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Gerry Horak, District 6, Mayor Pro Tem
Bob Overbeck, District 1
Lisa Poppaw, District 2
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Darin Atteberry, City Manager
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Wanda Nelson, City Clerk

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****REVISED AGENDA****

WORK SESSION

April 23, 2013

6 p.m.

1. Call Meeting to Order.
2. Foothills Mall Public Financing. (staff: Darin Atteberry, Mike Beckstead)

Objectives/Summary:

- a. Community vision and expectation.** Over the last 10 years, the consistent theme of request from citizens has been the revitalization of the mall. While there were hopes that the previous owner - General Growth Properties - would achieve that vision, sales tax revenue from the mall has deteriorated each year since the peak in 2000.
- b. Catalytic opportunity in Midtown.** City staff believes the redevelopment of the mall with an underpass that links the area to the Mason BRT system combined with residential housing will be a catalyst for growth and development within the Midtown corridor – creating a sense of place and destination for the community.
- c. Revenue opportunity.** The mall and surrounding area that will be redeveloped generated approximately \$3.1M of sales tax revenue for the City in 2012. It is anticipated that when the mall opens approximately \$1.7M of sales tax revenue will transfer from other existing retail to the mall for a combined \$4.8M of

existing current revenue. By 2018, the third full year of mall operations, it is anticipated the mall will generate \$8.8M of sales tax revenue. Net new revenue is estimated to be \$4.0M.

- d. Minimize risk to the City's balance sheet, credit rating and revenue.** All of the revenue generated to support the public improvement costs and associated financing are anticipated new revenues to the City through Metro District Property Tax mills, Develop Public Improvement Fees (PIF), URA Property Tax Increment and a Sales Tax Pledge and Shareback.

3. Discussion of the Operating Agreement Between the City and Prospect Energy, Inc. and the Extent to Which Prospect Energy's Oil and Gas Operations Should Be Exempted from the Moratorium on Such Activities and the Ban on Hydraulic Fracturing. (Staff: Laurie Kadrich, Lindsey Ex, Dan Weinheimer; 90 minute discussion)

Council is considering whether to approve on Second Reading, an Ordinance that would exempt Prospect Energy from a moratorium prohibiting new oil and gas drilling and a ban on the use of hydraulic fracturing in the drilling process. Second Reading was scheduled on April 16, 2013. After considerable discussion and public testimony, Council continued the item to April 23, 2013 to consider the issue during a work session, followed by continuation of the April 16, 2013 Adjourned Meeting. Council asked staff to provide more information regarding the inclusion of Undeveloped Acreage (UDA) in the Operator Agreement and whether Prospect Energy would remove the UDA from the Operator Agreement. Council also requested the following information:

- How does the Operator Agreement apply to the UDA?
- A summary of current oil and gas legislation,
- A timeline of the moratorium, ban and agreement, and
- Information regarding the existing Fort Collins Field, well locations and expansion plans.

To be exempt from the hydraulic fracturing ban, there must be a Council-approved Operator Agreement in place. Council stipulated Operator Agreements must ensure stringent public health and safety measures are in place and provide strict controls on the release of methane gases and other volatile organic compounds (VOCs). Council asked that a comparison table be developed illustrating parts of the Agreement that exceed federal or state guidelines or regulation.

4. Other Business.
5. Adjournment.