

DATE: June 7, 2011
STAFF: Josh Birks, John Voss
Christina Vincent

AGENDA ITEM SUMMARY
FORT COLLINS CITY COUNCIL

7

SUBJECT

Second Reading of Ordinance No. 061, 2011, Appropriating Funds from the City's Storm Drainage Fund 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

This Ordinance, unanimously adopted on First Reading on May 17, 2011, appropriates funds from the City's Storm Drainage Fund Reserves for the purpose of providing a loan to the Fort Collins Urban Renewal Authority (URA). The proposed loan provides the URA with the necessary funds to contribute \$326,472 to the purchase of the Northeast College Corridor Outfall detention pond (purchase completed in July, 2010). This contribution will cover the shortfall in the land purchase transaction and repay the City's Stormwater Fund capital projects budget. The loan from the Storm Drainage Fund Reserves will be interest only for a term of 10 years.

As stated in the Agenda Item Summary on First Reading, the interest rate associated with the NECCO loan was to be set at the 10-year treasury bill rate on the day after URA Board authorization or May 18, 2011. The corresponding treasury bill rate was 3.181 percent on that day and will be the effective rate of this loan.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

ATTACHMENTS

1. Copy of First Reading Agenda Item Summary - May 17, 2011
(w/o attachments)

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AGENDA ITEM SUMMARY
 FORT COLLINS CITY COUNCIL

10

SUBJECT

First Reading of Ordinance No. 061, 2011, Appropriating Funds from the City's Storm Drainage Fund 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

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BACKGROUND / DISCUSSION

PROJECT OVERVIEW

The North College Corridor continues to receive considerable development and/or redevelopment interest. The removal of the Dry Creek floodplain and the establishment of the North College Urban Renewal Plan (NCURP) eliminated several impediments to development and/or redevelopment. However, the area continues to need numerous public infrastructure improvements to full address the City's standard for adequate public facilities (APF). The North College Infrastructure Funding Plan, adopted by City Council on May 4, 2010 (Resolution 2010-023), identified approximately \$74.2 million in required public infrastructure improvements (Attachment 1).

The design of these improvements requires close coordination by City staff to ensure the elements fit together in an integrated fashion and to provide predictability for nearby development. Since 2006, Engineering, Transportation, and Utilities staff have been working to design several public infrastructure improvements, including:

- The realignment of Vine Drive (from College Avenue to Lemay Avenue);
- A unified regional stormwater outfall for east of College Avenue and south of Willox Avenue to East Vine Drive; and
- Two large diameter water pipelines owned by outside agencies.

The planned unified regional stormwater system will provide much needed drainage for stormwater runoff east of North College Avenue and south of Willox Avenue to East Vine Drive (See Attachment 2 – Figure 1). The preliminary design of the infrastructure was completed in February 2006. Subsequently, stormwater designed the NECCO system to nearly complete engineering drawings. The infrastructure includes three main components (See Attachment 2 – Figure 2):

- A unified regional stormwater and water quality system designed to serve the area north and east of the NECCO regional detention pond;
- A regional detention pond located just west of Redwood Drive; and
- The outfall pipe connecting the pond to the East Vine Diversion channel (located east of Lemay Avenue).

The regional detention pond and the outfall pipe connecting to the East Vine Diversion channel constitute the infrastructure known as the "backbone" of NECCO. This is the essential infrastructure required to allow the unified regional stormwater and water quality system to function properly.

NECCO DETENTION POND

The majority of the NECCO detention pond land was purchased with Stormwater Utility funds. The Stormwater Utility paid for 54.83 percent, or \$896,462, of the land to accommodate the existing offsite flows and future water quality treatment of existing properties, largely located north of Conifer Street. Jon Prouty, the property owner, paid for 22.45 percent, or \$322,593, through the purchase of an easement on the land allowing his remaining property to use the land for temporary retention until the completion of the NECCO outfall pipe connecting the pond to the East Vine Diversion channel. The remaining 22.72 percent, or \$326,472, of the land will aid future development on adjacent properties (See Table 1).

Table 1 – NECCO Detention Pond Land Purchase Transaction Summary

	Purchaser	Seller
Purchase Price (Fee Simple)	\$1,436,939	\$0
Drainage Easement	\$108,588	\$0
Retention Easement	\$0	\$322,593
Subtotal	\$1,545,527	\$322,593
Less: Credit from Seller	(\$322,593)	\$0
Total Due	\$1,222,934	\$0
Less: Current Stormwater Funds	(\$896,462)	
Shortfall (URA Loan)	\$326,472	\$0

In addition, the land purchase included an easement for a drainage channel to the north of the detention pond. The price paid for this easement was for an open channel and a pipe for runoff from the north. All properties planned to use the pond are required to drain to the NECCO detention pond and will not be allowed to have onsite detention. This creates a more efficient system of handling stormwater runoff and water quality treatment.

