COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY

Date: December 19, 2010
Staff: John Voss, Accounting & Financial Reporting Manager
Josh Birks, Economic Advisor
Christina Vincent, Redevelopment Program Administrator

SUBJECT: Urban Renewal Authority – North College Plan Area Update

EXECUTIVE SUMMARY: Presentation on current activities and financial forecast. Presentation attached.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED
None, update to Council Finance Committee.

BACKGROUND/DISCUSSION: See slide set.

ATTACHMENTS
1. URA Update slide set

URA Update

Council Finance Committee
December 19, 2011

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Agenda

- URA Activities
- Financial
  - Forecast
  - Outstanding Loans
  - Refinancing

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Current Activities

- North College Projects Update
  - North College Marketplace
  - Union Place
  - Innosphere (RMI)
  - Kaufman and Robinson
  - Jax
  - Valley Steel
- North College (non-URA) Projects Activity

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Current Activities

- Communications Plan
  - North College
  - Midtown
    - Prospect South update
- Outreach to existing property owners
- Façade Improvement plan launch 2013

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Financial Forecast

- All loans paid off by end of 2029
- Forecast is sensitive to growth in property values
  - In general it assumes 1% next 4 years, 1.5% afterwards
- Assumes N.C. Marketplace fills out in 3 years

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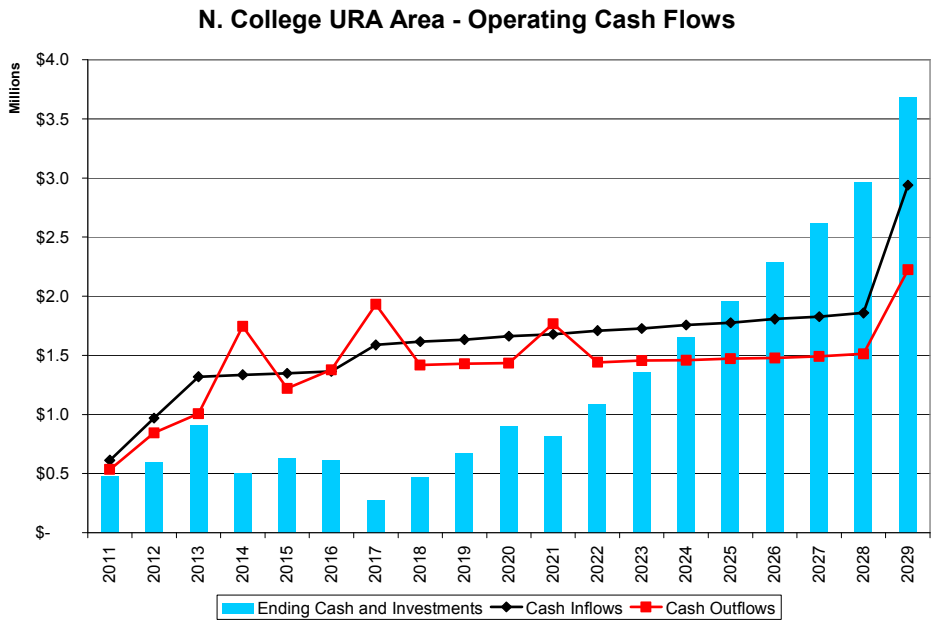

