial institutions, developers, City Council, property owners, business people, and residents to guide this task.

The responsibility of the task force is to develop a strategy, garner support, and undertake implementation. The advice of an experienced outside consultant is highly recommended. There are several steps that this task force will be involved in.

Step 1 - Study the market. A professionally prepared study needs to be undertaken that looks at market opportunity. This is the first and most important factor. In order to attract a major retail anchor or hotel, the establishment will need to be convinced that projected sales are high enough to meet costs and profit objectives.

The area's demographics and other sources of patronage, including Downtown office workers and tourists, need to be examined. The market study will research competition in the suburbs as well as Downtown. The study will identify potential users and analyze parking needs and other physical issues.

Step 2 - Select a developer. The task force needs to look for developers and/or tenants strong enough in retail and/or hotel experience, including both development and management.

Step 3 - Develop package of incentives. An attractive financing package needs to be assembled to attract a developer and/or retail and hotel anchor. A major anchor will review and compare Downtown opportunities with those at a suburban location. The Downtown will have to be able to deliver the best deal if it is expected to successfully compete with other shopping centers or locations.

SOME SPECIFIC IDEAS FOR CHANGE

The task force should explore options for improving the economics of a project through land assembly and writedowns, sale/leaseback arrangements, or developer subsidies. The Downtown may need to provide early dollars for testing market potential and preparing development concepts. In addition, the public sector may need to invest in public improvements such as sidewalk and streetscapes to enhance the attractiveness of Downtown or a particular district.

Step 4 - Plan for Parking. Major retail and hotel anchors need parking. The Downtown must take an active role in providing off-street parking to serve these anchors. The City needs to develop a strategic plan for providing parking for new development.

Recommendation

Assemble a task force to begin exploring opportunities for recruiting major anchors in Downtown.

5.8 Explore opportunities for creating a Downtown campus.

Community colleges and public universities were established for the purpose of bringing education to areas of employment need, and to enhance the cultural background of those who wish to continue their studies. With changing technology and the continuing increase in foreign competition, the role of Colorado community colleges and public universities has become a safety valve for continued real economic growth. In Fort Collins, the Front Range Community College provides the means for students of all ages to come "on line" for an associate degree and transition to Colorado State University (CSU) for further studies and degrees. The mutual cooperation of these institutions is one of the communities' greatest assets.

Like any other public activity, both CSU and Front Range Community College are faced with the problem of solving marketing and distribution problems to achieve maximum performance in pursuit of their separate missions. Consequently the location of their efforts is important to them as well as those who will use their facilities.

ORDINANCE NO. 076, 2008
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROPRIATING FUNDS IN THE
DOWNTOWN DEVELOPMENT AUTHORITY FUND
FOR EXPENDITURE IN ACCORDANCE WITH THE
DOWNTOWN PLAN OF DEVELOPMENT

WHEREAS, on April 21, 1981, the City of Fort Collins, Colorado, adopted Ordinance No. 46, 1981, establishing the Fort Collins, Colorado, Downtown Development Authority (the "DDA"); and

WHEREAS, the Downtown Development Authority's Plan of Development was approved by the City on September 8, 1981, and established the purpose of the DDA and the types of projects in which the DDA would participate; and

WHEREAS, through the adoption of Ordinance No. 88, 2004, the Council appropriated proceeds from the issuance of the City of Fort Collins, Colorado Downtown Development Authority Taxable Subordinate Tax Increment Revenue Bonds, Series 2004A, for expenditure on certain capital improvements in the amount of \$6,235,000 and

WHEREAS, through the adoption of Ordinance No. 016, 2007, the Council appropriated proceeds from the issuance of the City of Fort Collins, Colorado Downtown Development Authority Taxable Subordinate Tax Increment Revenue Bonds, Series 2007A, for expenditure on certain capital improvements in the amount of \$5,700,000 and

WHEREAS, the DDA requested and City Council appropriated funds in Ordinance No 089, 2004, of which \$255,000 remains unexpended and appropriated funds in Ordinance No 017, 2007, of which \$2,545,000 remains expended for a combined total of \$2,800,000; and

WHEREAS, the DDA wishes to purchase the Elks Building, located within DDA boundaries at 140 East Oak Street, with \$2,800,000 of unexpended funds, knowing that the DDA will request the issuance of City of Fort Collins Colorado taxable subordinate tax increment revenue bonds in 2008 to fund project commitments; and

WHEREAS, Article V, Section 10, of the Charter authorizes the City Council to transfer by ordinance any unexpended and unencumbered amount or portion thereof from one fund or capital project to another fund or capital project, provided the purpose for which the transferred funds are to be expended remains unchanged; and

WHEREAS, the Board of Directors of the Fort Collins Downtown Development Authority passed and adopted at the regular meeting of the Board of Directors of the Fort Collins Downtown Development Authority on the 10th day of April, 2008, the desire and intent to purchase the Elks Building; and

WHEREAS, the Board anticipates considering and passing a resolution at its July 10, 2008 regular meeting asking that City Council appropriate funds for the purpose of buying the Elks Building.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS that there is hereby appropriated and reallocated for expenditure from reserves in the Downtown Development Authority Fund the sum of TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$2,800,000) to be used for the purchase of the Elks Building.

Introduced, considered favorably on first reading, and ordered published this 1st day of July, A.D. 2008, and to be presented for final passage on the 15th day of July, A.D. 2008.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 15th day of July, A.D. 2008.

Mayor

ATTEST:

City Clerk