

URBAN RENEWAL AUTHORITY BOARD

October 12, 2018

3:00 PM

• ROLL CALL

PRESENT: Smith, Overbeck, Troxell, Cunniff, Horak, Martinez, Stephens, Summers, Johnson, Wise, Febvre

Staff Present: Atteberry, Daggett, Coldiron

• AGENDA REVIEW

Executive Director Atteberry stated there were no changes to the published agenda.

• CITIZEN PARTICIPATION

Eric Sutherland opposed the funding of the former Summit project. He stated the tax increment doled out by the URA comes as a result of higher property taxes paid by every homeowner within the Poudre School District.

• CITIZEN PARTICIPATION FOLLOW-UP

Mayor Troxell noted the property referenced by Mr. Sutherland had many stormwater issues which were addressed with the public infrastructure funding.

• COMMISSIONER REPORTS

• DISCUSSION ITEMS

1. Consideration and Approval of the August 24, 2018 Urban Renewal Authority Board Meeting. (Adopted)

The purpose of this item is to approve the minutes from the August 24, 2018 Urban Renewal Authority Board meeting.

Vice Chair Horak made a motion, seconded by Commissioner Summers, to approve the minutes of the August 24, 2018 meeting.

RESULT:	ADOPTED [10 TO 0]
MOVER:	Gerry Horak, District 6
SECONDER:	Ken Summers, District 3
AYES:	Smith, Overbeck, Troxell, Cunniff, Horak, Martinez, Stephens, Summers, Johnson, Wise, Febvre

2. Resolution No. 092 Appointing the Authority's New Legal Counsel and Authorizing the Executive Director to Enter into a Professional Services Agreement for the Legal Services to be Provided by that Legal Counsel. (Adopted)

The purpose of this item is to discuss the selection of outside legal services to serve as the Urban Renewal Authority (URA) legal representation and to authorize the Executive Director to execute the contractual agreement.

Josh Birks, Economic Health Director, stated this item allows the URA to consider selecting outside legal services and authorizes the Executive Director to negotiate a contract for those services.

Chair Troxell stated the outside legal services search committee consisted of himself, Commissioners Martinez and Overbeck, and staff members. The two candidate firms were Hoffman, Parker, Wilson, and Carberry, and Brownstein, Hyatt, Farber, and Schreck; the latter firm was selected.

Eric Sutherland questioned how the outside legal counsel will be funded and whether any of that funding would come from property tax, which he stated is illegal.

Chair Troxell requested staff address Mr. Sutherland's comments. Birks replied administrative costs incurred by the URA are obligated through an intergovernmental agreement it has with the City of Fort Collins.

Commissioner Martinez asked if there is a constitutional issue with funding outside legal services. Deputy City Attorney John Duval replied he does not believe there is a constitutional issue and the state statute allows administrative costs to be paid from the special fund created for the TIF funds.

Commissioner Martinez asked how the money is processed. Birks replied the funds are processed through the intergovernmental agreement which allows the City to manage and provide required administrative services. The necessary funds are transferred from the URA to the City to reimburse for costs.

Vice Chair Horak asked if any other URAs fund administrative costs differently. Birks replied the practice of how this URA funds administrative costs is similar to that of a number of other URAs. City Attorney Daggett replied that is also her understanding; however, there is no certainty another URA does not fund costs differently.

Vice Chair Horak made a motion, seconded by Commissioner Martinez, to adopt Resolution No. 092.

Commissioner Stephens asked if representatives from the firm will be present at future meetings. Chair Troxell replied in the affirmative.

RESULT:	RESOLUTION NO. 092 ADOPTED [UNANIMOUS]
MOVER:	Gerry Horak, District 6
SECONDER:	Ray Martinez, District 2
AYES:	Smith, Overbeck, Troxell, Cunniff, Horak, Martinez, Stephens, Summers, Johnson, Wise, Febvre

3. Public Hearing and Resolution No. 093 Adopting the 2019 Budget for the Fort Collins Urban Renewal Authority. (Adopted)

The purpose of this item is to adopt the 2019 budget and to appropriate the funds to be spent for the Fort Collins Urban Renewal Authority (URA), comprised of the North College Tax Increment Financing (TIF) District, the Prospect South TIF District, and the Foothills TIF District. The budget revenues include property and sales tax increment, and interest earned on investments for a total of \$5,593,535. Budget expenses include general operations, project obligations and debt service payments, totaling \$5,867,677. The 2019 budget corresponds to the budget that was submitted and approved as part of

the Budgeting for Outcomes process for 2019 and 2020. The URA's 2019 annual appropriation is \$5,867,677 including \$300,000 of reserves from the North College District.

