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*Pre-taped staff presentation: available
at fcgov.com/clerk/agendas.php*

WORK SESSION ITEM URBAN RENEWAL AUTHORITY

SUBJECT FOR DISCUSSION

Urban Renewal Authority (URA) Board / North College Citizen Advisory Group (CAG) Joint Session.

EXECUTIVE SUMMARY

Last July, the URA Board and the Citizen Advisory Group held their first annual joint session to communicate roles and discuss policy issues for the North College Urban Renewal Plan area. The substantive portion of the session focused on policy development. The Board gave staff direction to return with a prioritized capital project plan for the North College area. In response, staff has developed draft material for a proposed North College Capital Improvements Funding Plan (NCIFP, Funding Plan).

Also, at a recent Board meeting in June, the Board directed staff to create policies for incorporating “green building” considerations into URA tax increment funded projects. Staff has proposed language to be added to appropriate documents.

The purpose of presenting these two topics to the URA Board and CAG is to obtain feedback on the proposed materials and gain support for future policy implementation.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Are there any questions, comments, or direction on the North College Infrastructure Funding Plan and staff’s ongoing efforts?
2. Are there additional suggestions regarding the methods used to identify green building techniques for URA projects?
3. Is there any direction to staff on additional policy issues regarding the activities of the URA?

BACKGROUND

2009 has been a growth year for URA activity with several significant projects seeking URA tax increment financing assistance in the North College area. The activity has highlighted policy issues related to both individual development projects and the North College area generally. There are two specific policy topics the URA Board has directed staff to research and

implement: a prioritized capital improvement funding plan for the North College area, and green building criteria for development projects seeking tax increment financing (TIF).

NORTH COLLEGE INFRASTRUCTURE FUNDING PLAN

There have been increasing questions and concerns about how to best allocate tax increment revenues between individual development projects and capital projects for public infrastructure. If the revenue stream begins to accrue as projected, the URA could become proactive in getting capital infrastructure projects built through tax increment. An infrastructure funding plan is needed to help prioritize and plan for future use of these revenues.

In response to Board direction, staff has developed draft material for a proposed NCIFP. The draft material was developed through a series of five monthly CAG meetings with staff from all stakeholder departments and interested members of the public. The NCIFP would be presented to both the Board and City Council for adoption by Resolution in fall 2009.

Funding Plan Draft Material – Project List

The Funding Plan will focus on a list of needed infrastructure projects. The list provided in the attachments is an up-to-date version of the list assembled by staff in 2004. It designates priorities and possible funding sources. There is also a corresponding map of identified projects.

Four projects stand out as the top priorities. These are noted as Very High (VH) priorities, and are shaded yellow on the attached list. Staff has not found a need to rank projects in numerical order of priority. Actions can be taken on any or all of the top projects, and be mutually complementary.

Funding Plan Draft Material – Funding Scenarios for Top Priority Projects

Going beyond the list, conceptual funding scenarios have been developed for the top four projects to demonstrate how they could be funded.

Each funding source in the scenarios below appears promising, based on recent findings, but none are certain at this time. Each would require significant follow-up effort and actions by the City, URA, and property owners, working together and with other funding entities. Timing, agreements, and community support are major issues associated with each scenario.

As projects become further defined, the dollar figures will change.

Funding scenarios are shown below. The first two projects on the attached project list are contiguous stretches of North College Avenue, and they are combined together as one single project in the first scenario below.

Scenario 1 - North College Avenue Improvements 1/2 mile from Vine to Conifer/Hickory Intersection (remainder of the post-BOB project) – \$6-9 million

- \$1-2 million CDOT Surface Treatment Program
- \$250,000 General Improvement District Mil Levy
- \$2-4 million Tax Increment Financing contribution
- \$1-2 million Federal and State Grants
- \$1.8 million Truck Route Funding
- \$6-9 million

This scenario corresponds to Projects 1 and 2 on the attached project list. For purposes of this scenario, they are grouped as one project. Coincidentally, this project scenario overlaps the City’s “North College Avenue Improvements Phase II – Vine Drive to Conifer Street” project under the voter-approved Building on Basics (BOB) Capital Improvement Program. That BOB project is in a Conceptual Design process, happening concurrently with this NCIFP project.