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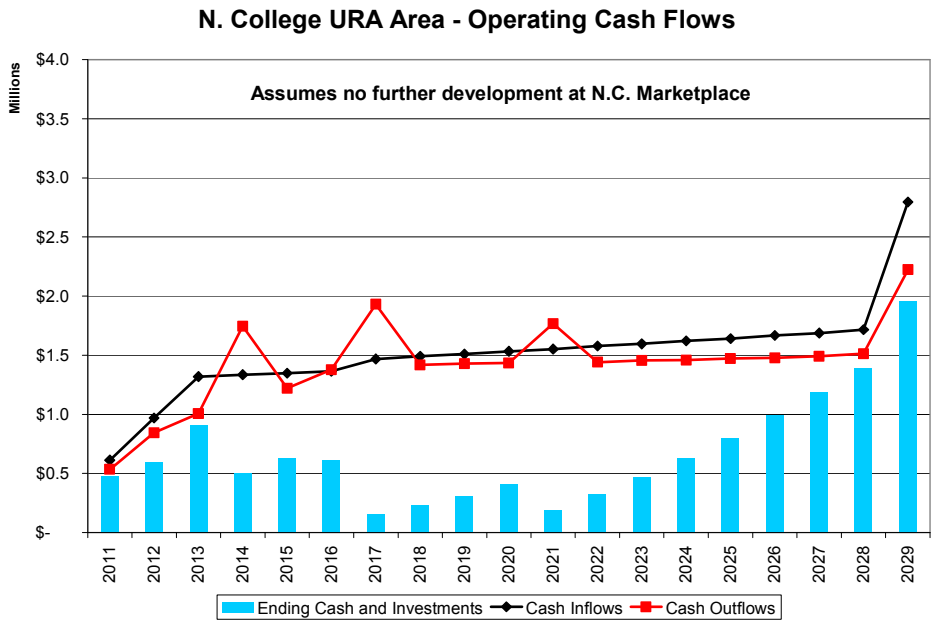

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Factors to Watch

- Completion of N.C. Marketplace
- General growth rate of TIF
- The potential positive impact from other City projects
  - Vine to Conifer road improvements, 2012
  - Conifer to Willox, not scheduled, no funding identified

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Outstanding Debt - URA N. College Plan Area

in thousands

Project	Lendor	Original Loan	Current Balance
Valley Steel	Storm Drainage Fund	150	-
N.C. Market Place	Capital Expansion Fund	5,000	4,943
N.C. Market Place 2	Water Fund	3,000	3,000
RMI2	General Fund	5,304	5,304
JAX	Capital Expansion Fund	173	140
NEECO	Storm Drainage Fund	326	326
N.C. (Vine to Conifer)	BCC	2,700	2,700
Kaufman Robinson	General Fund	193	193
		16,846	16,606

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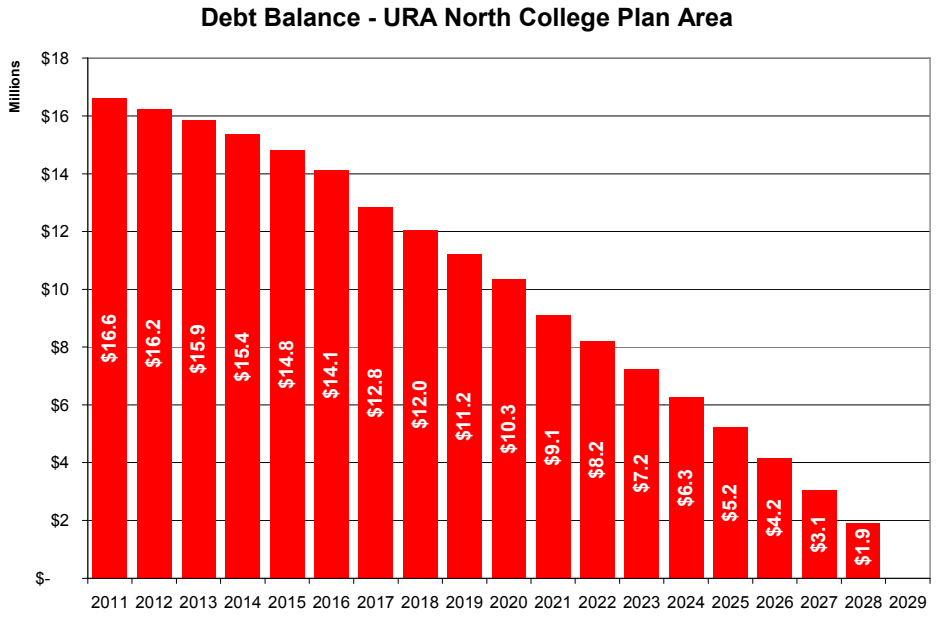

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URA Loan Refinancing

- URA intends to refinance most of the City loans
  - Interest rates may not equate in a savings to URA
  - Goal is to put money back into City for other projects
- Waiting for TIF to reach more than $1 M
  - An established revenue stream is more attractive to lenders
- 2012 TIF revenue assessed at $880k
- 2013 TIF revenue forecast for $1.2 M

