

DATE: December 21, 2010
STAFF: Josh Birks, John Voss,
Christina Vincent

AGENDA ITEM SUMMARY
FORT COLLINS CITY COUNCIL

9

SUBJECT

Second Reading of Ordinance No. 123, 2010, Appropriating Funds from the City's Stormwater Reserves for Transfer to the Fort Collins Urban Renewal Authority for the Purpose of Providing a Loan for the Northeast College Corridor Outfall Project.

EXECUTIVE SUMMARY

The first step in the development of the Northeast College Corridor Outfall (NECCO) project was the acquisition of an approximately 10-acre parcel for the regional detention pond, designed to accept regional stormwater flows as well as stormwater from development adjacent to the pond. The project is part of the Stormwater Master Plan and the Storm Drainage Fund and the Urban Renewal Authority are proposing to fund the project. The Stormwater Utility had budgeted \$896,462 to purchase the pond and required easements to manage regional stormwater flows. The total purchase price of the parcel and an additional easement for both regional and adjacent stormwater flows, based on a City funded appraisal and less an easement being reserved by the property owner, was \$1,222,934. This left a project budget shortfall of \$326,472, which relates specifically to the cost associated with the land necessary to detain stormwater from adjacent development. This Ordinance, unanimously adopted on First Reading on December 7, 2010, authorizes a loan to the Fort Collins Urban Renewal Authority (URA) from the City's Storm Drainage Fund Reserves to close the acquisition cost gap.

On December 7, 2010, the Urban Renewal Authority Board voted unanimously to postpone consideration of the Loan Agreement pertaining to the Northeast College Corridor Outfall project. The primary reason for postponement was the desire to understand the project more fully, especially environmental impacts, impacts from proposed changes to the floodplain regulations, and the financial capacity of the plan area. The URA Board elected to appropriate the funds necessary to pay for the debt service associated with the Loan Agreement, indicating it anticipates moving forward with the project. Staff plans to bring the item back to the URA Board next year as the City Council calendar permits.

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: Josh Birks, John Voss,
 Christina Vincent

AGENDA ITEM SUMMARY
 FORT COLLINS CITY COUNCIL

13

SUBJECT

First Reading of Ordinance No. 123, 2010, Appropriating Funds from the City's Stormwater Reserves for Transfer to the Fort Collins Urban Renewal Authority for the Purpose of Providing a Loan for the Northeast College Corridor Outfall Project.

EXECUTIVE SUMMARY

The first step in the development of the Northeast College Corridor Outfall (NECCO) project was the acquisition of an approximately 10-acre parcel for the regional detention pond, designed to accept regional stormwater flows as well as stormwater from development adjacent to the pond. The project is part of the Stormwater Master Plan and the Storm Drainage Fund and the Urban Renewal Authority are proposing to fund the project. The Stormwater Utility had budgeted \$896,462 to purchase the pond and required easements to manage regional stormwater flows. The total purchase price of the parcel and an additional easement for both regional and adjacent stormwater flows, based on a City funded appraisal and less an easement being reserved by the property owner, was \$1,222,934. This left a project budget shortfall of \$326,472, which relates specifically to the cost associated with the land necessary to detain stormwater from adjacent development. The Fort Collins Urban Renewal Authority (URA) is seeking a loan from the City's Storm Drainage Fund Reserves to close the acquisition cost gap.

BACKGROUND / DISCUSSION

In 2004, the City of Fort Collins was approached by the North Fort Collins Business Association, expressing concerns about the economic viability of the North College Avenue Corridor. Due to the lack of transportation infrastructure improvements and severe utility deficiencies (including stormwater management) there was an inability to grow new businesses and encourage reinvestment in the area. The North College Plan Area assists in removing these barriers and provides a funding mechanism to aid much needed private investment.

