

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 13

DATE: December 2, 2003

STAFF: Alan Krcmarik

SUBJECT

First Reading of Ordinance No. 164, 2003, Appropriating Unanticipated Revenue in the Capital Projects Fund For Transfer to the Capital Leasing Corporation Fund to be Used for Interest Associated with the Debt Service Payments on the City Office Building at 215 North Mason Avenue and the Civic Center Parking Structure.

RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

FINANCIAL IMPACT

By using interest earnings on the lease certificates of participation, used to fund the Office Building at 215 North Mason and the Civic Center Parking Structure to cover the interest component of the annual lease payments, the City will save money in the General Fund. The transfer from the project totals \$718,668. The savings to the General Fund will be identical to this amount.

EXECUTIVE SUMMARY

In 1998, the City completed a Lease Certificates of Participation financing to provide the funding for the Mason Street Office Building and the Parking Structure. The total amount of financing was \$17.2 million. During the design and construction phases, the City Finance Department invested the proceeds and earned more money than initially planned. Although the project is substantially complete, money remains in the project's escrow. Appropriate uses for the remaining funds include project improvements and interest payments on the semi-annual lease payments. Although the City normally transfers money from its General Fund to the Capital Leasing Corporation Fund to pay the interest on the lease payments, this Ordinance transfers \$718,668 from interest earnings in the Capital Projects Fund - Office Building capital project to the Capital Leasing Corporation Fund to make the interest payments. This will allow the City to freeze the appropriation from the General Fund, in effect providing more savings to the City's General Fund at the end of 2003.

ORDINANCE NO. 164, 2003
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROPRIATING UNANTICIPATED REVENUE IN THE CAPITAL PROJECTS FUND
FOR TRANSFER TO THE CAPITAL LEASING CORPORATION FUND
TO BE USED TO FOR INTEREST ASSOCIATED WITH THE
DEBT SERVICE PAYMENTS ON THE
CITY OFFICE BUILDING AT 215 NORTH MASON AVENUE
AND THE CIVIC CENTER PARKING STRUCTURE

WHEREAS, on August 4, 1998, City Council adopted Ordinance No. 128, 1998, approving and authorizing the City to enter into agreements in connection with the execution and delivery of lease certificates of participation, thereby approving a mechanism to secure funding for projects associated with the Civic Center Plan, including the Office Building, located at 215 N. Mason and the Civic Center Parking Structure (the "Projects"); and

WHEREAS, the total amount of financing for the "Projects" was \$17.2 million dollars; and

WHEREAS, during the design and construction of the "Projects," proceeds from the financing were invested, and earnings on the invested funds were more than originally estimated; and

WHEREAS, now that the "Projects" are substantially complete, the aforementioned interest earnings, totaling \$718,668, are available in the Capital Projects Fund, but have not yet been appropriated; and

WHEREAS, the said interest earnings can be used for "Project" improvements and/or payment of interest on semi-annual lease payments associated with the lease certificates of participation; and

WHEREAS, the City's General Fund transfers money to the Capital Leasing Corporation Fund, annually, for the purpose of making debt service payments associated with the "Project,"; and

WHEREAS, staff recommends using the unappropriated interest earnings on the lease certificates of participation to pay interest on the Project debt service payments, thereby saving the General Fund \$718,668; and

WHEREAS, Article V, Section 9, of the Charter of the City of Fort Collins (the "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 then current estimate of actual and anticipated revenues to be received during any fiscal year; and

WHEREAS, staff has determined that the appropriation of interest earnings on the issuance of lease certificates of participation, as described herein, will not cause the total amount appropriated

in the Capital Projects Fund - Office Building capital project to exceed the then current estimate of actual and anticipated revenues to be received during the fiscal year; and

WHEREAS, it is the desire of Council to appropriate the sum of \$718,668 in unanticipated interest earnings in the Capital Projects Fund - Office Building capital project for transfer to the Capital Leasing Corporation Fund, and appropriated therein, to be used for interest associated with the debt service payments on the City Office Building at 215 N. Mason and the Civic Center Parking Structure.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS that there is hereby appropriated for expenditure from unanticipated revenue in the Capital Projects Fund - Office Building capital project, for transfer to the Capital Leasing Corporation Fund and appropriated therein, the sum of SEVEN HUNDRED EIGHTEEN THOUSAND SIX HUNDRED SIXTY-EIGHT (\$718,668), in the form of interest earnings on the proceeds from the issuance of lease purchase certificates of participation, to be used for interest associated with the debt service payments on the City Office Building at 215 N. Mason and the Civic Center Parking Structure.

Introduced and considered favorably on first reading and ordered published this 2nd day of December, A.D. 2003, and to be presented for final passage on the 16th day of December, A.D. 2003.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading this 16th day of December, A.D. 2003.

Mayor

ATTEST:

City Clerk