

AGENDA

URA Finance Committee

March 4, 2020

2:00 pm – 3:00 pm

1. Minutes January 9, 2020
2. URA BFO Strategies
3. URA Insurance and Purchasing Power
4. Prospect South Marriot Hotel

Other business:

URA Finance Committee
 Agenda Planning Calendar 2020-2021
 RVSD 2/27/2020 mnb
 Location: CIC Room
 (Agenda Items listed in no particular order)

March 4th	Meeting Time: 2:00pm		
	BFO Strategies	20min	Clay Frickey
	URA Insurance and Purchasing power	10min	Josh Birks
	Prospect South Marriot Hotel	30min	Clay Frickey

April 9th	Meeting Time: 3:00pm		
	URA Purchasing Policies	10min	Clay Frickey
	North College Business Engagement	10min	Clay Frickey
	2021 URA BFO Preliminary Budget	20min	Clay Frickey
	Prospect South Marriott Hotel	20min	Clay Frickey

May 13th	Meeting Time: 4:00pm		
	URA IGA with the City	20min	Clay Frickey
	Mulberry Corridor Update	20min	Clay Frickey
	Human Services Campus update	20min	Clay Frickey

Future Council Finance Committee Topics:

- Brinkmann Term Sheet
- Projected sales tax revenue Spradley-Barr-Mazda
- North College Albertsons
- North College Engagement Feedback

URA 6-MONTH PLANNING CALENDAR

February 2020 – July 2020

Created: 2/27/2020 9:53 AM

CALENDAR SUBJECT TO FREQUENT CHANGES

Email URA Staff for up-to-date information: URABoardInfo@fcgov.com

“The mission of the Urban Renewal Authority is to remedy blight, using Tax Increment Financing, to leverage private capital investment, and stimulate sustainable development and public improvement projects.”

BOARD OF COMMISSIONERS:

Wade Troxell, Chair
Ross Cunniff, Vice Chair
Christophe Febvre
Emily Gorgol
Susan Gutowsky
Steve Johnson

Julie Pignataro
Andy Smith
Kristin Stephens
Ken Summers
Joe Wise

(Items are listed in no particular order)

URA Board Meeting	Selection Committee	Planning & Zoning Board
Plan Area Review Committee	URA Finance Committee	City Council Meeting
Public Open House	City Council Finance Committee	Legal Contract Review Committee

Meeting Info	Agenda Item	The purpose of this item is to...
February 27 Time: 3:00pm Location: Colorado River Room. 222 Laporte Ave. Fort Collins, CO 80521	URA Board Retreat Follow-Up	Agenda: Follow up to URA Board Retreat
March 4 Time: 2:00pm Location: CIC	URA Finance Committee Meeting	Agenda: Approval of the January 9, 2020 URA Finance Committee meeting minutes
	BFO Strategies	Discussion of BFO strategies for URA Budget
	URA Insurance and Purchasing Power	Direction the URA insurance and purchasing power
	Prospect South Marriot Hotel	Proposal of Marriot Hotel at Prospect South
March 31 Time: 6:00pm Location: CIC	URA Board Meeting	Agenda: Approval of the November 7, 2019 URA Board meeting minutes
	Prospect South Marriot Hotel	Discussion of Marriot Hotel Project and TIF share at Prospect South

URA Board Meeting	Selection Committee	Planning and Zoning Board
Plan Area Review Committee	URA Finance Committee	City Council Meeting
Public Open House	City Council Finance Committee	URA Legal Contract Review Committee

Meeting Info	Agenda Item	The purpose of this item is to...
	URA insurance and Purchasing Power	Direction on URA insurance and purchasing power
April 9 Time: 3:00pm Location: CIC	URA Finance Committee Meeting	Agenda: Approval of the March 12, 2020 URA Finance Committee meeting minutes
	URA Purchasing Policies	Recommendation on URA Purchasing Policies
	North College Business Engagement	Update on North College Business Engagement and potential partnerships with URA
	2021 URA BFO Preliminary Budget	Update on 2021 URA preliminary budget offers
	Prospect South Marriot Hotel	Discussion of Marriot Hotel Project and TIF share at Prospect South
April 23 Time: 3:00pm Location: CIC	URA Board Meeting	Agenda: Approval of the March 26, 2020 URA Board meeting minutes
	URA Purchasing Policies	Adoption of revised URA purchasing policies
	2021 URA BFO preliminary budget	Update on 2021 URA preliminary budget offers

URA Board Meeting	Selection Committee	Planning and Zoning Board
Plan Area Review Committee	URA Finance Committee	City Council Meeting
Public Open House	City Council Finance Committee	URA Legal Contract Review Committee

Meeting Info	Agenda Item	The purpose of this item is to...
May 13 Time: 4:00pm Location: CIC	URA Finance Committee Meeting	Agenda: Approval of the April 9, 2020 URA Finance Committee meeting minutes
	URA IGA with the City	Discussion of URA IGA with the City
	Mulberry Corridor Update	Update on Mulberry Corridor Plan, future annexation and alignment with URA strategic objectives
	Human Services Campus	Update on Human Services campus community engagement work and relation to North College Plan Area
May 28 Time: 3:00pm Location: CIC	URA Board Meeting	Agenda: Approval of the April 23, 2020 URA Board meeting minutes
	Mulberry Corridor Update	Update on Mulberry Corridor Plan, future annexation and alignment with URA strategic objectives
	URA IGA with City	Adoption of revised IGA between URA and City
	Human Services Campus	Update on Human Services Campus community engagement work and relation to North College Plan Area