The North College Infrastructure Funding Plan (Funding Plan), approved by City Council on May 4, 2010 (Resolution 2010-023), provides a framework to guide efforts by the Urban Renewal Authority (URA), the City, and other stakeholders. The primary objective of the Funding Plan is to identify various strategies to assemble funding for public infrastructure projects needed in the North College Avenue corridor area. The Funding Plan helps to implement the adopted North College Plan Area. It is part of an ongoing continuum of City efforts to stimulate and support revitalization in collaboration with citizens in the area.

THE PROJECT

The NECCO project has been designed by the City of Fort Collins stormwater engineers to provide a unified regional stormwater detention and water quality system. When complete, the \$10 million project will provide these services for the east side of College Avenue in the North College Urban Renewal Area and along the proposed realignment of Vine Drive. The construction of NECCO will resolve an existing Adequate Public Facilities issue in the area. In addition, the system will provide economies of scale to adjacent properties owners, potentially reducing their overall cost to mitigate stormwater impacts of development. The first phase of the NECCO project is to construct the primary backbone.

The NECCO primary backbone, from the designated regional detention pond east to Vine Drive, was listed in the Funding Plan as one of four "very high" priority projects. The URA and City staff have been working with Utilities staff to identify effective methods for funding this project since June 2009. In June 2010, the Council Finance Committee previewed and generally supported a strategy to begin the development of the NECCO primary backbone by acquiring 9.4 acres of land for the regional detention pond. The financing approach was subsequently supported unanimously by the Water Board (August 19, 2010) and North College Citizen Advisory Group.

The NECCO primary backbone consists of two main components:

- A detention pond designed to hold both regional stormwater and stormwater from adjacent development; and
- An outfall pipe extending east from the detention pond returning water to the dry creek south and east of Vine Drive near the Airpark area.

The acquisition of land for the detention pond is the first expenditure in the development of the primary backbone. A portion of the costs, specifically relating to regional stormwater, will be reimbursed from the City's Storm Drainage Fund. The remaining cost of the project will be recaptured when development occurs on adjacent property either through Tax Increment revenues or direct contributions by the development.

THE ACTION

In order to facilitate the strategic acquisition of 9.4 acres for the construction of a detention pond, the URA will utilize the City's Interfund Borrowing program to provide \$326,472 of gap funds. The Interfund Borrowing program was formally added to the City's investment policies in 2008. The 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 Urban Renewal Authority) to access funds at a competitive interest rate while still providing a market based yield to the City investment portfolio.

Ordinance No. 123, 2010, creates a loan agreement between the City's Storm Drainage Fund Reserves and the URA for \$326,472. The terms of the loan are 10 years interest only at 2.5 percent, with the principal amount due at the end of Year 10. The borrowed funds will be returned to the City's Storm Drainage Fund to offset monies used to acquire the 9.4 acres in July that were intended for other stormwater projects. The loan agreement is consistent with the City's Interfund Borrowing program because there is a clear nexus between the lender (the City's Storm Drainage Fund Reserves) and the NECCO project.

FINANCIAL / ECONOMIC IMPACTS

The City will use \$326,472 of reserves in the Stormwater Drainage Fund to provide a loan to the Fort Collins Urban Renewal Authority (URA). The URA will make interest payments annually for a term of 10 years. The entire loan is due in full at the end of those 10 years.

ENVIRONMENTAL IMPACTS

The NECCO pond will provide water quality treatment to the entire region, generally east of College Avenue from the proposed realignment of Vine Drive north to Willox Street. The portion of the project funded by the Stormwater Utility will provide water quality treatment and volume control for all existing properties served by the pond while the URA funded portion is sized to provide water quality treatment and volume control for all new and proposed development within its watershed.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BOARD / COMMISSION RECOMMENDATION

At its August 19, 2010 meeting, the Water Board unanimously voted to recommend that Council approve the Ordinance to appropriate \$326,472 from the Storm Drainage Fund Reserves for the purpose of making a loan to the URA.

