

AGENDA ITEM SUMMARY

October 21, 2014

City Council

STAFF

John Voss, Controller/Assistant Financial Officer
Mike Beckstead, Chief Financial Officer

SUBJECT

Second Reading of Ordinance No. 135, 2014, Appropriating Unanticipated Revenue in the General Fund and Authorizing the Transfer of Existing Appropriations From the General Fund to the Capital Projects Fund for the Woodward Related Transmission Line Relocation Project.

EXECUTIVE SUMMARY

This Ordinance, unanimously adopted on First Reading on October 7, 2014, appropriates an additional \$254,000 for the Transmission Line Relocation portion of the Woodard Public Improvements Project.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

ATTACHMENTS

1. First Reading Agenda Item Summary, October 7, 2014 (w/o attachments) (PDF)
2. Ordinance No. 135, 2014 (PDF)

AGENDA ITEM SUMMARY
 City Council

October 7, 2014

STAFF

John Voss, Controller/Assistant Financial Officer
 Mike Beckstead, Chief Financial Officer

SUBJECT

First Reading of Ordinance No. 135, 2014, Appropriating Unanticipated Revenue in the General Fund and Authorizing the Transfer of Existing Appropriations From the General Fund to the Capital Projects Fund for the Woodward Related Transmission Line Relocation Project.

EXECUTIVE SUMMARY

The purpose of this item is to appropriate an additional \$254,000 for the Transmission Line Relocation portion of the Woodward Public Improvements Project.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

The Woodward Agreement defined 3 public improvement projects that were to be funded by DDA Tax Increment Financing (TIF) at an estimated cost of \$6.05M plus an additional \$0.5M from Natural Areas specifically to support the NA project. Individual project funding included:

Project (\$ millions)	Original Est	Current Est
Transmission Line Relocation (TL)	\$1.30	\$1.55
Right of Way Improvements (ROW)	1.75	1.75
Natural Areas Restoration (NA)	3.50	3.30
Total	\$6.55	\$6.60

The natural area (NA) and right-of-way (ROW) improvements are estimated to come in at or under budget. The transmission line (TL) work is complete and the cost is over budget by \$254k. The cost overrun on the TL was the result of additional costs associated with the footings/foundations of the towers of \$332K. Contingencies and savings in other areas of the project offset the additional funding needed to only \$254K. The original estimate on the TL was developed by Platte River Power Authority (PRPA); however, the agreement specified that the City bears the risk of any additional costs. Section 4 of the Agreement with Platte River Power Authority includes the following statement:

“Subject to the limitations set forth herein, Fort Collins is responsible for the reimbursement of all reasonable costs incurred by Platte River to carry out the Work.”

Staff has worked to identify offsets in other areas of the Public Improvement projects. Early in the year, cost savings anticipated in the NA and ROW would provide an offset to the Transmission Line additional cost; however, the spring flood plus construction cost escalation eliminated the possible offsets. Prior to the flood in May of 2014, the NA total cost was estimated at approximately \$2.8M providing approximately \$200k to offset

the TL. Staff anticipated the remaining \$54K would possibly be available after final bids for the ROW work had been received. Final bids have been received and no savings are available.

Underspend anticipated in NA cannot be used to cover the cost overrun on the TL because the final \$0.5M is from NA dedicated revenue. Section 1.4 of the IGA between the City and DDA reads as follows:

*“In the event that the total actual cost for the Transmission Line Relocation and/or the Right of Way Improvements exceeds the estimated cost for such Improvement Projects as described in Section 1.1 above, any such shortfall shall come from bond proceeds allocated to pay for the cost of the Open Space Improvements, and the amount of bond proceeds funding available for the Open Space Improvements will then be accordingly limited by the \$6,050,000 cap on funding of the Improvement Projects. **However, to the extent that the amount of bond proceeds to fund the Open Space Improvements is less than \$3,000,000, the City has agreed to provide the additional funding necessary to complete the Open Space Improvements.** The City will backfill any shortfall in the bond proceeds available for the Open Space Improvements using funds that are not dedicated to natural areas.”*

In the agreement with Woodward dated April 16, 2013 Section 4.1 states that Improvement Projects shall be funded in the following order; (a) Relocation of Transmission Lines, (b) Right of Way Improvements and (c) Open Space Improvements. In effect, the cost overruns in TL are resulting in a shortage of funds needed for NA. In the agreement with DDA dated September 16, 2013 the City agreed to backfill any shortfall in the \$3M in bond proceeds if at least \$3M were needed to complete the NA Project. Therefore, this appropriation is simply anticipating and covering now the shortfall in funds that would likely occur for the NA funding as a result of the actual costs for the TL relocation exceeding the original budget.