URA Board Meeting	Selection Committee	Planning and Zoning Board
Plan Area Review Committee	URA Finance Committee	City Council Meeting
Public Open House	City Council Finance Committee	URA Legal Contract Review Committee

Meeting Info	Agenda Item	The purpose of this item is to...
June 11 Time: 3:00pm Location: Council Conference Room	URA Finance Committee Meeting	Agenda: Approval of the May 14, 2020 URA Finance Committee meeting minutes
June 25 Time: 3:00pm Location: CIC	URA Board Meeting CANCELED	Agenda: Approval of the May 28, 2020 URA Board meeting minutes
		This meeting has been canceled due to summer recess/CML conference for Fort Collins City Council
July 9 Time: 3:00 Location: CIC	URA Finance Committee	Agenda: Approval of the June 11, 2020 Finance Committee meeting minutes
July 23 Time: 3:00 Location: CIC	URA Board Meeting	Agenda: Approval of the May 28, 2020 URA Board meeting minutes

URA Board Meeting	Selection Committee	Planning and Zoning Board
Plan Area Review Committee	URA Finance Committee	City Council Meeting
Public Open House	City Council Finance Committee	URA Legal Contract Review Committee

UNSCHEDULED OR UPCOMING ITEMS

Item	Purpose of Item
URA IGA and City	Update URA IGA with the City
King Soopers Project	Discuss possible TIF participation in a private development project
Prospect & College Project (S. Prospect)	Discuss possible TIF participation in a private development project
Prospect South URA Policy	Discussion of URA Policy application at Prospect South
Watermark Proposal – 501 Spaulding	Watermark proposal in North College
URA Mission, Vision, Values	Discuss URA Mission, Vision, Values
North College Business Engagement	Update on North College Business Engagement and potential partnerships with the URA
Prospect South URA Policy	Discussion of URA Policy application at Prospect South
Metro Districts and URA	Policy discussion of Metro Districts in URA

URA Board Meeting	Selection Committee	Planning and Zoning Board
Plan Area Review Committee	URA Finance Committee	City Council Meeting
Public Open House	City Council Finance Committee	URA Legal Contract Review Committee

URA Finance Committee Minutes
1/9/2020
3:00 pm – 4:00 pm
CIC Room – City Hall

URA Committee Attendees: Joe Wise, Christophe Febvre, Wade Troxell, Ken Summers, and Ross Cunniff (joined at 3:34pm)

Staff Present: Josh Birks, Clay Frickey, Josh Birks, Jennifer Shagin, Darin Atteberry

Others:

URA Finance Committee Meeting: 1/9/2020
Meeting Called to Order: 3:14pm

Item #1: Minutes: 10/14/20. Christophe motioned, Wise seconded. Approved 4-0-0. Next URA Finance Committee Meeting February 13, 2020, 8:30am.

A. BUDGETING FOR OUTCOMES TIMELINE AND URBAN RENEWAL AUTHORITY BOARD INTEGRATION

EXECUTIVE SUMMARY

The City of Fort Collins will begin its biennial budget process in April 2020. This will be the first budget cycle with the expanded Fort Collins Urban Renewal Authority (URA) Board. Staff aims to develop a process to equally engage all Board members for the upcoming Budgeting for Outcomes (BFO) process.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

