

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 15

DATE: November 15, 2005

STAFF: Darin Atteberry
Chip Steiner
Chuck Seest

SUBJECT

Items Relating to the 2006 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. 140, 2005, Appropriating Operating Funds and Approving the Budget of the Downtown Development Authority for the Fiscal Year Beginning January 1, 2006, and Fixing the Mill Levy for the Downtown Development Authority for 2006 at Five Mills.
- B. Second Reading of Ordinance No. 141, 2005, Appropriating Revenue in the Downtown Development Authority Debt Service Fund for Payment of Debt Service for the Year 2006.

The Downtown Development Authority Board of Directors adopted its proposed budget for 2006, totaling \$2,377,757, on November 3, 2005. The Board determined the mill levy necessary to provide for payment of administrative costs incurred by the DDA, at its regular meeting of October 6, 2005.

Ordinance No. 141, 2005, appropriates funds for 2006 from the tax increment received by the City for the DDA for debt service payments.

Ordinance Nos. 140 and 141, 2005, were unanimously adopted on First Reading on November 2, 2005.

**ORDINANCE NO. 140, 2005
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROPRIATING OPERATING FUNDS OF THE
DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2006,
AND FIXING THE MILL LEVY FOR THE
DOWNTOWN DEVELOPMENT AUTHORITY FOR FISCAL YEAR 2006**

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 6, 2005, 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, 2006, and determined the mill levy necessary to provide for payment during fiscal year 2006 of all properly authorized expenditures to be incurred by the DDA; and

WHEREAS, it is the desire of the Council to appropriate the sum of TWO MILLION THREE HUNDRED SEVENTY-FIVE THOUSAND FIVE HUNDRED FIFTY TWO DOLLARS (\$2,377,757) in the DDA Operation and Maintenance Fund for the fiscal year beginning January 1, 2006 and ending December 31, 2006, to be used as follows:

- | | |
|---|------------|
| • DDA Operations & Maintenance from taxation and otherwise | \$ 817,757 |
| • DDA Projects from anticipated bond proceeds | 1,000,000 |
| • Cultural Program from anticipated bond proceeds and donations | 560,000 |

WHEREAS, the DDA Board has recommended to the Council a mill levy of 5.0 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, 2005

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 Operations and Maintenance Fund the sum of EIGHT HUNDRED SEVENTEEN THOUSAND SEVEN HUNDRED AND FIFTY-SEVEN DOLLARS (\$817,757), to be raised by taxation and otherwise, to be expended for the authorized purposes of the DDA.

Section 2. That there is hereby appropriated for expenditure from the Downtown Development Authority Operations and Maintenance Fund the sum of ONE MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS (\$1,550,000), to be raised by bond proceeds anticipated to be issued in 2006.


Section 3. That the 2006 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, 2005 shall be 5.0 mills, which levy represents the amount of taxes for the District purposes to provide for payment during the aforementioned fiscal 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 2nd day of November, A.D. 2005, and to be presented for final passage on the 15th day of November, A.D. 2005.



Mayor

ATTEST:



City Clerk / Chief Deputy

Passed and adopted on final reading this 15th day of November, A.D. 2005.

Mayor

ATTEST:

City Clerk

**ORDINANCE NO. 141, 2005
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROPRIATING REVENUE IN THE
DOWNTOWN DEVELOPMENT AUTHORITY DEBT SERVICE FUND
FOR PAYMENT OF DEBT SERVICE AND LEASE PAYMENT FOR THE YEAR 2006**

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 include the power to borrow money and to finance public improvements within the boundaries of the DDA; and

WHEREAS, the Council of the City of Fort Collins, in Ordinance No. 149, 1984, authorized the issuance of Tax Increment Bonds, Series 1984A, dated October 1, 1984, in the aggregate amount of \$8,200,000, which bonds were subsequently refunded in 1985, 1998, 1992, and 2001; and

WHEREAS, the Council, in Ordinance No. 088, 2004, authorized the issuance of \$6,235,000 of Subordinate Tax Increment Revenue Bond, Series 2004A, dated June 14, 2004; and

WHEREAS, the DDA expects to issue additional bonds in 2006 in the amount of \$1,550,000; and

WHEREAS, the DDA's payment for principal, interest, and debt service requirements on the total outstanding bonds will be \$1,690,005 in 2006; and

WHEREAS, the Council, in Ordinance No. 128, 1998, authorized the issuance of Lease Certificates of Participation Series 1998 in the amount of \$17,210,000 of which \$6,920,000 is attributable to the ~~Civic Center Parking Structure~~; and

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

WHEREAS, the DDA's share of the 2006 lease payments for the Parking Structure is \$281,149; and

WHEREAS, pursuant to Section 31-25-816, C.R.S., the appropriation of DDA debt service 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 SIX HUNDRED NINETY-

THOUSAND FIVE DOLLARS (\$1,690,005) for payment of debt service on previously issued and outstanding bonds.

Section 2. That there is hereby appropriated for expenditure from the Downtown Development Authority Debt Service Fund the sum of ONE MILLION DOLLARS (\$1,550,000) for payment of debt service on bonds anticipated to be issued in 2005.