Transportation Planning staff have been pursuing funding for this for a number of years, and those efforts are ongoing. The work on the NCIFP and the BOB project are being closely coordinated.

The most recent engineering cost estimate to complete the project is in the range of \$12-15 million, of which \$6.2 million is currently secured.

Note that this project is the subject of the next item scheduled to follow on the work session agenda.

Scenario 2 - “Realigned Vine” New Construction 1/8 mile College to Jerome - \$1 million

- \$650,000 URA Capital Project
- \$350,000 Street Oversizing Fund
- \$1 million

This scenario corresponds to Project 10 on the list. A URA or City capital project would be needed to initiate this project in advance of development, and to fully cover the portion abutting Checker Auto. A URA capital project would act in lieu of a development project to trigger typical Street Oversizing Program (SO) participation for the oversized portion of the new street connection.

This project would provide a major new intersection and a short-but-important section of “Realigned Vine”, introducing access to undeveloped rear areas behind North College Avenue frontage and the Old Town North neighborhood. The remainder of “Realigned Vine” can then be built by developers in the normal development process.

Incidentally, facilitating “Realigned Vine” is also very important to prospective development in western portions of the Mountain Vista subarea, in addition to the North College area.

Scenario 3 - NECCO (Northeast College Corridor Outfall) Storm Drainage Improvements, Primary "Backbone" Section - \$6-8 million

\$ TBD Special Assessment on Benefitting Properties
\$ TBD Stormwater Capital Improvement program
\$6-8 million

This scenario corresponds to Project 17 on the list. This is a proposed drainage system extending from a needed detention pond on the west side of Redwood Street heading eastward with the "Realigned Vine" alignment. Large pipes would cross under Lemay Avenue and then turn south to cross under Vine Drive about 1/3 mile east of Lemay. This culvert will be located north of the historic Dry Creek channel and will cross Lemay Avenue north of the historic crossing. Construction will not require disturbance of the historic channel. Local drainage will continue to flow to Dry Creek, but offsite flows will be diverted into the NECCO culvert.

This project would provide an outlet for already developed or urbanized areas and help facilitate development of about 370 acres of undeveloped land, much of which was removed from the Dry Creek floodway in 2004. Development would include the "Realigned Vine" arterial street, which is crucial to development in western portions of the Mountain Vista area, in addition to the North College area. This project would relieve major complications of developers trying to build the needed drainage system for the area on an individual project-by-project basis.

Two applicable funding sources are identified – a special assessment on benefiting properties, and the City's Stormwater Capital Improvement program. Further analysis is underway to clarify allocation of costs for any further planning purposes.

Stormwater Department staff has analyzed the properties that are needed for this system to develop or redevelop. The estimated runoff from each developed property help quantify benefits and cost burdens. Also, the City's Economic Advisor has begun discussions with multi-departmental staff and affected property owners regarding a Special Improvement District (SID) to administer a special assessment.

Full discussion of the complexities of the two funding sources is beyond the scope of this Agenda Item Summary, but the key policy point is that formation of an SID would require agreement among owners and the City. A SID would be initiated by a petition signed by a majority of property owners in the SID, and the City would then form and administer the SID. The City would need to complete a benefits study showing that the benefits conferred on each property exceed the cost of the assessment to be imposed on the property.

New stormwater capital projects have been placed on hold pending City Council's review of the City's Stormwater program. After this review, Council would then need to determine if the Stormwater Capital Improvement Program's share of this project is a recognized priority. No money has been budgeted in the 2010-2015 budget cycle.

NEXT STEPS

Staff expects to bring the NCIFP forward for adoption on November 3. The package will include a recommendation from the CAG.

In the meantime, staff and the CAG will host a public open house, and seek feedback from the North Fort Collins Business Association (NFCBA).