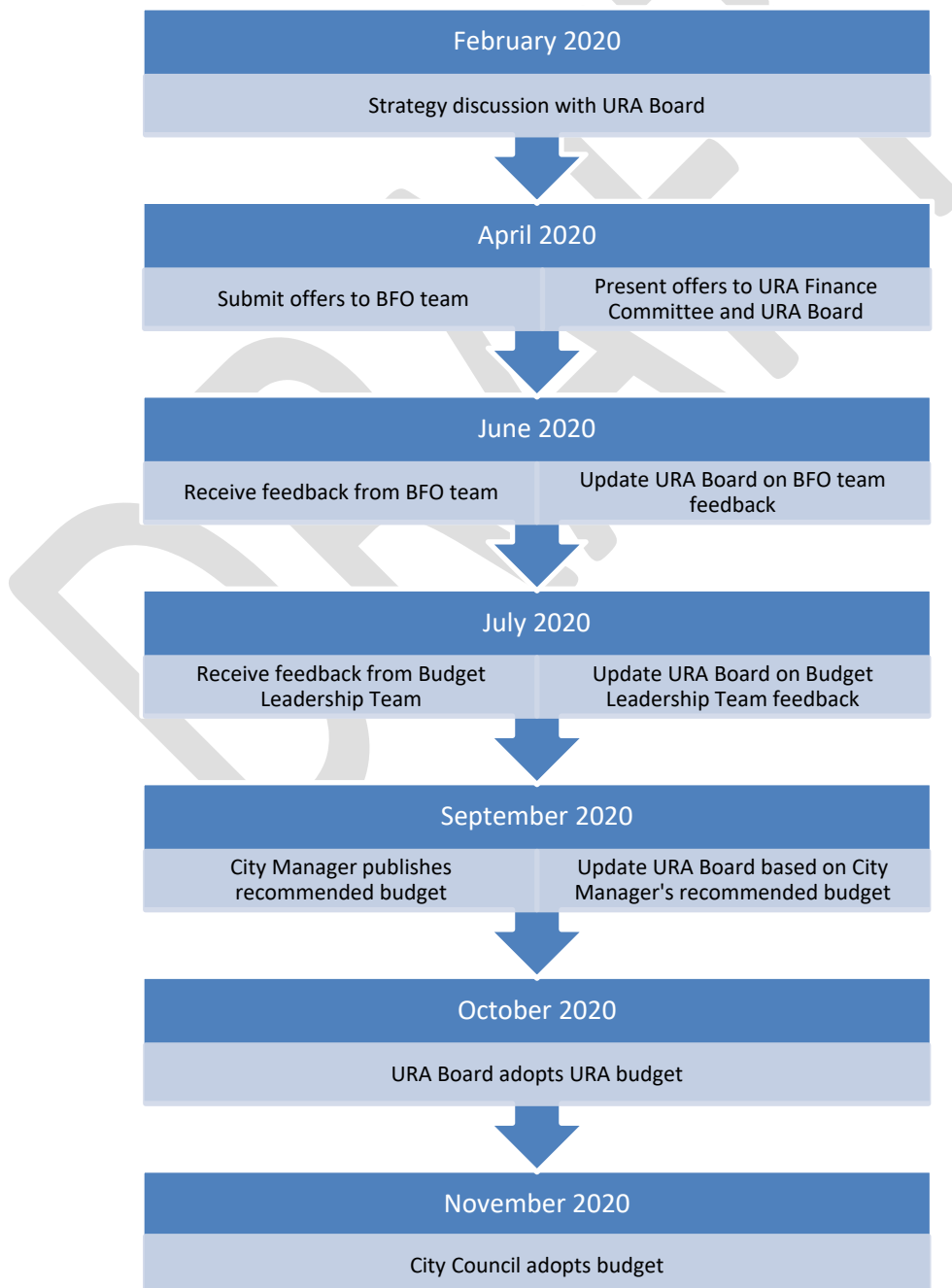
Do you have any questions about the general timeline for the 2021-2022 URA budget as presented?

How else can URA staff best engage the Board during the BFO process?

The City is beginning its biennial budgeting process, Budgeting for Outcomes (BFO), in Spring 2020 for 2021-2022. Historically, the URA has participated in this process as an extension of the City. This was because the URA Board and City Council were one in the same. The upcoming 2021-2022 budget process is the first since the URA Board expanded to 11 members. The standard BFO process presents few opportunities for the URA Board to provide input on the URA's proposed budget prior to Council adoption. This creates a potential inequity amongst the

URA Board where City Council members have more influence on the URA’s budget during the BFO process.

Staff from the URA and the City’s Finance department have developed a proposed timeline to better involve the full URA Board in the BFO process. The idea is to check-in with the URA Board at key milestones in the BFO process. Staff would then incorporate the feedback of the URA Board into their BFO package. To ensure all members of the URA Board have an equal voice in the budgeting process, staff proposes the URA Board adopt the 2021-2022 budget at its regular meeting in October 2020. This is a month in advance of City Council adopting the budget for the City.



Clay briefly talk about URA board integration into the City's Budget for Outcomes (BFO) process. This is the first BFO process that we will be doing with the expanded URA Board. The way that BFOs typically work in the City would put the URA members that are not part of City Council at a disadvantage. URA Staff met with City Finance to work out a better process to see how the URA Board can be better aligned and integrated into the BFO process. We developed a timeline where we will be talking with the URA Board for each key milestone in the BFO process. Our initial offers to our budget team are due in April so our plan was to have the URA Board have a 2021-2022 strategy & priority discussion in February.

BACKGROUND/DISCUSSION

Wade: Will our retreat be about the BFO process?

Clay: No, the retreat will be a follow up to our discussion in August and evaluating/using the criteria that we had established for future projects. Then in February we will be discussing BFO at our URA Finance Committee meeting.

Josh: Before we dive too much deeper, we need to make sure our non-city council members are familiar with what the BFO process is. The City's does a two-year budgeting process that starts in April and finishes in November.

BFO is based on a two-year budgeting process.

Wade: BFO really starts with a council election, which is really from last April. Up until now we have been operating on the budget from a previous council until the end of 2019. Now we will start with internal budget for outcomes, which is broken into 7 areas, budget offers will then come in against these outcomes.

Josh: When the URA board was the same as council this process worked seamless however, now it's not synched as well. The URA sets its annual budget, however in the BFO process we would like to better engage in the URA Board. Historically we've done a two-year budget alongside the City's but as Clay was mentioning it's more about how we can better integrate the URA Board into the BFO process with all eleven members rather than the previous seven.

Wade: In the BFO process, we also try to engage with community members and in this light, I think what staff is asking is very consistent with that.

Joe: I'm assuming this is a rolling two years?