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URA to Issue Revenue Bonds

- Goal to refinance at least $11 M
- Target a revenue bond issue for late 2012 or early 2013
- If conditions are not satisfactory, staff will revisit following year

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COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY

Date: December 19, 2010
Staff: Mike Beckstead, Chief Financial Officer
John Voss, Accounting & Financial Reporting Manager
Lawrence Pollack, Budget & Performance Measurement Manager

SUBJECT: Financial Update

EXECUTIVE SUMMARY: Presentation on Building on Community Choices-Community Enhancements (BCC), Building on Basics (BOB), Keep Fort Collins Great spending, revenue update, and fund balance policies. Presentation attached.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED
None, update to Council Finance Committee.

BACKGROUND/DISCUSSION: See slide set.

ATTACHMENTS
1. Financial Update slide set

2011 Financial Update

Council Finance Committee
December 19, 2011

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Agenda

- BCC, BOB and KFCG
- Revenue
- Fund Balance

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Building Community Choices - Community Enhancements Summary

Amount	Ordinance	Description
$7,064,568		Available Balance 12/31/2010
($135,000)	Ord. #62	Lincoln Center Renovation - structural improvements
($2,700,000)	Ord. #64	North College Improvements - to be repaid by the URA
($1,500,000)	Ord. # 87	Museum of Discovery DDA shortfall, DDA seeking financing
$2,729,568		Remaining Balance

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Building on Basics (BOB) Summary

	Total Appropriations through 2010	Total Future Appropriations	Total Appropriations
Capital Expenses			
Administrative Charge	141,497	181,875	323,372
Fort Collins Museum/Discovery			0
Science Center Joint Facility	6,183,750	0	6,183,750
Lincoln Center Renovation	5,487,877	0	5,487,877
Park Upgrades and Enhancements	304,897	1,703,622	2,008,519
Fort Collins Senior Center Expansion	0	5,147,533	5,147,533
Police Services CAD Replacement	0	712,612	712,612
Harmony Rd., Seneca to College Ave.	3,000,000	0	3,000,000
Intersection Improvements and Traffic Signals	4,500,000	6,500,000	11,000,000
North College Avenue Improvements	428,490	4,275,671	4,704,161
North College from Ped Plan	83,000	0	83,000
Timberline, Drake to Prospect - Adequate	400,000	0	400,000
Closed project savings added back	(1,088)	0	(1,088)
Timberline, Drake to Prospect - Ultimate		5,871,218	5,871,218
Bicycle Program Plan Implementation	375,000	625,000	1,000,000
Pedestrian Plan and ADA Improvements	1,510,500	1,500,000	3,010,500
Ped Plan moved to North College	(83,000)	0	(83,000)
Cultural Services -Facilities Plan	150,000	0	150,000
Library District -Library Technology	2,232,000	3,718,000	5,950,000
Transit Services -Replacement Buses	632,242	383,626	1,015,868
Total Capital	25,345,165	30,619,157	55,964,322

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Building on Basics (BOB) Summary

	Total Appropriations through 2010	Total Future Appropriations	Total Appropriations
Beginning Fund Balance	$ -		$ -
Revenue	27,823,701 *	31,351,442	59,241,643
Less: Capital Expenses	(25,345,165)	(30,619,157)	(55,964,322)
Less: Operations & Maintenance Expense	(1,223,744)	(3,215,000)	(4,438,744)
Net Change	1,254,792	(2,482,715)	(1,161,423)
Ending Fund Balance	$ 1,254,792		$ (1,161,423)

* Revenue through 2010 is Actual Revenue

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Keep Fort Collins Great - Summary

Offer Title	2011 Original Budget	Estimate of Year End Unspent / Unencumbered	Estimate of 2012 Reappropriation
Street Maintenance	6,171,000	-	-
Other Transportation	3,179,000	1,697,989	426,989
Police	3,179,000	2,190,000	-
Fire	2,057,000	-	-
Parks and Recreation	2,056,058	151,000	6,000
Other Community Priorities	2,051,731	339,339	87,000
Grand Total	$ 18,693,789	$ 4,378,328	$ 519,989

