

AGENDA

URA Finance Committee

November 12, 2020

8:30 am – 9:30 am

1. October 8, 2020 Meeting Minutes
2. North College Community Investment Plan Finance Options

This meeting will be held digitally via Microsoft Teams. To join this meeting, please use the link below:

https://teams.microsoft.com/l/meetup-join/19%3ameeting_ZDA1NjU0N2MtNjQ1Mi00OGUxLTgyZGItNjU5N2EwNDhmNDc5%40thread.v2/0?context=%7b%22Tid%22%3a%2247fa2f5f-0d0a-4a68-b431-6d1a27b66660%22%2c%22Oid%22%3a%220fa9b750-1577-4182-9bd5-e34aea8d9a3e%22%7d

If you are unable to join the video conference call, you may dial +1 970-628-0892 on your phone. The conference ID is 466 923 141#.

Other business:

MINUTES

URA Finance Committee

October 8, 2020

3:00 pm – 4:00 pm

Meeting started: 3:00 pm by Chair Troxell

Present: Joe Wise, Christophe Febvre (arrived late), Wade Troxell, Ross Cunniff, Ken Summers (arrived late)

Staff: Darin Atteberry, Josh Birks, Clay Frickey

Others: None

1. Approval of June 11, 2020 minutes

Motion: Ross Cunniff. Second: Joe Wise. Passed 3-0

2. North College Community Investment Plan

Frickey provided an overview of the North College Community Investment Plan noting it is the culmination of the community engagement process undergone for the North College Plan Area in partnership with The Family Center and the Institute for the Built Environment. He discussed the community engagement process, the goal of which was to gather community input regarding what projects in which the community would like to see the Urban Renewal Authority invest its remaining tax increment funds over the next ten years.

Frickey highlighted the outcomes of the investment plan: a complete and vibrant neighborhood, a community hub, and infrastructure improvements. Chair Troxell asked if the high-voltage transmission line will be undergrounded. Frickey replied that has been deemed to be cost prohibitive. Chair Troxell stated prioritizing it may make it not cost prohibitive.

Frickey went on to detail strategies for the complete and vibrant neighborhood outcome noting the goal is to cultivate partnerships with the community, the taxing entities, and the development community. He discussed the possibility of beginning community hub programming prior to the completion of a permanent space. Frickey stated the short-term strategy is to work on a community-based design process wherein community members would be engaged to determine what services and partners would be useful in a North College community hub.

Regarding the infrastructure improvements outcome, Frickey stated short-term strategies are to complete existing projects, primarily by contributing to stormwater improvements on the west side of College. Medium-term strategies include emphasizing the completion of existing projects and supporting the outcomes of plan updates.

Frickey outlined the financial resources that will be available by timeframe with short-term dollars available for investment at \$2.4 million, \$1.7 million for medium-term goals, and \$9.7 million for long-term goals.

Chair Troxell asked about the recent Coloradoan article stating a tenant may have been found for the old Altbertson's building and whether that information factors into the dollars mentioned. Frickey replied the site could provide a potential opportunity to either partner or acquire property to help achieve some objectives, and he noted an active user in the property could help generate additional tax increment for the plan area. Josh Birks clarified the previously mentioned dollar amounts only include revenue for the current use of the site.

Chair Troxell asked if there are feedback loops back to the community during this process. Frickey replied a lot of the short-term objectives with developing partnerships are examples of going back out into the community to ensure things are still on the right track. He stated the

intent is to continually check in with the community to ensure the correct projects are prioritized and expectations are met.

Chair Troxell asked who makes up the community. Frickey replied the community is a broad term encompassing people who consider themselves to be a part of the North College community, including business owners, residents, service providers, and City staff. He stated The Family Center series of workshops was focused on mobile-home communities and the Institute for the Built Environment workshops included residents of Old Town North, Revive, service providers, City staff, and business and property owners.