Darin: Calendar is a year and two years. So, the budget process that Josh is describing will be for 2021 and 2022 then we do a mid-year, mid-cycle adjustment at the end of 2021. The end of the BFO budget is what we call a promised document that serves as our adopted budget. There are mid-course modifications, these are typically minimal. Our process is very robust (starting in March, ending in December) this is why it's on a 2-year cycle. We can't do this magnitude of process every year.

Wade: Thinking about offers such as one for safe communities that typically will not change from year to year but there may be a second offer such as one for culture and recreation that could have a mid-cycle adjustment.

Darin: In zero based budgeting, the BFO process is not zero-based budgeting but it's a modified similar version. In this process council agrees to set budget for services to deliver an outcome if something is not delivered within two years then council can cut the funding. It's not zero-based but it's a very transparent process to fund the departments. The idea is to not just fund departments but to fund outcomes.

Wade: An important part of the process as well is to not only fund the departments but to put a stop to other things as well. It's a hard process because the discussions are always about putting a little bit more into budget but it's really down to the margin and it's not big programmatic things that continue to be unfunded. It's really about funding what needs to be funded.

Josh: The good news is that the URA Budget process is much similar than the whole BFO process.

Joe: As a clarifier, by offers, you're really talking about a set of deliverables?

Clay: Yes, and that's the purpose of the strategy session. It's about defining what deliverables we would like to focus for the upcoming bi-annual budget? Then we figure out what resources we need to commit in order to deliver on those things.

Wade: Do you have an example of this for the URA?

Clay: An example could be the engagement we are doing in North College. Say that community has ideas for what they want, we can put a price tag to this work them into the 2021-2022 budget. This would then be an offer that we would sell to the BFO team.

Josh: A past example of this that is in the BFO process, would be the URA with storm water and engineering put an offer in the Storm water improvements for North College. This is one of the many reasons for the URA to continue to participate with the City's budget process because there can be other projects that the URA can do in combination with other budget offers in the City. This is why it's important for the URA to be involved with the City's process.

Wade: This is where we can be very strategic and leverage resources very well.

Joe: If the URA is very different than other City departments, one distinction being that we are reactive to projects. If we were to go on a 2-year cycle, the 2nd year of the budget cycle is harder to forecast, we really don't know what we need to fund 2 year from now.

Christophe: We can anticipate?

Josh: This an excellent point. The URA will have a relative idea of what we need for staffing and what our priorities are and the costs of ongoing operations, these will be consistent. What the City refers to as mid-year appropriations will likely be more like rolling budget for us; where you take the base operations budget and add the project-based costs on top of it. What we trying to do is get the costs that we know of, go ahead and get that on paper, and we can always make adjustments after that to amend the budget.

Joe: I think this makes sense, I just wanted to make sure we could go back and amend the budget to incorporate a new offer if we wanted to.

Christophe: Thinking about the parking garage in terms of budget offers, it would be interesting to see if there is a way for the other taxing entities to make offers. In this past project with College and Drake there could have been other work that the Council wanted to achieve but needed more partnership with the taxing entities to fund it. I wonder if in the future something like this can be done in more of a BFO offer type of way?

Wade: It might be more framing some things up to allow for leveraging opportunities with the other taxing entities. It's one of those things that solidifies itself as it goes along, and you get the buy-in as well.

Christophe: With College and Drake, if staff could anticipate the work, this could this have been incorporated into the budget process. Maybe this could be the two-year budget revision, is this being presented ahead of time and exploring if there was any desire for this to be shared through the URA.

Joe: You're talking about TIF, it's TIF funding by mill levies and there really isn't a whole of increment to be shared. Getting back to what Josh was saying, the idea is to budget for the organizational known expenses and allow for the unknown. There is no way to know what the unknown expenses are or will be during the process, so you have to allow for mid-cycle adjustments.

Josh: One of the pieces that the City relies on as part of its budget process is the strategic plan. Part of what we will be talking about in our URA retreat will be creating our own strategies so that we can be more directive and how this can translate into a strategic document. The URA is beginning to look at what is its strategy and things that align with it, this strategy has been developed with all the taxing entities at the table so that we can be more directive together. We are still in the process of building this thing, and it's about how do we fund things for the next plan area now. For the next plan area, do we think about how things make it unto the list?

Darin: I think the other plan that relates to this is our capital improvement plan. I could foresee a day when other taxing entities requests are brought to us and we synch these up.

Christophe: Since I have been on the board, I have been looking for these connections but don't quite know how yet. In other areas in the City and the school district there are opportunities where we have been able to agree. But I don't know how this all ultimately plays into other opportunities

Wade: There should be opportunities for connections like this and input components to City projects.

Josh: I think the kinds of things Darin and what is coming out of the community might be things that all of our taxing entities should all be reacting together. There could be a coalition including the URA to go through all these ideas.

Christophe: I think early on, it may be better to shrink it down to narrow the focus to the URA.

Josh: That will be a little bit of the strategic objectives conversation that we are trying to have in February. It's about thinking about what strategic objectives you want to achieve in 2021-2022.

Wade: I think about partnerships with school districts and partnerships, such as pools, tracks and shared facilities. This is still an ongoing community question that comes up and this is an excellent example of partnership

Josh: We can even explore a Front Range County Workforce training center idea, these are all part of the strategic objectives that we can decide if we want to fund.

