

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 22 A-B

DATE: November 18, 2003

STAFF: John F. Fischbach/
Alan Krcmarik

SUBJECT

Items Relating to the 2004 Downtown Development Authority Budget.

RECOMMENDATION

Staff and the Downtown Development Authority Board of Directors recommend adoption of the Ordinances on Second Reading.

EXECUTIVE SUMMARY

- A. Second Reading of Ordinance No. 149, 2003, Appropriating Operating Funds and Approving the Budget of the Downtown Development Authority for the Fiscal Year Beginning January 1, 2004, and Fixing the Mill Levy for the Downtown Development Authority for 2004.

Ordinance No. 149, 2003, which was unanimously adopted on First Reading on November 4, 2003, sets the Downtown Development Authority annual mill levy at 4.05 mills and appropriates \$2,307,470 in the Operations and Maintenance Fund.

- B. Second Reading of Ordinance No. 150, 2003, Appropriating Revenue in the Downtown Development Authority Debt Service Fund for Payment of Debt Service for the Year 2004.

This Ordinance, which was unanimously adopted on First Reading on November 4, 2003, appropriates funds for 2004 from the tax increment received by the City for the DDA for debt service payments.

ORDINANCE NO. 149, 2003
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROPRIATING OPERATING FUNDS
AND APPROVING THE BUDGET OF THE
DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2004,
AND FIXING THE MILL LEVY FOR THE
DOWNTOWN DEVELOPMENT AUTHORITY FOR FISCAL YEAR 2004

WHEREAS, the Fort Collins Downtown Development Authority (the "DDA") has been duly organized in accordance with Section 31-25-804, C.R.S.; and

WHEREAS, on October 2, 2003, the Board of Directors of the DDA ("DDA Board"), acting under the provisions of Section 31-25-816, C.R.S., adopted a budget for the fiscal year beginning January 1, 2004, and determined the mill levy necessary to provide for payment during fiscal year 2004 of all properly authorized expenditures to be incurred by the DDA; and

WHEREAS, it is the desire of the Council to approve said budget of the DDA and to appropriate the sum of TWO MILLION THREE HUNDRED SEVEN THOUSAND FOUR HUNDRED AND SEVENTY- DOLLARS (\$2,307,470) for operation and maintenance of the DDA for the fiscal year beginning January 1, 2004 and ending December 31, 2004; and

WHEREAS, the DDA Board has recommended to the Council a mill levy of 4.05 mills upon each dollar of assessed valuation of all taxable property within the DDA District, such levy representing the amount of taxes for DDA purposes necessary to provide for payment during the ensuing fiscal year for all properly authorized expenditures to be incurred by the DDA; and

WHEREAS, Section 39-5-128(1), C.R.S., requires certification of any tax levy to the Board of County Commissioners no later than December 15, 2003.

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

Section 1. That the Council has reviewed the DDA's 2004 Recommended Budget, as adopted by the DDA Board, and hereby approves said budget, which is on file in the Office of the City Clerk.

Section 2. That there is hereby appropriated out of the revenues of the DDA for the fiscal year beginning January 1, 2004 and ending December 31, 2004, the sum of TWO MILLION THREE HUNDRED SEVEN THOUSAND FOUR HUNDRED AND SEVENTY- DOLLARS (\$2,307,470), to be raised by taxation and otherwise, to be expended for the authorized purposes of the DDA.

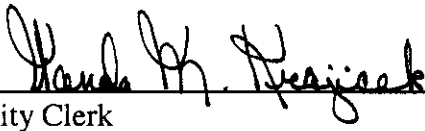
Section 3. That the 2004 mill levy rate for the taxation upon each dollar of the assessed valuation of all taxable property within the DDA District as of December 31, 2003, shall be 4.05 mills, which levy represents the amount of taxes for the District purposes to provide for payment during the aforementioned budget year of all properly authorized expenditures to be incurred by the District. Said mill levy shall be certified to the County Assessor and the Board of County Commissioners of Larimer County, Colorado by the City Clerk as provided by law.