Commissioner Wise requested additional details about the long-term strategy related to acquiring property for mixed-use development. Frickey replied a number of these projects will require some type of building to come to life and the URA could help in acquiring that property. He stated staff would like input on the URA taking a more proactive approach on acquiring property to help facilitate some of these development ideas for potentially a library branch, workforce development hub, or other amenities in a mixed-use building.

Commissioner Wise asked about investment in legacy projects that could provide repayment opportunities that would give the URA a revenue source that would last beyond the TIF generation period of the plan area. Frickey replied repayment from developers is sought for certain infrastructure improvements that have been funded up front by the URA. That repayment money could last beyond the period of TIF generation and can then be used to reinvest in the community.

Commissioner Wise asked if that includes rental income from renting space in a community center. Frickey replied in the negative.

Chair Troxell stated there is a good path forward and encouraged utilizing terms related to the vision of the community as a whole rather than using planning-specific terms. He asked when this will be coming before the full Board. Frickey replied a similar item will be coming before the Board at the October meeting and a final investment plan will go before the Board for consideration in November.

3. 2021 Budget

(**Secretary's Note: Commissioner Febvre arrived at this point in the meeting.)

Frickey noted the Budgeting for Outcomes (BFO) process usually results in a two-year budget; however, due to COVID, this year's process has been truncated to be a single-year budget for 2021. He noted this is the first time the URA has had a budgeting process with the expanded Board and stated the URA budget has not changed since its initial submittal in June. He reviewed the offers made as part of the BFO process.

Frickey noted the costs of serving the expanded Board have been rolled into the URA's core offer, which also includes all non-debt service costs. He stated the second budget offer includes all debt-service items.

Chair Troxell asked Frickey if he is a City employee or URA employee. Frickey replied his salary is paid 100% by the URA and the intergovernmental agreement with the City requires compliance with the City's Human Resources and Purchasing policies; therefore, freezes to raises are implemented with the URA as well.

(**Secretary's Note: Commissioner Summers arrived at this point in the meeting.)

Other business: N/A

Meeting ended 3:38pm by Wade Troxell

URA FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Clay Frickey, Redevelopment Program Manager

Date: November 12, 2020

SUBJECT FOR DISCUSSION: North College Community Investment Plan Finance Options

EXECUTIVE SUMMARY

Staff collaborated with Institute for the Built Environment (IBE) and The Family Center/La Familia (TFC/LF) on a series of public workshops asking the North College community how they would like to see the Urban Renewal Authority (URA) invest its money in the North College plan area over the next 10 years. IBE produced a report summarizing this outreach that the URA Board considered in August 2020. To achieve the outcomes desired by the community, URA staff have been developing an investment plan that will guide the URA's decision making process for how to allocate its remaining money in the North College plan area. In September and October, the URA Board and Finance Committee reviewed a draft framework for the investment plan and strategies to guide the Board's investments.

Before presenting the final investment plan, staff seeks the Finance Committee's feedback on potential approaches to financing the investment plan. Infrastructure investment will also lead to potential repayments from developers that access infrastructure in which the URA invested. Repayments would go into a pool of money used fund projects and objectives in the investment plan. Staff proposes waiving the repayment requirement for projects that achieve objectives identified in the investment plan.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Do you support including bonding as a potential finance option to include in the final Community Investment Plan?

Do you support the direction on investing repayments and waiving repayments for eligible projects?

BACKGROUND/DISCUSSION

The North College Urban Renewal Plan Area will generate tax increment revenue until 2029. With 10 years remaining in the North College plan area's revenue generation period, staff sought direction from the Urban Renewal Authority (URA) Board and the community on how best to invest in the North College community. In partnership with Institute for the Built Environment (IBE) and The Family Center/La Familia (TFC/LF), staff held a series of public workshops on how the URA could best invest in the community over the next 10 years. IBE produced a report summarizing the findings of these workshops. URA staff presented this report to the Board on August 27, 2020. The Board expressed its appreciation for the findings of the workshop series

and gave staff direction to create an investment plan. In September and October, the URA Board and Finance Committee reviewed a draft framework for the investment plan and strategies to guide the Board’s investments. Both the Finance Committee and URA Board supported the general direction of the plan, the proposed framework for the plan, and proposed strategies.

