

DATE: December 21, 2010
STAFF: Mike Freeman, John Voss
Christina Vincent

AGENDA ITEM SUMMARY
FORT COLLINS CITY COUNCIL

8

SUBJECT

Second Reading of Ordinance No. 122, 2010, Appropriating Funds from the City's General Fund Reserves for Transfer to the Fort Collins Urban Renewal Authority for the Purpose of Providing a Loan for the Jax, Inc. Building Expansion Project.

EXECUTIVE SUMMARY

This Ordinance, unanimously adopted on First Reading on December 7, 2010, authorizes a loan from the City to the Urban Renewal Authority (URA) to reimburse Jax, Inc. ("Jax") for the local street obligations for College Avenue, Jerome Street and the street oversizing fees associated with the Jax Building Expansion Project (the "Project"). Offsetting these costs allowed the expansion of the Jax retail site at 1200 North College Avenue to be economically feasible. The total cost of this Project was \$172,758. The requested loan amount from the City of Fort Collins General Fund Reserves to the URA will be \$172,758. The URA will utilize the City's Interfund Borrowing program that was formally added to the City's investment policies in 2008. This program enables the City to use a portion of its investment portfolio to assist City Departments and related entities (e.g., the Downtown Development Authority and the URA) to access funds at a competitive interest rate while still providing a market based yield to the City investment portfolio.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

ATTACHMENTS

1. Copy of First Reading Agenda Item Summary - December 7, 2010
(w/o attachments)

DATE: December 7, 2010
STAFF: Mike Freeman, John Voss
 Christina Vincent

AGENDA ITEM SUMMARY
 FORT COLLINS CITY COUNCIL

12

SUBJECT

First Reading of Ordinance No. 122, 2010, Appropriating Funds from the City's General Fund Reserves for Transfer to the Fort Collins Urban Renewal Authority for the Purpose of Providing a Loan for the Jax, Inc. Building Expansion Project.

EXECUTIVE SUMMARY

The Fort Collins Urban Renewal Authority ("URA") is seeking a loan from the City to reimburse Jax, Inc. ("Jax") for the local street obligations for College Avenue, Jerome Street and the street oversizing fees associated with the Jax Building Expansion Project (the "Project"). Offsetting these costs allowed the expansion of the Jax retail site at 1200 North College Avenue to be economically feasible. The total cost of this Project was \$172,758. The requested loan amount from the City of Fort Collins General Fund Reserves to the URA will be \$172,758. The URA will utilize the City's Interfund Borrowing program that was formally added to the City's investment policies in 2008. This program enables the City to use a portion of its investment portfolio to assist City Departments and related entities (e.g., the Downtown Development Authority and the URA) to access funds at a competitive interest rate while still providing a market based yield to the City investment portfolio.

BACKGROUND / DISCUSSION

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

On May 18, 2010, the URA Board of Commissioners approved a Redevelopment Agreement between the URA and Jax to provide financial assistance through a reimbursement for the expansion project located at 1200 North College Avenue. The obligation was to reimburse Jax for eligible costs up to a maximum amount of \$197,460 upon the issuance of a Certificate of Occupancy for the expansion as stated in the Redevelopment Agreement.

Exhibit C from the Redevelopment Agreement for the Jax Building Expansion project, which lists the public improvements included as total eligible costs is attached as Attachment 1.

FINANCIAL / ECONOMIC IMPACTS

The Project is part of the North College Urban Renewal Authority Plan. Over the life of the North College Urban Renewal Authority Plan Area, the Project will generate an estimated \$656,000 in tax increment. This action approves the loan agreement between the City and URA to finance the commitment made by the URA Board to Jax.