Introduced, considered favorably on first reading, and ordered published this 4th day of November, A.D. 2003, and to be presented for final passage on the 18th day of November, A.D. 2003.



Mayor

ATTEST:



City Clerk

Passed and adopted on final reading this 18th day of November, A.D. 2003.

Mayor

ATTEST:

City Clerk

ORDINANCE NO. 150, 2003
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROPRIATING REVENUE IN THE
DOWNTOWN DEVELOPMENT AUTHORITY DEBT SERVICE FUND
FOR PAYMENT OF DEBT SERVICE FOR THE YEAR 2004

WHEREAS, the Council of the City of Fort Collins, in Ordinance No. 149, 1984, authorized the issuance of Tax Increment Refunded Bonds, Series 1984, dated October 1, 1984, in the aggregate principal amount of EIGHT MILLION TWO HUNDRED THOUSAND DOLLARS (\$8,200,000); which bonds were subsequently refunded in 1985, 1988, 1992, and 2001; and

WHEREAS, through the adoption of Ordinance No. 50, 2001, the City Council authorized the issuance of new Tax Increment Revenue and Refunding Bonds (the "2001 Bonds"), in order to invoke an early call provision on the City's 1992 Downtown Development Authority Tax Increment Revenue Refunding and Improvement Bonds, in the aggregate principal amount of THREE MILLION SIX HUNDRED FORTY THOUSAND DOLLARS (\$3,640,000); and

WHEREAS, the DDA's payment for principal, interest, and debt service requirements on the 2001 Bonds is ONE MILLION THREE HUNDRED EIGHTY-TWO THOUSAND THIRTY-EIGHT DOLLARS (\$1,382,038); and

WHEREAS, through the adoption of Ordinance No. 142, 2003, the City Council authorized the issuance of new Tax Increment Revenue Bonds (the "2003 Bonds"), in order to finance certain capital improvements and capital projects, and providing for the pledge of certain incremental ad valorem tax revenues to pay the principal of, interest on, and any premium due in connection with the redemption of the bonds in the aggregate principal amount of ONE MILLION DOLLARS (\$1,000,000); and

WHEREAS, interest on the 2003 Bonds is due and payable annually; and

WHEREAS, the Downtown Development Authority (the "DDA") is a body corporate duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Downtown Development Authorities Act of the State of Colorado, Section 31-25-801, C.R.S. et seq. (the "Act"), and the powers of the DDA Board of Directors ("DDA Board") include the power to borrow money and to finance public improvements within the boundaries of the DDA; and

WHEREAS, Ordinance No. 142, 2003, also allows Council to appropriate tax increment funds for purposes of debt service payments for obligations other than those of the 2003 Bonds; and

WHEREAS, on October 2, 2003, the DDA Board adopted a 2004 Budget that provided for the payment of debt service on the 2003 Bonds; and

WHEREAS, the Council of the City of Fort Collins, in Ordinance No. 128, 1998, authorized the issuance by the City of Lease Certificates of Participation Series 1998, dated August 1, 1998, in the aggregate amount of SEVENTEEN MILLION TWO HUNDRED TEN THOUSAND DOLLARS (\$17,210,000) of which SIX MILLION NINE HUNDRED TWENTY THOUSAND DOLLARS (\$6,920,000) is attributable to the Parking Structure; and

WHEREAS, pursuant to its intergovernmental agreement with the City and the County, the DDA has agreed to pay one-third of the lease payments attributable to the Parking Structure each year through 2006 for the financing of the Civic Center Parking Structure; and

WHEREAS, the DDA's share of the 2004 lease payments for the Parking Structure is \$281,224; and

WHEREAS, the Council of the City of Fort Collins, in Ordinance No. 10, 2000, authorized the issuance of Subordinate Tax Increment Revenue Bonds, Series 2000A dated March 1, 2000, in the aggregate amount of SIX HUNDRED EIGHT THOUSAND DOLLARS (\$608,000) for financing several capital improvements in the downtown area (the "2000 Bonds"); and

WHEREAS, the DDA's 2004 interest payment for the 2000 Bonds is \$35,112; and

WHEREAS, pursuant to Section 31-25-816, C.R.S., the DDA budget is subject to approval by the City Council.