Because of these requirements, the bond proceeds of \$6.05M need to be reallocated as follows:

Project (\$ millions)	New Funding Allocations			
	Bonds	General Fund	Natural Areas	Total
Transmission Line Relocation (TL)	\$1.55			\$1.55
Right of Way Improvements (ROW)	1.75			1.75
Natural Areas Restoration	2.75	0.25	0.30	3.30
Total	\$6.05	\$0.25	\$0.30	\$6.60

FINANCIAL / ECONOMIC IMPACTS

The appropriation increases the budget on the Transmission Line Relocation portion of the Woodward Public Improvement project by \$254,000 in the Capital Projects Fund. The funding source is unanticipated revenue in the General Fund.

ATTACHMENTS

1. Powerpoint presentation (PDF)

ORDINANCE NO. 135, 2014
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROPRIATING UNANTICIPATED REVENUE IN THE GENERAL FUND AND
AUTHORIZING THE TRANSFER OF EXISTING APPROPRIATIONS FROM THE
GENERAL FUND TO THE CAPITAL PROJECTS FUND FOR THE WOODWARD
RELATED TRANSMISSION LINE RELOCATION PROJECT

WHEREAS, pursuant to Ordinance No. 055, 2013, the City, the Downtown Development Authority (“DDA”), and Woodward Inc. (“Woodward”) entered into an agreement which provides that Woodward will advance up to \$6.05 million to the DDA to fund certain public improvements, to be made on or near the former Link-N-Greens Golf Course in connection with the redevelopment of that property (the “Woodward Site”) and the City will act as either the project manager or construct the public improvements; and

WHEREAS, the public improvements include the following projects: (1) the relocation and installation of a Platte River Power Authority transmission line (\$1,297,080) that currently crosses the Woodward Site, (2) right-of-way improvements (\$1,750,000), and (3) open space restoration (\$3,500,000), for a total cost of \$6,547,080; and

WHEREAS, Woodward has agreed to advance funds in the amount of \$6,047,080 for these public improvements in the priority order stated above, and the Natural Areas Fund is providing an additional \$500,000 for the open space restoration; and

WHEREAS, the relocation and installation of the power transmission line has been completed and the actual cost is higher than the original estimate by \$254,000; and

WHEREAS, the agreements for funding the public improvements related to Woodward specify that the City bears the risk of any additional costs for them and that in the event of any shortfall in funding for these projects, the shortfall is not to reduce the budgeted funding for the open area restoration; and

WHEREAS, this appropriation is therefore for the purpose of anticipating and covering now the shortfall in funding for the open space restoration that will likely occur as a result of the actual costs for the transmission line relocation exceeding the original budget; and

WHEREAS, the General Fund has unanticipated sales and use tax revenue that is available to fund the additional transmission line cost; and

WHEREAS, Article V, Section 9, of the City Charter permits the City Council to make supplemental appropriations by ordinance at any time during the fiscal year, provided that the total amount of such supplemental appropriations, in combination with all previous appropriations for that fiscal year, does not exceed the current estimate of actual and anticipated revenues to be received during the fiscal year; and

WHEREAS, City staff has determined that the appropriation of the revenue as described herein will not cause the total amount appropriated in the General Fund to exceed the current estimate of actual and anticipated revenues to be received in the General Fund during any fiscal year; and

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

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS that the sum of TWO HUNDRED FIFTY-FOUR THOUSAND DOLLARS (\$254,000) from unanticipated revenue in the General Fund is hereby appropriated for transfer to the Capital Projects Fund - Woodward Public Improvements-Transmission Line Project and appropriated therein.

Introduced, considered favorably on first reading, and ordered published this 7th day of October, A.D. 2014, and to be presented for final passage on the 21st day of October, A.D. 2014.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 21st day of October, A.D. 2014.

Mayor

ATTEST:

City Clerk