Financial Overview

The North College plan area is generating surplus tax increment revenue every year. After servicing debt and contributing to overhead costs, the North College plan area will generate around \$650,000 in net proceeds annually from 2020 – 2022. In 2022 and 2023, the plan area will generate around \$750,000 annually as the URA makes its final payments for Aspen Heights. From 2024 until 2030, the plan area will generate over \$1 million annually leaving an anticipated final cash balance of \$13.7 million in 2030. Below is an estimate of money the URA will have available by phase of the investment plan. Please note the money available from 2021-2022 includes current cash reserves generated in 2019 and 2020.

Timeframe	Cash Available
Short Term – 2021-2022	\$2,388,489
Medium Term – 2023-2024	\$1,697,922
Long Term – 2025-2030	\$9,713,546
Total	\$13,799,957

Finance Options

The URA has two main options for financing the strategies identified in the investment plan. What follows is a discussion of these options and a brief summary of the advantages and disadvantages of each approach.

Pay As You Go

The simplest approach would be to pay for improvements as the URA receives money. This ensures the URA has funds on hand for any investment it looks to make. The URA’s current starting position for investing in projects requesting financial assistance is to pay as we receive revenue from the project. This would ensure the URA retains the same approach for investing in its own projects and is consistent.

The main drawback to paying as you go is that it will take time to accumulate enough revenue to take on larger, more transformational projects. During this time, project costs can also rise, meaning that waiting to invest can end up costing more money in the long run. Waiting to invest also leads to less time for projects to generate additional TIF revenue.

Pros:

- Minimizes financial risk
- Aligns with TIF assistance policy

Cons:

- Limits ability to take on large projects in the short term
- Project costs will likely rise while URA accumulates revenue

- Could result in less TIF generation potential

Issue Bonds

Issuing bonds based on the URA’s revenue stream can provide the URA with an infusion of cash in the short term. This would allow the URA to address large projects quicker. By addressing projects sooner, the URA could create projects or entice development earlier that would then lead to creating additional TIF revenue to invest in other community priorities. Interest rates are also low. With the City’s moral obligation, the URA received a 1.96% interest rate for bonds issued for the Prospect South plan area in 2019.

A bond issuance exposes the URA to some level of financial risk. This is especially true given the uncertain outlook of property values due to COVID-19. It is unclear if our revenue forecasts will be accurate and means there is some risk in issuing bonds. To receive a favorable interest rate, the URA would likely rely on the City providing its moral obligation to any bond issuance. Staff from the URA and City would need to enter into conversations to discuss if the City is willing to provide its moral obligation to further bond issuances for the URA.

Pros:

- Allows URA to act on projects earlier
- Could lead to additional TIF generation potential
- Interest rate environment is favorable

Cons:

- Creates some level of financial risk
- Unclear how COVID-19 will impact property values
- Would need City’s moral obligation pledge to get best interest rates

Repayments

Repayments from URA investment represent another potential revenue stream for the URA. Usually, when the URA invests in infrastructure, the URA will seek repayment for its investment from developers accessing that infrastructure. The URA receives repayments for redevelopment along North College between Vine and Hickory from its investment in the North College streetscape improvements, for example. Another way to approach repayments is to waive the repayment requirement for developments that achieve community objectives. This provides a form of financial relief to certain projects and acts as an additional incentive for the kind of development desired by the community.

Staff proposes the investment plan include direction on how to handle repayments. Development that does not meet an objective outlined in the investment plan would have to repay the URA its total obligation. The repayment money could then go into a pool of money that the URA uses to invest in projects and objectives outlined in the investment plan. Development that meets one or more of the objectives outlined in the investment plan could request relief from this repayment.