Clay: After February, we will present out offers that will then go to the the BFO teams that are due in April. These will be presented to the URA Finance Committee and URA Board to make sure that we are on track. After that, the BFO team will provide us feedback for our offers, we will have a chance to revise them in June, at that we will come back to the URA Board and URA Finance Committee and decide on how we would like to address the feedback that we receive in the BFO teams. Then the Budget Leadership Team will be reviewing our offer and we will receive feedback in July this will be reported to URA Board and URA Finance Committee. The next milestone is the City manager will then present this recommended budget to City. We are proposing for the URA to adopt their budget before council, so that we lock in our budget. This way we ensure the full URA Board is driving the URA budget as a whole and City council will be acting in response to our budget in 2021-2022.

Wade: I thank you for bringing this forward. I think there is opportunity here to narrow it but also expand it, this really expands the process to bring in the school and expanded taxing entities.

Clay: There are two questions in your packet about this, one being if you have questions on the timeline and the second if there is a better way the URA can engage our taxing entities. If you have any other feedback, such as the library board the school district. It sounds like there may be other opportunities to see if there is more feedback from our taxing entities.

Joe: I think that you've got feedback, from the library district and being a participant in URA projects to reduce the gap in community projects. Josh has met with the district a few times.

Josh: It might be more a matter of if there was an offer that identified the other entities, then there's reason to bring them along. For example, if we identified an project in North College for the library district then there's more reason to be more engaged.

Joe: In North College we have heard from the community for several items, such as community center health, library, and after school program for kids. There are several things that can be consolidated in a process such as this.

Christophe: It sounds all cut and dry with strategic plans but it's really more of a relationship building process at this point.

Joe: Part of this is the library sharing their strategic plans with the Council

Josh: As staff in the future, I can see us taking all the imputes, seeing overlap and identifying where partnerships exist. Then asking the board for direction and making sure identified partners are brought along, it could be something in future budget cycles, not necessarily this one.

Christophe: The interesting part is that a lot of the elected people here may not even be a part of the budget cycle in the future. We are more setting the table for it in the future.

Darin: In getting back to strategic plans, the library district reports to council on an annual basis and the strategic plan presentation and futures committee where the library was asked to present on future of library. I don't think the city council has a lot of exposure to PSD or library strategic plan, it's all about understanding the bigger picture issues – it's a matter of what should they be thinking about. It may be something like the Futures committee talking about the future of PSD in the City as bigger portion of the picture in the City. It's really what should we really be thinking about.

Christophe: It seems like all the staff members from our entities know each other, but not sure if they ever collaborate on the strategic level. In the parking structure example, the URA could include the impacts of this in its study. For me, I kept seeing the plan as increasing the cost of living for families and teachers in the school district, maybe the URA saw it differently. In the future it'd be beneficial to include in studies how this was identified and what the impacts really are on PSD. In the future maybe this looks like part of the BFO offer and a way to improve the process of justifying why something benefits all the entities

Wade: The parking garage could be a great example. We build and operate different transportation systems and the parking garage can be an example where we partner.

Ross: There's a nexus of a shared transit system with the parking garage.

Josh: The URA does provide an avenue where there are representatives from all of our taxing entities at the strategic level. It could become a catalytic point for the all of these representatives to talk about this on the strategic level.

Joe: One of the benefits of this is that we no longer have adversary relationships, initially the process was adversary. Now we feel like we are all going together with common objectives.

Christophe: I wouldn't even say that we were adversary, it was more that we weren't engaged in the process.

Darin: One avenue of partnerships that we've explored is Transfort and PSD buses, I spoke with Sandra about this and this relates to BFO. Over the years we have had various conversations about merging, there are communities our size that only use city buses and do not use school buses. I have been meeting with our Transfort folks to discuss this, what I have found is that if we don't resource it, it won't happen regardless of if it's a good idea or not. On the Council side they will see it as an offer, and depending what Council says there will be a BFO offer. In the time that I've been here every 5-7 years this has been identified as a great idea, but it hasn't been resourced. What we haven't done is to bring an expert in to have an engagement process. This year we will bring an expert in on if this multi-million-dollar collaboration is a good opportunity for the City and PSD.

Ross: So, you're talking about public engagement, technical issues and what the barriers are?

Darin: Exactly, it's about identifying what are the opportunities and what are the barriers to this?

Christophe: Is there a way that this can relay back to the URA?

Josh: The takeaway from me would be, is that this type of conversation needs to happen when we consider another urban renewal plan area. We need to talk about what are the issues for PSD, library, and have this as part of the process early on to see how we can support our taxing entities plans. One of the challenges we have is that in URA we are trying to decide in two years what we are funding for 25 years which can be particularly difficult if we don't have input from our partners.

Clay: One thing with North College, it being a broad plan and us hearing improvements from the community that require partnerships, such as transit improvements it is important for us to remember that partnerships with our taxing entities can be very impactful in all of our taxing areas – it's not just the new plan areas where partnerships should be explored.

Josh: A large plan area like North College has been somewhat of a double edge sword because of its vagueness however this vagueness has also allowed us to turn it into something that works for all our taxing entities. Unlike in College and Drake we were very specific, the level of specificity in this plan precludes us from being able to add things to the plan area down the road without triggering a material modification to the plan.