URA funding for the Project totals \$172,758.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

ATTACHMENTS

1. Exhibit C to the JAX, INC. Building Expansion Redevelopment Agreement – List of estimated costs for improvements.

ORDINANCE NO. 122, 2010
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROPRIATING FUNDS FROM THE CITY'S GENERAL FUND RESERVES
FOR TRANSFER TO THE FORT COLLINS URBAN RENEWAL AUTHORITY
FOR THE PURPOSE OF PROVIDING A LOAN FOR THE
JAX, INC. BUILDING EXPANSION PROJECT

WHEREAS, the Fort Collins Urban Renewal Authority (the "URA") was created on January 5, 1982 to prevent and eliminate conditions related to certain blight factors in the City; and

WHEREAS, the City Council, by Resolution 2004-152, made findings required by Colorado Revised Statutes, Part 1 of Title 31, Article 25 and declared the area described in Resolution 2004-151 as blighted and approved the Urban Renewal Plan for the North College Avenue Corridor (the "Plan"); and

WHEREAS, on August 15, 2006, the City Council adopted Resolution 2006-082 authorizing an intergovernmental agreement between the City and the URA whereby the City will provide support services to the URA and will advance funds to the URA so long as the advance of such funds is evidenced in writing by a promissory note; and

WHEREAS, on May 18, 2010, the Urban Renewal Authority Board approved a Redevelopment Agreement between the URA and Jax, Inc. ("Jax") to provide financial assistance for public infrastructure required by the Jax Building Expansion Project (the "Project"); and

WHEREAS, the Project is located within the boundaries of the Plan and will generate an estimated \$656,000 in tax increment funds over the life of the Project; and

WHEREAS, the cost of the financial assistance for public infrastructure of the Project is \$172,758; and

WHEREAS, the URA does not anticipate having sufficient tax increment revenues in 2011 to fund its contribution to the Project and City staff therefore recommends that the City lend the URA sufficient funds for that purpose in the amount of \$172,758; and

WHEREAS, there are sufficient prior year reserves in the General Fund to fund a loan to the URA for the purpose of reimbursing Jax for the public infrastructure improvements within the North College Urban Renewal Plan Area, and the City Council hereby finds it is in the best interests of the City to authorize the execution of such loan to the URA; and

WHEREAS, City staff has prepared a proposed promissory note and loan agreement titled "Loan Agreement between the City of Fort Collins and the Fort Collins Urban Renewal Authority for Funding the Jax, Inc. Building Expansion Project" (the "Loan Agreement") attached hereto as Exhibit "A" and incorporated herein by this reference; and

WHEREAS, the City Manager recommends funding the loan to the URA from the General Fund prior year reserves; and

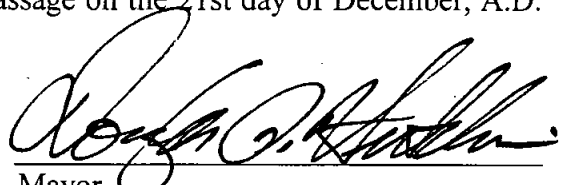
WHEREAS, Article V, Section 9, of the City Charter permits the City Council to appropriate by ordinance at any time during the fiscal year such funds for expenditure as may be available from reserves accumulated in prior years, notwithstanding that such reserves were not previously appropriated.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That there is hereby appropriated from General Fund Reserves the sum of ONE HUNDRED SEVENTY TWO THOUSAND SEVEN HUNDRED FIFTY EIGHT DOLLARS (\$172,758) for transfer to the Fort Collins Urban Renewal Authority and appropriated therein as an interest-bearing loan, to provide the Fort Collins Urban Renewal Authority with the necessary financial support for the Jax Inc. Building Expansion Project, as provided in the Loan Agreement.

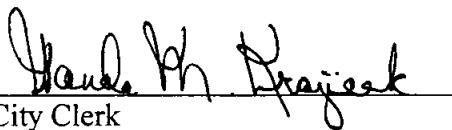
Section 2. That the Loan Agreement is hereby approved, and the City Manager is authorized to execute said agreement, subject to such modifications in form or substance as the City Manager may, in consultation with the City Attorney, deem desirable and necessary to protect the City's interests.

Introduced, considered favorably on first reading, and ordered published this 7th day of December, A.D. 2010, and to be presented for final passage on the 21st day of December, A.D. 2010.



Mayor

ATTEST:



City Clerk

Passed and adopted on final reading on the 21st day of December, A.D. 2010.

Mayor

ATTEST:

City Clerk