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

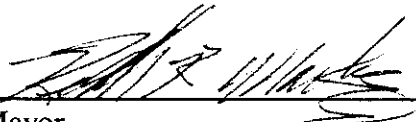
Section 1. That there is hereby appropriated for expenditure from the Downtown Development Authority Debt Service Fund the sum of ONE MILLION THREE HUNDRED EIGHTY-TWO THOUSAND THIRTY-EIGHT DOLLARS (\$1,382,038) for payment of debt service in 2004 on the 2001 Bonds authorized by Council in Ordinance No. 50, 2001.

Section 2. That there is hereby appropriated for expenditure from the Downtown Development Authority Debt Service Fund the sum of ONE MILLION DOLLARS (\$1,000,000) for payment of debt service in 2004 on the 2003 Bonds authorized by Council in Ordinance No. 142, 2003.

Section 3. That there is hereby appropriated for expenditure from the Downtown Development Authority Debt Service Fund the sum of TWO HUNDRED EIGHTY-ONE THOUSAND TWO HUNDRED TWENTY-FOUR DOLLARS (\$281,224), which amount is hereby authorized for transfer to the City of Fort Collins General Fund to be used to cover the Downtown Development Authority's one-third share of the debt service payment on the Civic Center Parking Structure.

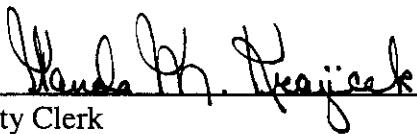
Section 4. That there is hereby appropriated for expenditure from the Downtown Development Authority Debt Service Fund the sum of THIRTY-FIVE THOUSAND ONE HUNDRED TWELVE DOLLARS (\$35,112) for interest payment in 2004 on the 2000 Bonds.

Introduced and considered favorably on first reading and ordered published this 4th day of November, A.D. 2003, and to be presented for final passage on the 18th day of November, A.D. 2003.



Mayor

ATTEST:



City Clerk

Passed and adopted on final reading this 18th day of November, A.D. 2003.

Mayor

ATTEST:

City Clerk

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 23 A-B

DATE: November 4, 2003

STAFF: John F. Fischbach/
Alan Krcmarik

SUBJECT

Items Relating to the 2004 Downtown Development Authority Budget.

RECOMMENDATION

Staff and the Downtown Development Authority Board of Directors recommend adoption of the Ordinances on First Reading.

FINANCIAL IMPACT

Ordinance No. 149, 2003, sets the Downtown Development Authority annual mill levy at 4.05 mills and appropriates \$2,307,470 in the Operations and Maintenance Fund. Of this amount, \$278,371 covers administrative expenses and \$2,029,099 is for DDA participation in projects in the downtown area. The mill levy is projected to generate \$272,287. The mill levy has been at this level since 1991, except for 2003 when it was increased to provide funding for a business improvement district. The Board recommends that the mill levy revert to 4.05 mills for 2004. Ordinance No. 150, 2003, appropriates the tax increment revenue for debt service to be paid in 2004. The debt includes DDA revenue bonds, DDA subordinate revenue bonds, the DDA share of the lease purchase certificates of participation for the Civic Center Parking Structure, and monies for projects supported by the Tax Increment Revenues from the expansion of the DDA boundaries. The total tax increment revenue for 2004 is projected to be \$2,866,318. The 2004 appropriation in the Downtown Development Authority Debt Service Fund is \$2,698,374.