Ross: On the other hand, College and Drake were a smaller area geographically but it could've still been an opportunity. In thinking about East Mulberry when this area annexes into the City it

will likely become a new plan area where we can then specify the level of vagueness and involved our taxing entities from the start to decide what the plan area will look like.

Christophe: The school district is thinking about building a school in that area and that will be Fort Collins if it goes through like it sounds like it will.

Josh: Sounds like we have a good process for keeping the whole board engaged in the BFO process. We will move forward with the schedule Clay covered, which means that we will touch base with you a number of times as this process moves along. If it's OK, let's move onto our next topic that Clay will cover for us as well.

1. REVENUE DISTRIBUTION DRAKE AND COLLEGE URBAN RENEWAL PLAN

BACKGROUND/DISCUSSION

Clay overviewed that the URA staff had met with the Larimer County assessor and treasurer to discuss how we will take in funds for College and Drake project area and then distribute them to out taxing entities. We also discussed abatements if and when that might come up and we generally have an idea of that what might look like if and when we receive abatements. There are 13 parcels, abatements are there anyway, it would be unlikely for us to receive an abatement for the plan area, we can have a discussion if and when that might come up.

Wade: So, the answer is yes, the road map that we have can work

Josh: Yes, and we are being very intentional before any money starts flowing to have a roadmap with the County. We will be sharing that roadmap with each of the taxing districts as well. In effect when you get your check from Larimer County you will be getting a check from the URA as well and we will be handling abatements the same way. If money is due back from an abatement, the County handles this by crediting your next payment and the URA will be handling this the same way. Statutorily all the money is obligated to flow into the URA and then the URA will make payments to each of the districts as agreed upon in the IGAs. Initially the County was concerned that they were going to have to do all of that and we met with them to clarify that the URA will be doing this.

Joe: One other question but we had talked about the issue of retiring bonds with the City, what is the status of that?

Clay: We closed on this in December with a 1.96% interest rate

Josh: We originally thought that we were going to be somewhere between 2.3 and 2.5%, we had 8 offers to buy. Our winning offer was 1.96% we closed on this on 12/26. For payment to the City combined with anticipated payments, we took the mortgage payment we were going to make last year combined with the refinancing that made the City whole and in the end we will have significant saving that we will see.

Joe: The timing was perfect and this is great news for the URA.

Wade: What's the next step on Drake and College?

Clay: Going to Council on the 21st, the URA board has already recommended approval of the plan. We made some quick amendments that were suggested, we sent this out to Council a few days so you will be receiving your packet shortly.

Wade: This will be a discussion item?

Clay: Yes, this will be on the agenda as a discussion item. This is also the same night as Hughes Stadium.

Ross: We should be posting Council meetings as URA meetings as well because it is a quorum of the URA. Especially on days when council meets and discusses URA items.

Josh: We will ask our attorney about this. Caitlin and Carrie will be able to clarify for us if we need to post Council meetings as URA board meetings.

Joe: As a housekeeping item, on the URA planning calendar it looks like the January 23rd meeting was canceled and then where are we meeting on January 30th?

Josh: The January 23rd meeting was canceled for our retreat next week. Our retreat will be in the Colorado River Room, 222 Laporte Ave. You can park at City hall or Howes and walk over, the room is across the street from here on the first floor.

Other business:

Meeting Adjourned at 3:49pm

**URA FINANCE COMMITTEE
AGENDA ITEM SUMMARY**

Staff: Clay Frickey, Redevelopment Program Manager

Date: March 4, 2020

SUBJECT FOR DISCUSSION Budgeting for Outcomes Strategy

EXECUTIVE SUMMARY

The City of Fort Collins will begin its biennial budget process in April 2020. The 2021/2022 budget cycle is the first since expanding the URA Board to 11 members. Staff aims to engage the Board on strategies for pledging increment for each plan area. Based on the strategies preferred by the Board, staff will write budget offers and bring them to the Board prior to submittal.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Which strategy should staff pursue for each plan area when writing budget offers?

BACKGROUND/DISCUSSION

The City is beginning its biennial budgeting process, Budgeting for Outcomes (BFO), in Spring 2020 for 2021-2022. Historically, the URA has participated in this process as an extension of the City. This was because the URA Board and City Council were one in the same. The upcoming 2021-2022 budget process is the first since the URA Board expanded to 11 members. Staff presented the URA Finance Committee with a proposed timeline and method of integrating the non-City Council members into the BFO process. The Committee's feedback indicated their comfort with the proposed timeline and method of integration for BFO.

What follows is a brief overview of the revenues and expenses within each Plan Area. For Plan Areas with excess revenues, staff provides options on how to deploy excess funds. Staff will write budget offers in alignment with the strategy preferred by the URA Board for each plan area. Staff will bring its draft budget offers to the full URA Board prior to submittal in April.