NEXT STEPS

The URA Board will consider the final investment plan at its regular meeting in November. The final investment plan will contain recommended financial allocations by timeframe, metrics/indicators, and guidance on handling repayments per the Finance Committee's direction.

ATTACHMENTS (numbered Attachment 1, 2, 3,...)

1. North College Revenue Forecast

North College Urban Renewal Area
Base year 2005 TIF Rev through 2031
Financial Forecast

Revenue is recd year following assessment
TIF revenue year

	2018 TIF 15	2019 TIF 16	2020 TIF 17	2021 TIF 18	2022 TIF 19	2023 TIF 20	2024 TIF 21	2025 TIF 22	2026 TIF 23	2027 TIF 24	2028 TIF 25	2029 TIF 26	
	ACT 2019	Budget 2020	Budget 2021	Budget 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030	Total
Cash Inflows													
Property Tax Increment (cash basis)	1,989,781	2,420,433	2,443,842	2,492,719	2,492,719	2,542,573	2,542,573	2,593,425	2,593,425	2,645,293	2,645,293	2,698,199	41,271,023
TOTAL Property Tax Increment	1,989,781	2,420,433	2,443,842	2,492,719	2,492,719	2,542,573	2,542,573	2,593,425	2,593,425	2,645,293	2,645,293	2,698,199	41,271,023
Other Revenue													
Interest	62,701	22,662	21,079	18,444	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	565,789
Other													233,833
Total Other Revenue	62,701	22,662	21,079	18,444	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	799,622
Principal and Interest from Loans													
Interest from loans	-	-	-	-	-	-	-	-	-	-	-	-	560,495
Loan 3 - RMI2 principal repayments	-	-	-	-	-	-	-	-	-	-	-	-	2,503,918
Total Principal and Interest Revenue	-	-	-	-	-	-	-	-	-	-	-	-	3,064,413
Total Cash Inflows	2,052,482	2,443,095	2,464,921	2,511,163	2,512,719	2,562,573	2,562,573	2,613,425	2,613,425	2,665,293	2,665,293	2,718,199	73,632,925
Cash Outflows													
Operating													
Personnel	(224,802)	(307,429)	(313,578)	(319,849)	(326,246)	(332,771)	(339,426)	(346,215)	(353,139)	(360,202)	(367,406)		(5,142,492)
Goods & Services	(178,330)	(66,768)	(80,826)	(78,724)	(82,660)	(86,793)	(91,133)	(95,690)	(100,474)	(105,498)	(110,773)		(1,637,728)
Reimbursement from Other URAs	310,017	64,723	100,897	102,915	103,764	104,630	106,722	107,624	109,776	110,713	112,928		1,489,301
County Fee	(39,796)	(48,409)	(48,877)	(49,854)	(49,854)	(50,851)	(50,851)	(51,868)	(51,868)	(52,906)	(52,906)	(53,964)	(747,801)
Insurance	(37,500)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)		(287,500)
Debt Service Banking Fee	(2,750)	(2,500)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)		(245,643)
Pedestrian Bridge													(125,000)
Total Operating	(173,161)	(385,383)	(370,133)	(373,263)	(382,747)	(393,536)	(402,438)	(413,899)	(423,456)	(435,642)	(445,907)	(53,964)	(6,696,863)
Developer Project Costs (funds released to projects)													
Project 9 - Aspen Heights Principal	-	(143,033)	(147,682)	(144,471)	-	-	-	-	-	-	-	-	(435,186)
Project 9 - Aspen Heights Interest	-	(14,144)	(9,495)	(4,695)	-	-	-	-	-	-	-	-	(28,334)
Project 10- Feeders Supply	-	(25,175)	(25,175)	(25,679)	(25,679)	(26,192)	(26,192)	(26,716)	(26,716)	(27,250)	(27,250)	(27,795)	(289,819)
Project 11-Hickory Commons	-	-	-	-	-	-	-	-	-	-	-	-	-