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Keep Fort Collins Great - Fund Balance

- KFCG fund balance will be tracked by unique objects in our financial software that represent each of the 6 categories of the ballot language
- At the end of the year, interest income will be prorated based on the ending equity balance of each category's equity account and then added to that equity account

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Keep Fort Collins Great - Fund Balance

- Overages in sales and use tax collections will stay in KFCG fund balance and are available for use in future budget cycles or individual appropriations
- Shortfalls of sales and use tax collections need to be analyzed on a case-by-case basis including the determination if there is available fund balance from prior years

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Keep Fort Collins Great - Budget Policy

- The unused portion of capital project budgets are required to go back to Council for an appropriation to repurpose that budget
- The unused portion of operational budgets can be repurposed with managerial staff authorization
- Recommendation: For KFCG, we recommend this methodology is followed <u>except</u> the unused portion of operational budgets using KFCG – Other Community Priorities requires Council approval to repurpose that unused budget

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Revenue

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Sales & Use (taxable)

- Sales is up year to date 5.3% over 2010
- Use is down year to date 1.6% over 2010
- Overall, year to date is up 4.4% over 2010
- Sales & Use tax collections (excluding KFCG) are anticipated to be 2% less than our peak year of 2007
- Sales in 2012 is forecast to increase 1.95%

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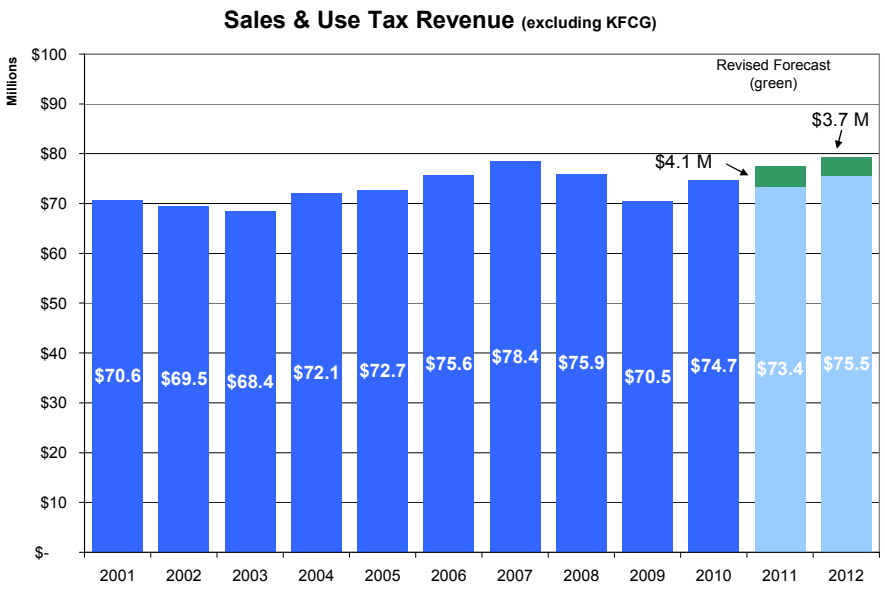

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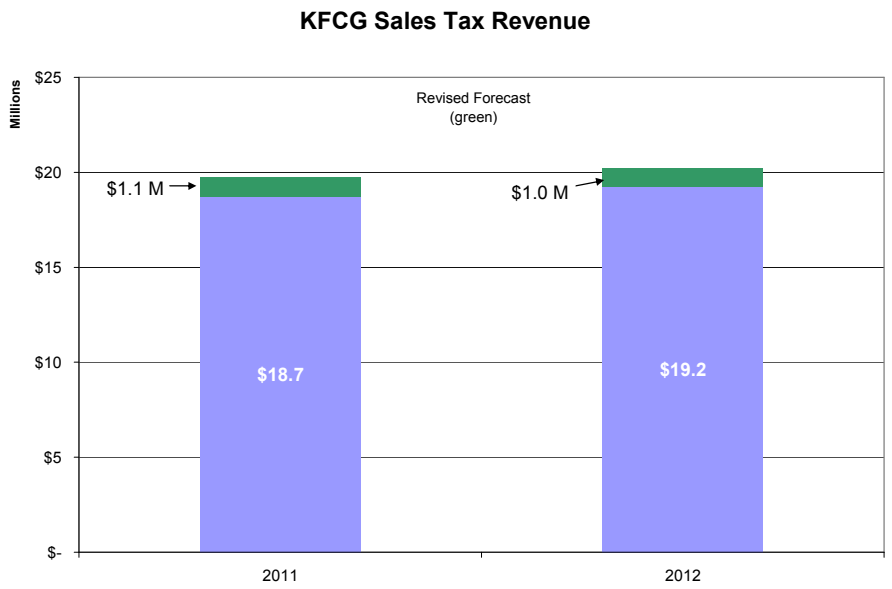