North College

	2021	2022
Total Revenue	\$2,493,842	\$2,542,719
Operating Expenses	\$539,763	\$538,848
City Loan Payments	\$375,021	\$374,841
Debt Service	\$948,963	\$947,363
Total Expense	\$1,863,746	\$1,861,052
Net Change in Fund Balance	\$630,096	\$681,667
Prior Year Fund Balance	\$883,269	\$1,513,365
Net Available Cash	\$1,513,365	\$2,195,032

The North College Plan Area will have over \$2 million in available cash by the end of the 2021/2022 budget cycle. The North College Urban Renewal Plan provides little guidance for how excess revenue should be pledged. Staff is currently leading a community engagement effort in conjunction with the Institute for the Built Environment (IBE) and the Family Center to see what projects the community would prioritize over the next 10 years. The results of this engagement can help inform the Board of what projects would best support the North College community.

In partnership with the City, the URA contributed funds to a preliminary design for Mason Street during the last budget cycle. Part of this project includes design for a stormwater network that outfalls to the Poudre River. This project would enable future development on the west side of College. Engineering and Stormwater staff are preparing a budget offer to acquire right-of-way and develop a final design of the street and stormwater system. This budget offer would require matching funds from the URA to complete this project.

Potential strategies:

- Wait for development and support projects as they come to the Board.
- Prioritize completion of Mason Street design and stormwater project.
 - Could unlock development potential west of College.
- Begin funding select projects based on IBE and Family Center engagement.
- Contribute to Mason Street project and projects identified through IBE and Family Center engagement.

Prospect South

	2021	2022
Total Revenue	\$768,110	\$783,072
Operating Expenses	\$68,347	\$69,479
Debt Service	\$369,544	\$368,544
Total Expense	\$437,891	\$438,023
Net Change in Fund Balance	\$330,219	\$345,049
Prior Year Fund Balance	\$380,880	\$711,099
Net Available Cash	\$711,099	\$1,056,148

Prospect South will begin accruing significant available cash to fund projects during the 2021-2022 budget cycle. Like North College, the Midtown Urban Renewal Plan provides little guidance for how to allocate excess increment for Prospect South. Staff proposes developing a strategy to guide investments within the Prospect South TIF District similar to North College. Staff would engage the community and collaborate with the Board on developing a vision for the District and a list of projects desired by both the community and the Board. This will ensure investments meet community objectives and provide consistency with how the Board pledges TIF money over the life of the TIF District.

Potential strategies:

- Maintain status quo, pledge funds as development occurs within the district.
- Develop strategy based on community outreach and collaboration with the Board to guide pledge of TIF money.
- Remit excess revenue back to taxing entities.

Foothills Mall

	2021	2022
Total Revenue	\$4,453,242	\$4,542,307
Total Expense	\$4,447,766	\$4,536,722
Net Change in Fund Balance	\$5,476	\$5,585
Prior Year Fund Balance	\$7,263	\$12,739
Current Year Fund Balance	\$12,739	\$18,324

All tax increment generated by Foothills Mall passes through to the Foothills Mall Metro District. The URA, therefore, has no money to allocate to other projects within the Foothills Mall Plan Area.

College and Drake

The College and Drake Plan Area will generate little increment in its first two years. The Plan Area will incur costs related to establishing the Plan Area. The North College Plan Area will bear these costs until the College and Drake Plan Area generates sufficient increment to repay these costs. Investments for College and Drake will be driven by redevelopment activity and the eligible project list included in each Intergovernmental Agreement.

ATTACHMENTS

1. URA Budget Forecast

**URBAN RENEWAL AUTHORITY
NORTH COLLEGE DISTRICT - FUND 800
2021-2022 BUDGET**

	2019 Actual (Preliminary)	2020 Budget	2019-2020 % Change	2021 Forecast	2022 Forecast	2020-2021 % Change	2021-2022 % Change
Revenue:							
Property Tax Increment Collections	\$1,978,124	\$2,420,433	22%	\$2,443,842	\$2,492,719	1%	2%
Interest on Investments	75,366	22,662	-70%	50,000	50,000	121%	0%
Total Revenue for the URA	\$2,053,490	\$2,443,095	19%	\$2,493,842	\$2,542,719	2%	2%
Expenses:							
Operations							
General Operations/Admin	\$133,365	\$336,974	153%	\$308,534	\$314,150	-8%	2%
Larimer County Fee	39,796	48,409	22%	48,877	49,854	1%	2%
Developer Payment	0	182,352		182,352	174,844		
Operational Costs	\$173,161	\$567,735		\$539,763	\$538,848	-5%	0%
Transfers	300,000						
Debt Service - Bonds							
Principal	\$615,000	\$635,000		\$665,000	\$690,000		
Interest	333,963	309,363		283,963	257,363		
Debt Service Costs	\$948,963	\$944,363		\$948,963	\$947,363		
Debt Service - RMI2							
Principal	\$266,692	\$273,360		\$288,567	\$295,781		
Interest	100,503	93,669		86,454	79,060		
Debt Service Costs	\$367,195	\$367,029		\$375,021	\$374,841		
Total Expense	\$1,789,319	\$1,879,127	5%	\$1,863,746	\$1,861,052	-1%	0%
Net Change in Fund Balance	\$264,172	\$563,969		\$630,096	\$681,667		
Prior Year Fund Balance	\$55,129	\$319,301		\$883,269	\$1,513,365		
Current Year Projected Fund Balance	\$319,301	\$883,269		\$1,513,365	\$2,195,032		