Project 12- Lyric (first \$43,650 payable to URA for ROW)	-	-	-	-	-	-	-	-	-	-	-	-	-
Project 13- Whitewater Park													(303,000)
Project 14- Stormwater	(300,000)												(300,000)
Total Developer Project Costs	(300,000)	(182,352)	(182,352)	(174,844)	(25,679)	(26,192)	(26,192)	(26,716)	(26,716)	(27,250)	(27,250)	(27,795)	(12,364,323)
Debt 3 Principal (RMI2)	(266,692)	(273,360)	(288,567)	(295,781)	(311,884)	(319,681)							(4,512,216)
Debt 3 Principal (RMI2)													(764,810)
Debt 3 Interest	(44,928)	(37,905)	(31,071)	(23,856)	(16,462)	(8,665)	(673)						(1,229,816)
Sub-Total General Fund	(311,620)	(311,265)	(319,638)	(319,637)	(328,346)	(328,346)	(673)	-	-	-	-	-	(15,738,926)
2013 Bonds - Debt Service													
2013 Bond Principal	(615,000)	(635,000)	(665,000)	(690,000)	(715,000)	(745,000)	(775,000)	(805,000)	(840,000)	(870,000)	(910,000)	-	(11,085,000)
2013 Bond Interest	(333,963)	(309,363)	(283,963)	(257,363)	(229,763)	(201,163)	(171,363)	(140,363)	(108,163)	(74,563)	(38,675)	-	(4,195,860)
Total Bond Debt Service	(948,963)	(944,363)	(948,963)	(947,363)	(944,763)	(946,163)	(946,363)	(945,363)	(948,163)	(944,563)	(948,675)	-	(15,280,860)
Total Cash Outflows	(1,733,744)	(1,823,362)	(1,821,086)	(1,815,107)	(1,681,534)	(1,694,236)	(1,375,666)	(1,385,978)	(1,398,334)	(1,407,455)	(1,421,832)	(81,759)	(59,832,968)
Non-paid commitments (Aspen Heights)													
Net Change in Cash	318,738	619,733	643,835	696,056	831,185	868,337	1,186,907	1,227,447	1,215,090	1,257,838	1,243,461	2,636,440	13,799,957
Ending Cash & Investments	1,373,628	1,993,360	2,637,196	3,333,252	4,164,437	5,032,773	6,219,681	7,447,127	8,662,218	9,920,056	11,163,517	13,799,957	
Restricted Cash	(944,363)	(948,963)	(947,363)	(944,763)	(946,163)	(946,363)	(945,363)	(948,163)	(944,563)	(948,675)			
Net Available Cash	429,265	1,044,398	1,689,833	2,388,489	3,218,274	4,086,411	5,274,318	6,498,965	7,717,655	8,971,381	11,163,517	13,799,957	
Outstanding Debt	9,166,186	8,257,826	7,304,259	6,318,478	5,291,594	4,200,000	3,425,000	2,620,000	1,780,000	910,000			

North College Community Investment Plan Finance Options



Community Investment Plan Process and Timeline



Timeframe	Cash Available
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Cons:

- Limits ability to take on large projects in the short term
- Project costs will likely rise while URA accumulates revenue
- Could result in less TIF generation potential



Pros:

- Allows URA to act on projects earlier
- Could lead to additional TIF generation potential
- Interest rate environment is favorable

Cons:

- Creates some level of financial risk
- Unclear how COVID-19 will impact property values
- Would need City's moral obligation pledge to get best interest rates

- Potential revenue stream for URA
 - Reinvest in community objectives
- Waiving repayment = development incentive
 - Must meet objectives in investment plan

Do you support including bonding as a potential finance option to include in the final Community Investment Plan?

Do you support the direction on investing repayments and waiving repayments for eligible projects?