Josh Birks, Economic Health Director, noted the URA budget has historically been involved with the City budget as the URA Board was made solely of City Councilmembers. He stated the newly expanded Board may opt to change the budgeting process.

Birks stated there are three active tax increment districts currently being managed by the URA. He noted operating and administrative costs are shared across all three districts and discussed the debts and obligations for each of the three districts. Staff supports the budget Resolution but suggests that the current budget approach be reviewed since the Board has been expanded.

Chair Troxell noted this item is a public hearing.

Eric Sutherland asked where the special fund that limits expenditures of the Urban Renewal Authority exists. He suggested an obligation is not principal and stated the URA is operating outside the law.

Chair Troxell requested staff input regarding Mr. Sutherland's comments. City Attorney Daggett replied discussions about the special fund have occurred in the past and it is her understanding the funds are being managed appropriately and state reporting has occurred in alignment with state statute.

Commissioner Cunniff asked if security services in the form of police officers present at meetings should be contemplated by the Board. Executive Director Atteberry replied he would discuss that possibility with staff.

Commissioner Wise asked if there are legal consequences to budgeting with the URA as a separate entity. Birks replied that would entail looking at the budget through a slightly different accounting light by showing fund balances and other aspects of the budget as if the URA is a separate entity.

Vice Chair Horak stated it would be helpful to receive a memo from staff regarding options which could be put before the Finance Committee for a recommendation.

Commissioner Johnson asked how new Urban Renewal Authority plans are added to the budget. Birks replied a new plan area would involve a supplemental appropriation and budget amendment reflecting associated revenue and expenditures.

Vice Chair Horak asked about the plan for the new position. Birks replied the plan is to have the new hire onboard by the beginning of the year.

Commissioner Smith asked about the ongoing legal expense for the expanded Board. Birks replied expanding the Board has resulted in a situation where the current legal counsel is concerned about future conflicts; therefore, that previous in-kind service is now required to be funded.

Commissioner Johnson asked why the expenditures in the presentation are less than those in the exhibits. Birks replied the operational costs and participation in the design of the North College stormwater system make up that difference.

Chair Troxell closed the hearing.

Vice Chair Horak made a motion, seconded by Commissioner Smith, to adopt Resolution 093.

Vice Chair Horak requested staff provide information to the Authority regarding changes to the budgeting process prior to the next meeting.

RESULT:	RESOLUTION NO. 093 ADOPTED [10 TO 0]
MOVER:	Gerry Horak, District 6
SECONDER:	Andy Smith
AYES:	Smith, Overbeck, Troxell, Horak, Martinez, Stephens, Summers, Johnson, Wise, Febvre
AWAY:	Cunniff

4. **Draft Drake and College Urban Renewal Plan.** (Discussion was Held)

The purpose of this item is to obtain feedback from the Urban Renewal Authority Board on the preliminary draft of the Drake and College Urban Renewal Plan. The Board's input will be combined with input from the taxing entities and public to generate updates and revisions to the Plan.

Executive Director Atteberry noted this item is informational only.

Josh Birks, Economic Health Director, noted City Council is the body that adopts urban renewal plans and finds the existing conditions to warrant an urban renewal plan. This item provides the opportunity for the URA Board to comment on the public improvements that could be funded as well as the Plan objectives.

The proposed Plan covers the west side of College Avenue to the MAX line and railway alignment both north and south of Drake. The Plan focuses on several goals and principles of various City plans and includes objectives addressing impediments to redevelopment by remedying the existing conditions currently impairing investment in the area. Other objectives include improving pedestrian, bicycle, vehicular, and transit-related circulation and safety in the area, encouraging the rehabilitation and redevelopment of outmoded buildings, and providing a funding mechanism to encourage these things to happen.

Birks discussed the possible uses of tax increment and examples of the possible improvements that could be funded under each category.

Chair Troxell noted there are many potential public benefits for this service plan.

Commissioner Stephens asked why affordable housing is not included in potential public improvements. Birks replied affordable housing could be included as an objective and noted the developer of the Spradley Barr site is evaluating whether affordable housing can be included in its project.

Commissioner Stephens stated she would like to see that as a component. She asked if there is a required percentage of ADA-compliant units in apartment developments. Birks replied he was unsure, but he would follow up on that issue.

Commissioner Stephens asked about MAX parking as part of the developments. Birks replied the City currently has an easement for 60 spaces at the former Kmart site and the owners have been willing to preserve those spaces. He noted a parking structure has been contemplated as the need for parking spaces is around three times the allotted amount.