Future development does not receive a reduction, or a reimbursement, if their sites develop with less imperviousness than assumed in the NECCO design. In addition, all future development will be required to contribute to the cost of the unified regional stormwater runoff and water quality treatment facility that is NECCO.

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FINANCIAL / ECONOMIC IMPACTS

The proposed loan from the Storm Drainage Fund Reserves will provide the URA with the necessary funds to contribute \$326,472 to the purchase of the NECCO detention pond. This contribution will cover the shortfall in the land purchase transaction (as shown in Table 1). The loan from the Storm Drainage Fund Reserves (Attachment 3) will be interest only for a term of 10 years. The estimated return to the Storm Drainage Fund Reserves is approximately \$10,000 annually (based on the 10-Year T-Bill rate of 3.348% from April 26, 2011). The actual return will depend on the interest rate assigned to the loan. Per City's Investment Policy, the interest rate of on this type of loan must equal the applicable Treasury Bill rate at the time of authorization. Therefore, the interest rate will be set the day after approval of the loan by the URA Board. City staff has included the estimated interest cost and principal in projections of future tax increment revenue and determined the URA has the ability to repay the loan. There is no impact to the City's General Fund or General Fund reserves.

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ENVIRONMENTAL IMPACTS

The NECCO project will provide a much needed stormwater management system for the area east of College Avenue from Vine Drive north to the City limits. The designed and proposed unified stormwater system will manage stormwater and water quality on the watershed level. The overall health of the watershed, not the individual sites should be of most concern to the City's Stormwater Drainage Utility.

As designed, the NECCO project will have the following positive outcomes for the larger watershed:

- A higher quality of water returned to the natural tributaries, as a result of slower release and reduction in sediments;
- Creation of additional wetlands and natural habitat of a size more conducive to access and use by wildlife;
- Assistance in maintaining downstream channel stability, potentially mitigating an environmental impact (erosion) from a major storm event.

For a more complete discussion of the environmental benefits of unified regional stormwater systems and NECCO please read the attached memo from Jon Haukaas, City Water Engineering Field Operations Manager (Attachment 4).

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BOARD / COMMISSION RECOMMENDATION

The Water Board considered making the loan to the URA for a term of 10 years at its August 19, 2010 meeting and unanimously recommended 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 (Attachment 5).

A preliminary presentation of the project and resolution was given to Council Finance Committee on June 13, 2010. No action was taken. The item was represented to Council Finance Committee on March 22, 2011 (Attachment 6). No action was taken; however, the group asked for more information regarding the environmental benefits of the proposed project. Please see the attached memo from Jon Haukaas, Water Engineering Field Operations Manager for this information (Attachment 4).

PUBLIC OUTREACH

At its September 2, 2010 meeting, the North College Citizen Advisory Group (CAG) voted unanimously to recommend that the URA Board authorize borrowing \$326,472 from Storm Drainage Fund Reserves to fund the acquisition shortfall for the NECCO regional pond (Attachment 7).

ATTACHMENTS

1. North College Infrastructure Plan, Public Infrastructure Summary Table
2. NECCO Project Context and Overview Maps
3. Loan Agreement and Promissory Note
4. Memorandum on Environmental Benefits from Jon Haukaas, April 25, 2011 (This attachment was requested during the May 9 Leadership Team meeting)
5. Water Board meeting minutes, August 19, 2010
6. City Council Finance Committee meeting minutes, June 13, 2010 and March 22, 2011
7. North College Citizen Advisory Group meeting minutes, September 2, 2010
8. Estimated NECCO Project Cost Map

ORDINANCE NO. 061, 2011
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 adoption of 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 ten 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 ten-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 ten-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.

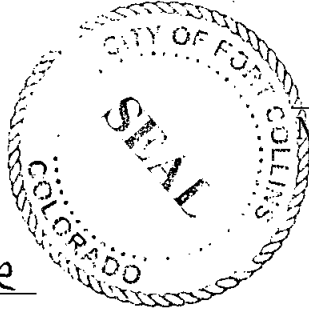
NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

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 17th day of May, A.D. 2011, and to be presented for final passage on the 7th day of June, A.D. 2011.



Lauren Witkenat
Mayor

ATTEST:

Heidi M. Kravack
City Clerk

Passed and adopted on final reading on the 7th day of June, A.D. 2011.

Mayor

ATTEST:

City Clerk