

**AGENDA ITEM SUMMARY**  
**URBAN RENEWAL AUTHORITY**

**ITEM NUMBER: 3**

**DATE: February 21, 2006**

**STAFF: Wanda Krajicek**

**SUBJECT**

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Consideration and Approval of the Minutes of the January 24, 2006 Meeting.

January 24, 2006

**URBAN RENEWAL AUTHORITY**

**Regular Meeting - 6:00 p.m.**

A meeting of the Urban Renewal Authority was held on Tuesday, January 24, 2006 at 6:00 p.m. in the Council Chambers of the City of Fort Collins City Hall. Roll Call was answered by the following Boardmembers: Brown, Hutchinson, Kastein, Manvel, Ohlson, Roy, and Weitkunat.

Staff Members Present: Jones, Krajicek, Roy.

**Resolution 2006-002**  
**Adopting a Budget for the**  
**Fort Collins Urban Renewal Authority, Adopted**

The following is staff's memorandum on this item.

***“EXECUTIVE SUMMARY***

*This Resolution formally establishes a budget for the Urban Renewal Authority (“URA”). Later this month, the manner of funding the URA budget will be determined through either third party financing or a loan from the City. This Resolution does not appropriate funds.*

*Staff estimates the URA will require an overall budget of \$660,000 to address the URA activities in 2006. Of this amount, \$500,000 is for URA projects in the North College Plan Area, and the remaining \$160,000 covers administrative expenses (including planning, research, public outreach, support for advisory groups, and financial management) for the URA. Within the administrative expenses, \$132,000 is designated for general administration and \$28,000 relates to specific administration of the projects in the North College Plan Area.*

*The most viable funding option for 2006 URA participation of \$500,000 in the North College Plan Area appears to be authorization of a loan from an external bank or from the City. This will be the subject of discussion at Council's Work Session on January 24, 2006.*

*Funding for the administrative expenses of \$160,000 in 2006 will be covered by the City's Advanced Planning Department budget (General Fund). These funds were approved by City Council with the adoption of the City Budget for 2006. In order to properly identify the true operation costs of the URA, these funds have been specifically set out in the 2006 budget. The URA will not appropriate funds for administrative expenses in 2006.*

*The total tax increment revenue for the North College Plan Area in 2006 is projected to be \$10,000. By 2007, total tax increment revenue is anticipated to be \$200,000. The debt incurred by the URA*

*in 2006 will be structured with repayment beginning in 2007 as tax increment revenue will then be sufficient to service the debt. The 2007 Budget will include an appropriation ordinance to address debt service.*

## **BACKGROUND**

*Through action of City Council, the City of Fort Collins activated a URA North College Plan Area in 2004. The purpose of the URA is to plan and implement improvements within its boundaries.*

*Excerpts from the North College Avenue Urban Renewal Plan provide some context relevant to this appropriations request:*

### **Preface and Intent:**

*The driving interest in the establishment of this Plan is to begin offering tax increment financing as a tool to stimulate and leverage both public and private sector development (including redevelopment), to help eliminate blight and prevent the spread of blight. It is the intent of this Plan for any development projects and other implementation actions to be done in a responsive manner, with full consideration for interests and concerns of property owners in the area.*

### **Objectives:**

*This Plan is intended to stimulate private sector development in and around the Renewal Area. A combination of private investment, Authority financing, and public investment will assist progress toward the following additional objectives:*

- *To facilitate redevelopment and new development by private enterprise through cooperation among developers and public agencies to plan, design, and build needed improvements;*
- *To address and remedy conditions in the area that impair or arrest the sound growth of the city;*
- *To implement the Comprehensive Plan and its related elements;*
- *To redevelop and rehabilitate the area in a manner which is compatible with and complementary to unique circumstances in the area;*
- *To effectively utilize undeveloped and underdeveloped land;*
- *To improve pedestrian, bicycle, and vehicular circulation and safety;*
- *To ultimately contribute to increased revenues for all taxing entities;*
- *To encourage the voluntary rehabilitation of buildings, improvements and conditions;*
- *To facilitate the enforcement of the laws and regulations applicable to the Renewal Area;*
- *To watch for market and/or project opportunities to eliminate blight, and when such opportunities exist, to take action within the financial, legal and political limits of the Authority to acquire land, demolish and remove structures, provide relocation benefits, and pursue redevelopment, improvement and rehabilitation projects."*

Mayor Hutchinson introduced the agenda item. Deputy City Manager Jones introduced Finance Director, Chuck Seest.

Chuck Seest noted a work session would normally have been held to discuss funding and getting the appropriations in the budget, but with a statutory deadline of January 31, 2006 approaching to get the budget adopted, this resolution is now being presented. Included in the budget are amounts that are not funded, but indicate what staff believes at this point to be the activities of the URA for 2006.

Ron Lautzenheiser, 7423 Couples Court, a business owner on North College and chairman of the URA Citizens Advisory Group (CAG), stated the URA should adopt the budget but requested the line item entitled *General Administration of the URA* in the amount of \$132,000 and the Line Item entitled *Administration Specific to North College* in the amount of \$28,000 include a placeholder amount of either \$5,000 or \$10,000 to allow time for the CAG to review the numbers and provide input. The CAG is very concerned about the draft IGA between the City and the URA that will provide for administrative support for the URA and will determine how the cost will be allocated.. The CAG is concerned that other expenses that should be City costs for future projects and not URA expenses will be included in the administrative costs of the URA.

Neil McCaffrey, business address, 1331 Red Cedar Circle, and member of the CAG, addressed the concern of the CAG with the Cooperation Agreement between the City and the URA. He stated the CAG is concerned that the potential exists for City staff to charge the URA for services the City should be providing from its own budget.