A preliminary presentation of the project and resolution was given to Council Finance Committee on June 14, 2010. No action was taken.

PUBLIC OUTREACH

The North College Citizen Advisory Group (CAG) voted unanimously at its September 2, 2010 meeting to recommend that the URA Board authorize borrowing \$326,472 from Stormwater reserves to fund the acquisition shortfall for the Northeast College Corridor Outfall regional pond.

ATTACHMENTS

1. Location map
2. Water Board Minutes, August 19, 2010
3. CAG Minutes, September 2, 2010
4. Council Finance Committee Minutes, June 14, 2010

COPY

COPY

COPY

COPY

ORDINANCE NO. 123, 2010
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROPRIATING FUNDS FROM THE CITY'S STORMWATER RESERVES FOR
TRANSFER TO THE FORT COLLINS URBAN RENEWAL AUTHORITY FOR THE
PURPOSE OF PROVIDING A LOAN FOR THE
NORTHEAST COLLEGE CORRIDOR OUTFALL 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, has 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, the Northeast College Corridor Outfall Project (the "NECCO") includes the acquisition of a parcel of land approximately 10 acres in size for a regional detention pond designed to accept regional stormwater flows as well as stormwater from development adjacent to the pond within the North College Urban Renewal Area; and

WHEREAS, NECCO is part of the Stormwater Master Plan and the \$1,222,934 purchase of the 10-acre parcel is being funded by the City's Stormwater Utility, which is contributing \$896,462, and the URA, which is contributing \$326,472; and

WHEREAS, the URA will not have sufficient tax increment revenues in 2011 to fund its contribution to the NECCO; and

WHEREAS, City staff therefore recommends that the City lend the URA the funds needed for that purpose; and

WHEREAS, on September 2, 2010, the North College Citizen Advisory Group voted in favor of the URA borrowing \$326,472 from the City to fund its contribution to the NECCO; and

WHEREAS, there are sufficient prior year reserves in the Storm Drainage Fund Reserves to fund a loan to the URA for the purpose of purchasing the 10-acre parcel of land for the above-described detention pond; and

WHEREAS, because the NECCO improvements are a utilities infrastructure improvement, City staff presented an agenda item to the Water Board on August 19, 2010, seeking a recommendation of the Water Board with regard to the proposed loan from Storm

Drainage Fund Reserves, and Water Board members voted unanimously to support that proposal; and

WHEREAS, Article X, Section 6 of the City Charter states that net operating revenues of the City's utilities may be expended only for renewals, replacements, extraordinary repairs, extensions, improvements, enlargements, embitterments to such utility, or other specific utility purpose determined to the Council to be beneficial to the ratepayers of said utilities; and

WHEREAS, City staff believes that the use of stormwater reserves as a funding source for a loan to the URA in this situation will be beneficial to the ratepayers of the City's Stormwater Utility because the overall stormwater system will become more efficient; and

WHEREAS, 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 NECCO" (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 Stormwater 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 Storm Drainage Fund Reserves the sum of THREE HUNDRED TWENTY SIX THOUSAND FOUR HUNDRED SEVENTY TWO DOLLARS (\$326,472) for expenditure as a loan to the Fort Collins Urban Renewal Authority.

Section 2. That the use of this \$326,472 in Stormwater prior year reserves for the purpose of funding a loan to the URA, according to the terms and conditions of the Loan Agreement, will serve a specific utility purpose for the ratepayers of the City's Stormwater Utility and will be beneficial to the ratepayers in that the overall stormwater system will be more efficient.

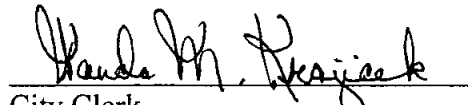
Section 3. That the Loan Agreement is hereby approved, and the City Manager is authorized to execute said agreement, subject to such modifications in form or substance as the City Manager may, in consultation with the City Attorney, deem desirable and necessary to protect the City's interests.

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