EXECUTIVE SUMMARY

- A. First Reading of Ordinance No. 149, 2003, Appropriating Operating Funds and Approving the Budget of the Downtown Development Authority for the Fiscal Year Beginning January 1, 2004, and Fixing the Mill Levy for the Downtown Development Authority for 2004.

The Downtown Development Authority (the "DDA") adopted the proposed DDA budget for 2003, totaling \$2,307,470, and determined the mill levy necessary to provide for payment of administrative costs incurred by the District, at its regular meeting of October 2, 2003.

- B. First Reading of Ordinance No. 150, 2003, Appropriating Revenue in the Downtown Development Authority Debt Service Fund for Payment of Debt Service for the Year 2004.

This Ordinance appropriates funds for 2004 from the tax increment received by the City for the DDA for debt service payments. Debt service and annual lease payments include: the semi-annual payments of the 2001 DDA Refunding Revenue Bonds in the amount of \$1,382,038, the DDA share of the Parking Structure lease payment of \$281,224, the amount of \$35,112 for the annual interest payment on the subordinate revenue bonds issued in 2000, and \$1,000,000 for various projects identified by the DDA board from tax increment revenues.

BACKGROUND

Through action of the Council and the qualified electors, the City of Fort Collins created the Authority in 1981. According to the state statute, the purpose of the DDA is to plan and implement improvements within the boundaries of the Authority. The DDA established a Plan of Development that specified the types of projects that it would undertake. In order to undertake the plan of improvements, the City on behalf of the DDA has issued various bond anticipation notes and revenue bonds. The first issuance of revenue bonds for the DDA occurred in 1984. Subsequently, the bonds have been refunded to effect savings and to better match the tax increment of the authority with the debt service of the bonds. The first refunding of the bonds occurred in 1992 when the City issued \$11,380,000 of Downtown Development Authority Tax Increment Revenue and Refunding Bonds. The most recent refunding of the bonds occurred in 2001.

In April of 2001, the City issued \$3,640,000 of Downtown Development Authority Tax Increment Revenue and Refunding Bonds. In accordance with the applicable state law, only the City may issue long-term debt on behalf of the Authority. The bond ordinances pledge tax increment revenues of the DDA to debt retirement and establish the debt service payments. The Charter requires that Council appropriate all funds that pass through City accounts. The tax increment from the DDA to be appropriated by the City flows directly into the debt service account. In 2004, the debt service on the 2001 bonds is \$1,382,038.

In addition to the debt service on the 2001 bonds, the DDA has entered into agreements or passed resolutions that use additional amounts of tax increment.

According to an agreement with the City of Fort Collins and Larimer County, the DDA is to pay a share of the annual lease payment on the Civic Center Parking Structure. In 2004, the DDA share of the payment is \$281,224.

In 2000, the DDA also issued subordinate revenue bonds to participate in the financing of other improvements within the Authority's boundaries. This bond issued has an interest rate that readjusts with the prime rate of the Key Bank, the buyer of the bonds. Staff projects an interest rate on the bonds at 6.6%. This interest rate generates an annual interest payment of \$35,112.

In 2001, the DDA refunded its 1992 Bonds to create debt service savings. The interest rate decreased from about 6.5% to 3.5%. The refunding reduced the DDA debt service payments by

\$214,000 over the last six years of maturities (2001-2006). The savings accumulate in the debt service fund and the City and DDA may use them for other projects.

In addition to the projects financed using the tax increment from the Authority, the DDA has the ability to impose a mill levy for the administration, operation, and maintenance of the entity. The mill levy for 2004 is 4.05 mills. In 2003, the mill levy was raised to 5 mills to provide funding for a downtown business improvement district. Before 2003, the mill levy had been constant at 4.05 mills since 1991. In 2004, the Board decided to return the mill levy to 4.05 mills. According to preliminary information from the County Assessor, this mill levy should generate \$272,287 of revenue in 2004. The total operating budget for the DDA is \$416,740.

Staff has attached the corresponding resolutions adopted by the DDA Board of Directors.

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