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Investment Earnings

- 2011 below budget
  - Budgeted an average earnings of 2.5%
  - Average year to date earnings of 1.4%
- General fund expects a shortfall of $310,000 in 2011
- 2012 budget adjusted from $8.4M to $4.3M

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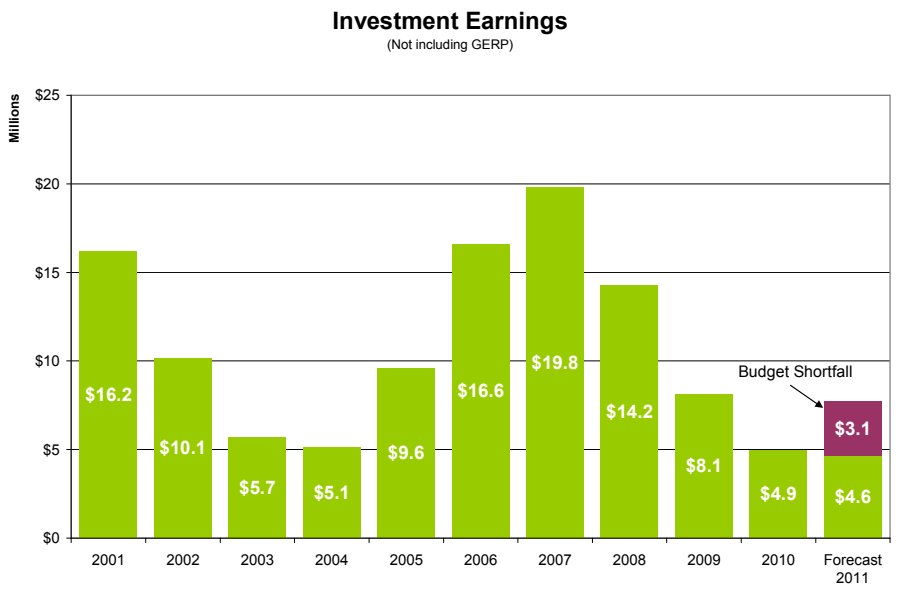

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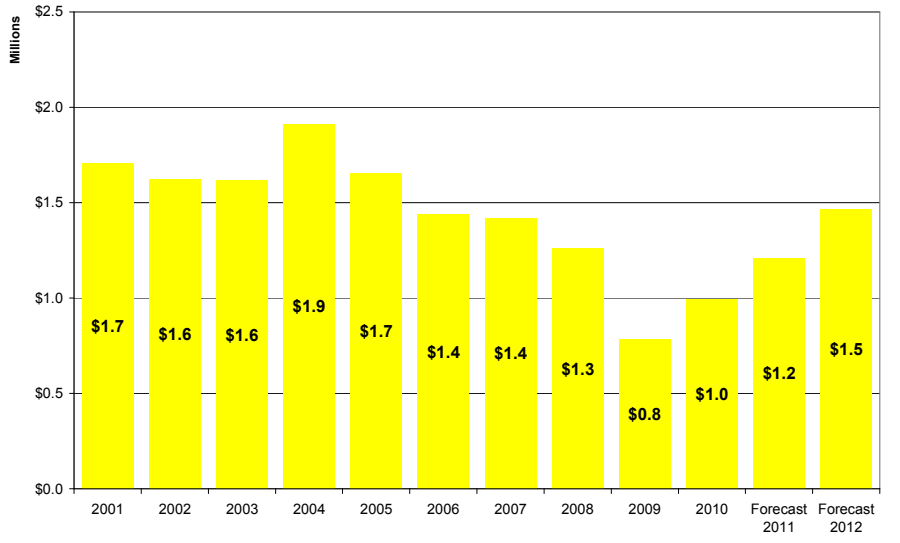