Boardmember Kastein stated the administrative charges to the URA should be only for work that is done exclusive to the URA and not for other City services.

Deputy City Manager Jones stated this item is for the 2006 activities of the URA which is Citywide. The amount specific to North College is what staff has budgeted for that project and both amounts are budgeted out of the General Fund to get the North College project started. The amount allocated for North College administration is for staff time to do research and analytical work to support the CAG meetings with data and information. These amounts have already been approved by Council.

Boardmember Kastein asked to see a breakdown of the administrative expenses in the URA budget.

Mayor Hutchinson asked if this was going to be discussed further in the following work session.

Jones stated that funding the project commitments of \$500,000 will be discussed in the work session, but questions seeking to understand the Budget could be answered at this time.

Joe Frank, Advance Planning, stated the *General Administration* line item is for general administration of the URA which boundaries are the municipal limits. This amount is for assistance to development proposals, to provide staff support to the URA Board, to process tax increment financing (TIF) applications, to prepare blight studies and plans for new project areas as they might arise and other such costs. It also includes a new half-time City Planner position to assist in the activities of the URA and \$10,000 for new consulting services to conduct market studies, blight studies, and architectural plans or planning services as the URA might need.. The *Administration Specific to North College* budget item is to provide substantial staff support for CAG in its activities, to answer questions from CAG and attend meetings.

Boardmember Kastein asked if future URA budgets would have \$160,000 a year taken from the TIF.

Frank stated that has yet to be decided. The adopted 2006-2007 budget includes URA staffing and support for the CAG. Staff is in the process of developing an Intergovernmental Agreement (IGA) between the City and the URA. One provision is that the City may request reimbursement for staff time devoted to the URA activities.

City Attorney Roy stated the draft IGA is not ready to be presented to Council, but much more discussion is to come before the IGA is in final form.

Boardmember Manvel stated this discussion about the IGA and future costs would be better left to a later date but his understanding is that for this year and next year, the plan is for the City to cover the URA costs.

Boardmember Kastein asked if staff was thinking that \$28,000 per year will be the cost of administration, not \$132,000 per year.

Frank stated most of staff's time has been devoted to the North College activities, but the potential exists for the URA to develop new project areas and that, if the decision is made to charge back administration costs, an accounting system will have to be developed to track the amount of time spent on each project.

Mayor Hutchinson asked if providing the \$160,000 out of the General Fund to jumpstart the North College Plan was setting a precedent and if the IGA will specify how any reimbursement will be done.

City Attorney Roy stated the IGA will state how reimbursement will be done.

Mayor Hutchinson asked if there was any downside to approving the \$160,000 in the URA budget now.

City Attorney Roy stated from a legal standpoint, this was not setting a binding precedent. A budget is a plan on how to spend existing or anticipated funds. It is anticipated that funds will be acquired either in the form of a conventional loan or a loan from the City. The budget is a plan as to how those funds would be spent. It sets no legal precedent for how future monies may be spent.

Mayor Hutchinson asked if the IGA will be a subject of debate so that all parties will be happy with the agreement.

City Attorney Roy stated the only parties in that debate will be the Council as the governing body of the City and the URA Board. However the CAG and others will have an opportunity to provide input to the Council before any decision is made about the IGA.

Boardmember Weitkunat stated she was concerned the discussion was becoming more confusing than it needed to be. The total budget of \$660,000 was not being questioned, just the administrative

costs of \$160,000. To clarify, she stated the *General Administration of the URA*, which is beyond North College, is \$132,000, already appropriated. Specifically, administrative costs to the North College URA are \$28,000 .

Frank stated the \$132,000 is general URA money, but all resources are currently going to the North College plan.

Boardmember Weitkumat asked if the \$28,000 then is being used for the CAG costs.

Frank agreed the \$28,000 is for CAG costs.

Boardmember Weitkumat asked if it had been specifically determined how the \$132,000 will be spent.

Frank stated the details are in the 2006 budget. The funds will be spent on personal services, contractual services, commodities and such.

Boardmember Weitkumat asked if the budget details were given to the CAG.

Frank stated the CAG has received a summary of the Budget and Budget discussion is scheduled on its agenda for Thursday.

Mayor Hutchinson stated no precedent has been set and an agreement has yet to be determined in an IGA that is still in draft form. He asked what would happen if the Budget was changed from \$160,000 to \$10,000.

Seest stated the 2006 City Budget has already been adopted allocating \$160,000 to general administration of the URA. Changing that amount would be a request to freeze appropriations so they would not be spent.

Mayor Hutchinson stated the other concerns will be addressed at other times.

Jones stated this is the first year of the URA and the North College Area Plan and the costs will be tracked so it will be known how much was spent on general URA activities and how much was spent specifically on the North College Area Plan.

Boardmember Ohlson asked if administrative support for 2007 will be covered by the General Fund.

Frank replied in the affirmative.

Boardmember Ohlson stated 2008 funding and beyond is yet to be determined. He also asked why any environmental scoping was not done for the North College area. He requested more detail on future budgets.

September 20, 2005

Boardmember Kastein moved to adopt Resolution 2006-002. Seconded by Boardmember Manvel.

Boardmember Ohlson stated he sympathized with the concerns of CAG but he noted it is fair to have a responsible allocation of monies because staff would be working on other projects if the North College Plan were not a Council focus right now.

Boardmember Kastein stated this budget is a good start and added more work needs to be done.

The vote on the motion was: Yeas: Boardmembers Brown, Hutchinson, Kastein, Manvel, Roy, Ohlson, and Weitkumat. Nays: None.

THE MOTION CARRIED

**Adjournment**

The meeting adjourned at 6:30 p.m.

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Mayor, Ex Officio President

ATTEST:

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City Clerk, Ex Officio Secretary