Commissioner Cunniff requested staff analyze what is possible regarding a sales tax increment and stated he would prefer not to use sales tax increment from any of the dedicated funds. He also requested information regarding Building Code and Land Use Code components that would be required of a development if a URA tax increment project were not implemented and how operations and maintenance of a parking garage would be funded over time. Birks replied the Plan analysis currently excludes the dedicated funds and removes the existing King Soopers sales activity.

Commissioner Wise noted the dedicated sales tax items are similar to the property taxes for the special districts.

Commissioner Cunniff agreed special district property taxes should be excluded.

Commissioner Wise stated the special districts will likely have several concerns with the Plan and use of tax increment funds.

Commissioner Overbeck agreed affordable housing should be part of the objectives.

Commissioner Febvre discussed the School District's financial participation and noted this investment in improvements will increase property taxes; however, the School District cannot increase its levy amount.

Chair Troxell stated addressing different perspectives and dynamics can help inform the URA and how it affects the plans that come forward.

Commissioner Johnson stated one advantage of the new Board is the better understanding of how the mechanism affects other districts. He asked how the possible per-pupil benefit of increased numbers of students in housing is figured into the School District's benefit calculation.

Commissioner Febvre replied any monetary diversion from the School District first has a negative reaction from the School Board. The deteriorating parts of the city should be the beginning of the economic analysis reflection. He noted improvements increase property values and make it harder for teachers and others to afford housing.

Commissioner Wise asked about the status of the IGA. Birks replied the IGA drafting committee circulated a draft IGA; however, there were fundamental disagreements among the committee on some key points. The current IGA postpones beginning the 120-day clock on negotiations before mediation can occur until after the Plan review committee activity has completed its review and the municipality's perspective is that the plan review committee was meant to be an avenue to undertake those negotiations; therefore, that clock should begin at the beginning of the Plan review committee dialogue.

Commissioner Wise asked when a final draft will be available. Birks replied the IGA is voluntary and not required by statute. Additionally, the Plan review committee does not make any binding recommendations; therefore, a conversation still needs to occur between the URA and each of the taxing entities and an IGA between each must be agreed upon prior to moving forward.

Commissioner Wise stated he would like to know if an IGA will occur or not. Birks replied the IGA drafted by the committee is a process IGA, not one that would provide direction on how the

relationship between the URA and an entity would be codified and how the allocation would work. He stated it may be difficult to complete the IGA in the time contemplated given the multiple parties involved.

Executive Director Atteberry agreed with Birks' assessment and stated it is not likely there will be agreement among the entities for adoption of an IGA within the next couple months; however, this conversation will likely motivate parties to reengage.

Commissioner Johnson agreed with Birks' statements and stated it would be helpful for staff to provide an update at the next meeting.

Vice Chair Horak suggested staff provide a memo prior to the next meeting. He stated most of the School District's funds come from Fort Collins.

Commissioner Febvre stated many of the new school needs are in other communities.

Commissioner Wise commended the City involvement and acceptance of special districts' perspectives.

Commissioner Smith stated the use of tax increment financing should enhance the public realm for the costs outside the project. He discussed the importance of walkability in the area to connect activity centers.

Vice Chair Horak stated CSU must be involved in the parking garage conversation.

- **OTHER BUSINESS**

Commissioner Cunniff asked if the website is being funded from the URA administrative budget. Birks replied in the affirmative.

Commissioner Cunniff asked when URA policies and documentation will be placed on the web page. Birks replied that is being planned for the future; however, given the lack of staffing, that has been a lower priority. He stated that could be contracted out if desired.

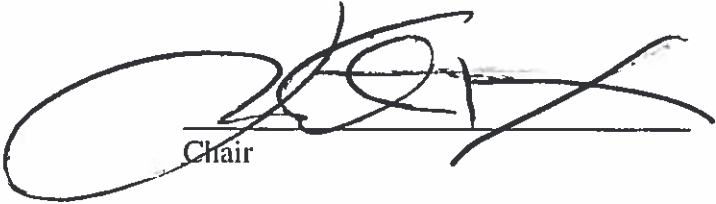
Vice Chair Horak discussed the City's investments in terms of non-charged hours and other expenditures.

Commissioner Martinez asked if there are unaddressed life and safety issues remaining on the properties. Birks replied staff will provide a written update.

Birks noted the URA website includes an email address that will go to all Commissioners.

• **ADJOURNMENT**

The meeting adjourned at 5:07 PM.


Chair

ATTEST:


Secretary