TIF APPLICATION CHANGES - GREEN BUILDING CONSIDERATIONS:

Last month, URA staff was tasked by the Board to develop a method to implement green building techniques into the URA policies for projects seeking tax increment. The City's building code and development review staff are in the process of creating a "Green Building Code" that the URA could adhere to once developed. That process will take approximately two years to complete. In the interim, the URA will seek to implement the following techniques within the current policies to foster additional emphasis on URA projects that are built green:

1. Add a field to the URA TIF application to highlight green building/renewable energy/energy efficient techniques within the proposed project. The proposed addition to the application is, "*How will this project help achieve the URA goals of sustainability through green building techniques? Please be specific how this project uses energy efficiency, renewable resources, natural resource conservation techniques, stormwater low impact design methods, or any other methods not listed.*" Refer to the modified application listed in the attachments.
2. Add a field to the URA TIF application to identify quantifiable results of using the proposed green building methods. The proposed addition to the application is, "*Please provide documentation and quantifiable results stating the proven methods or effectiveness of the proposed sustainable features within the project.*" Refer to the modified application listed in the attachments.
3. Within the Redevelopment Agreement (RA) between the project developer and the URA, an identified process for reimbursement must contain specific requests for any techniques recognized for green building. The reimbursement agreement will state: "*Any tax increment funding, as a result of approved green building techniques by the URA Board, will need sufficient documentation defining the appropriate use of sustainable improvements implemented within the project. These funds will not be reimbursed prior to the issuance of the Certificate of Occupancy (CO).*"
4. In an economic climate where development projects are extremely difficult to finance, it is prudent to consider each project on a case-by-case basis for green building feasibility. Staff recommends the above additions to the URA policies and application to ensure subjectivity for the CAG and URA Board to effectively evaluate each project. Once the Green Building Code is established and applied, staff could re-evaluate the

effectiveness of these recommendations to determine a more advanced green building incentive program at that time.

PROJECTS UPDATE:

Last July there was one project, city-wide, supported by the URA for tax increment financing assistance (TIF); a sewer expansion at Valley Steel (280 Hickory Street) in the North College area. Since then there have been several projects awarded TIF within the North College Urban Renewal Plan area that are projected to generate over \$27 million in property tax increment.

- **NORTH COLLEGE MARKETPLACE**
The first project is the North College Marketplace. The Developer, Loveland Commercial, has fully negotiated all contracts and development agreements with King Soopers in Denver and is awaiting a final signature from the corporate headquarters in Cincinnati, Ohio. Once the contract is received, construction will begin almost immediately.
- **UNION PLACE**
Project financing has been secured for Union Place and Merten, Inc. closed on the 10.31 acre property this week. Merten received staff's recommendation and will be seeking Final Plan Review the first week in August. The site plan has grown since originally presented to the URA Board, and now includes 89 residential units instead of the originally planned 75. The commercial square footage remains the same. Of the residential units, 58% are affordable units and Merten is participating in the City's affordable housing program to accomplish these goals. Merten is anticipating groundbreaking in September assuming Final Plan Review and the Development Agreement are completed quickly.
- **KAUFMAN & ROBINSON**
The third project awarded this year is Kaufman and Robinson (KRI). KRI has completed its planned development process (PDP) through the Development Review Center and is waiting until early next year to begin construction of its new building on Blue Spruce. Additionally, KRI is reviewing opportunities to implement green building techniques within its project that may allow them to return to the URA for additional TIF funding as offered by the Board during its project presentation.
- **ROCKY MOUNTAIN INNOVATION INITIATIVE - RMI2**
The last project seeking TIF is RMI2 which has been awarded \$1.1 million to initiate its planning and development processes. RMI2 will come back to the URA Board on August 18 for TIF approval.

ATTACHMENTS

1. Work Session Summary from July 22, 2008
2. NCIFP Project List with Key to Acronyms
3. Map of Capital Projects
4. URA Application – Revised
5. Power Point Presentation