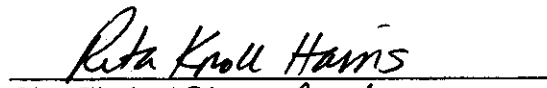
Section 3. That there is hereby appropriated for expenditure from the Downtown Development Authority Debt Service Fund the sum of TWO HUNDRED EIGHTY-ONE THOUSAND ONE HUNDRED FORTY-NINE DOLLARS (\$281,149), which amount is hereby authorized for transfer to the City of Fort Collins Capital Leasing Corporation Fund to be used to cover the DDA's one-third share of the lease payment on the Civic Center Parking Structure.

Introduced, considered favorably on first reading, and ordered published this 2nd day of November, A.D. 2005, and to be presented for final passage on the 15th day of November, A.D. 2005.



Mayor

ATTEST:



City Clerk / Chief Deputy

Passed and adopted on final reading this 15th day of November, A.D. 2005.

Mayor

ATTEST:

City Clerk

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 20

DATE: November 2, 2005

STAFF: Darin Atteberry
Chip Steiner
Chuck Seest

SUBJECT

Items Relating to the 2006 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. 140, 2005, sets the Downtown Development Authority ("DDA") annual mill levy at 5.0 mills and appropriates \$2,377,757 in the Operations and Maintenance Fund. Of this amount, \$817,757 covers administrative expenses for the DDA, \$560,000 covers the program expenses of the Downtown Cultural Program, and \$1,000,000 is for DDA participation in projects in the downtown area. The mill levy is projected to generate \$399,041. Funds for DDA participation in downtown projects and for the Downtown Cultural Program will come in the form of a request to City Council for authorization of a new bond in 2006. The balance of funds for administrative expenses comes from the following sources: the mill levy that the DDA Board of Directors ("Board") is recommending remain unchanged at 5.0 mills for 2006; interest earnings; and unexpended revenues remaining in the 2005 budget.

Ordinance No. 141, 2005, appropriates the tax increment revenue for debt service to be paid in 2006. 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 2006 is projected to be \$3,338,956. The 2006 appropriation in the Downtown Development Authority Debt Service Fund is \$3,521,154 of which \$1,550,000 is anticipated debt to be recovered in 2006, and \$1,971,154 is current, actual debt.

EXECUTIVE SUMMARY

- A. First Reading of Ordinance No. 140, 2005, Appropriating Operating Funds and Approving the Budget of the Downtown Development Authority for the Fiscal Year Beginning January 1, 2006, and Fixing the Mill Levy for the Downtown Development Authority for 2006 at five mills.

The Board will adopt their proposed budget for 2006, totaling \$2,377,757, on November 3, 2005. The Board determined the mill levy necessary to provide for payment of administrative costs incurred by the DDA, at its regular meeting of October 6, 2005.

- B. First Reading of Ordinance No. 141, 2005, Appropriating Revenue in the Downtown Development Authority Debt Service Fund for Payment of Debt Service for the Year 2006.

This Ordinance appropriates funds for 2006 from the tax increment received by the City for the DDA for debt service payments. Debt service and annual lease payments include:

Existing Debt

2004 Subordinate Bonds	\$ 247,430	
Prior year refunding Bonds	1,442,575	
Share of Parking Structure	<u>281,149</u>	
		\$1,971,154

Anticipated debt to be incurred in 2006

2006 DDA Projects	1,000,000	
2006 Downtown Cultural Program	<u>550,000</u>	
		<u>\$1,550,000</u>
TOTAL		\$3,521,154

BACKGROUND

Through action of City Council and the qualified electors, the City of Fort Collins created the DDA in 1981. The purpose of the DDA is to plan and implement improvements within its boundaries. The DDA established a Plan of Development ("Plan") that specified the types of projects that it would undertake. In order to undertake the Plan, 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 1985. The most recent refunding of the bonds occurred in 2001. The most recent issuance of new bonds occurred in 2004. The total debt service on outstanding and anticipated bonds for 2006 will be \$3,240,005.

In addition to the debt service on the outstanding bond issues, the DDA has entered into an agreement with the City to use some of the tax increment for the downtown Civic Center Parking Structure. According to the 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 2006, the DDA share of the payment is \$281,149.

The Downtown Cultural Program will also be financed with tax increment monies. Please see Attachment A which is a synopsis of the Downtown Cultural Program. Although historically the DDA has used tax increment monies primarily for acquisition of property interests and installation of public improvements, the state statute governing downtown development authorities permits the use of such monies for any undertaking or activity of an authority, whether economic or physical, as authorized in the plan of development for the authority.

The DDA's Plan is replete with references to cultural programs and activities, including the following most significant ones:

OBJECTIVES AND PURPOSES

To maintain the District as a regional center for commercial, financial, governmental, social, recreational, and cultural activities and to prevent deterioration from occurring.

PRIORITIES

Encourage activities and services that will attract the entire community and also attract tourism by broadening the entertainment, cultural and social activities and events that take place in the District. Encourage projects that will promote the image of the District as a place for entertainment, relaxation, conversation, education, center of art and center of culture."

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 2006 is 5.0 mills. According to preliminary information from the County Assessor, this mill levy should generate \$399,041 of revenue in 2006.

The total operating budget for the DDA is \$2,347,757.

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