Notes

- 2020 Property Tax based on Initial Larimer County Assessors Office 2019 TIF Warrant.
- 2021 Property Tax based on Final Larimer County Assessors Office 2019 TIF Warrant.
- 2022 Property Tax based on 2% increase on 2019 assessment (bi-annual assessment).
- In 2019 General Operations/Admin was true-up for administrative expenses owed to the North College URA Fund through 2018. 2020 includes true-up for 2019 expenses.
- 2020 and out include insurance costs of \$50k. 2019 was prorated at \$37.5k
- Developer Payments are currently under review.
- Outstanding debt at the end of 2022 is:
 - Market Bonds: \$5.66M
 - RMI2 GF Debt: \$658,478

**URBAN RENEWAL AUTHORITY
PROSPECT SOUTH DISTRICT - FUND 801
2021-2022 BUDGET**

	2019 Actual (Preliminary)	2020 Budget	2019-2020 % Change	2021 Forecast	2022 Forecast	2020-2021 % Change	2021-2022 % Change
Revenue:							
Property Tax Increment Collections	\$603,023	\$726,802	21%	\$748,110	\$763,072	3%	2%
Interest on Investments	24,297	10,200	-58%	20,000	20,000	96%	0%
Total Revenue for the URA	\$627,320	\$737,002	17%	\$768,110	\$783,072	4%	2%
Expenses:							
Operations							
General Operations/Admin	\$226,139	\$40,807	-82%	\$41,623	\$42,456	2%	2%
Larimer County Fee	12,060	14,962	24%	14,962	15,261	0%	2%
Developer Payment	11,762	11,762		11,762	11,762		
Operational Costs	\$173,161	\$67,531		\$68,347	\$69,479	1%	2%
Debt Service - Bonds							
Principal		\$220,000		\$220,000	\$230,000		
Interest		149,395		149,544	138,544		
Debt Service Costs	\$0	\$369,395		\$369,544	\$368,544		
Debt Service - Prospect Station							
Principal	\$7,565						
Interest	9,894						
Debt Service Costs	\$17,459	\$0		\$0	\$0		
Debt Service - Capstone							
Principal	\$159,205						
Interest	251,820						
Debt Service Costs	\$411,025	\$0		\$0	\$0		
Total Expense	\$601,645	\$436,926	-27%	\$437,891	\$438,023	0%	0%
Net Change in Fund Balance	\$25,675	\$300,076		\$330,219	\$345,049		
Prior Year Fund Balance	\$55,129	\$80,804		\$380,880	\$711,099		
Current Year Projected Fund Balance	\$80,804	\$380,880		\$711,099	\$1,056,148		

Notes

- 2020 Property Tax based on Initial Larimer County Assessors Office 2019 TIF Warrant.
- 2021 Property Tax based on Final Larimer County Assessors Office 2019 TIF Warrant.
- 2022 Property Tax based on 2% increase on 2019 assessment (bi-annual assessment).
- In 2019 General Operations/Admin was true-up for administrative expenses owed to the North College URA Fund through 2018. 2020 includes true-up for 2019 expenses.
- Debt Service is from the refinancing schedule
- Outstanding debt at the end of 2022 is:
Market Bonds: \$4.32M

**URBAN RENEWAL AUTHORITY
FOOTHILLS DISTRICT - FUND 803
2021-2022 BUDGET**

	2019 Actual (Preliminary)	2020 Budget	2019-2020 % Change	2021 Forecast	2022 Forecast	2020-2021 % Change	2021-2022 % Change
Revenue:							
Property Tax Increment Collections	\$3,060,698	\$3,688,601	21%	\$3,951,570	\$4,030,602	7%	2%
Sales Tax Increment	476,928	572,313	20%	496,196	506,120	-13%	2%
Interest on Investments	10,284	5,368	-48%	5,476	5,585	2%	2%
Total Revenue for the URA	\$3,547,910	\$4,266,282	20%	\$4,453,242	\$4,542,307	4%	2%
Expenses:							
Operations							
General Operations/Admin	\$83,878	\$55,329	-34%	\$59,274	\$60,459	7%	2%
Larimer County Fee	61,614	73,772	20%	79,031	80,612	7%	2%
Developer Payment	3,455,652	4,131,813	20%	4,309,461	4,395,651	4%	2%
Total Operational Costs	\$3,601,144	\$4,260,914	18%	\$4,447,766	\$4,536,722	4%	2%
Total Expense	\$3,601,144	\$4,260,914	18%	\$4,447,766	\$4,536,722	4%	2%
Net Change in Fund Balance	(\$53,234)	\$5,368		\$5,476	\$5,585		
Prior Year Fund Balance	\$55,129	\$1,895		\$7,263	\$12,739		
Current Year Projected Fund Balance	\$1,895	\$7,263		\$12,739	\$18,324		

Notes

- 2020 Property Tax based on Larimer County Assessors Office 2019 TIF Warrant.
- 2022 Property Tax based on 2% increase on 2019 assessment (bi-annual assessment).
- 2020-2022 Sales Tax Increment is 2% higher year over year based on 2019 actual and store closures.
- In 2019 General Operations/Admin was trued-up for administrative expenses owed to the North College URA Fund through 2018. 2020 includes true-up for 2019 expenses.
- The 2022 ending fund balance is the result of cumulative interest earnings on balances in the fund and payment of admin charges one year in arrears.