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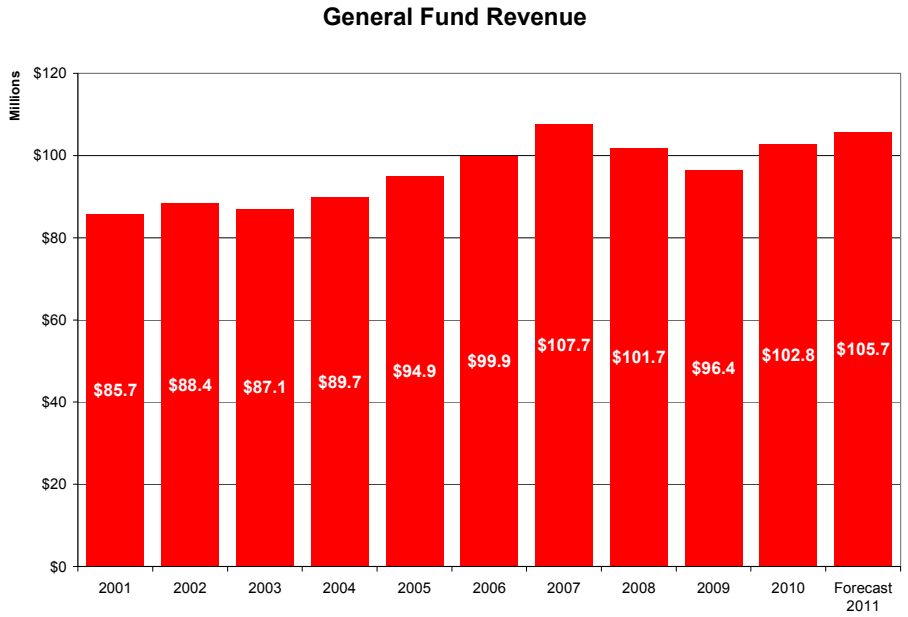
- Revenue is up from 2010 – 22%
- Almost back at 2008 levels


General Fund Revenue
Millions
$120
$100
$80
$60
$40
$20
$0
$85.7
$88.4
$87.1
$89.7
$94.9
$99.9
$107.7
$101.7
$96.4
$102.8
$105.7
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
Forecast 2011

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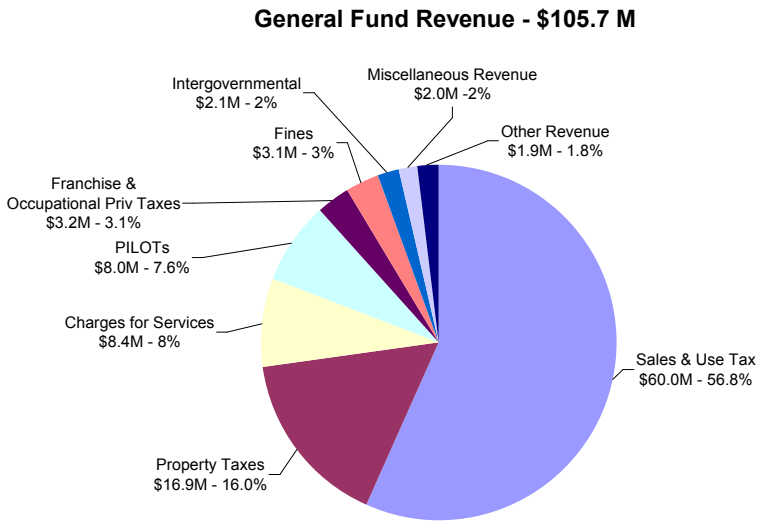
General Fund Revenue - $105.7 M
Intergovernmental $2.1M - 2%
Miscellaneous Revenue $2.0M -2%
Fines $3.1M - 3%
Other Revenue $1.9M - 1.8%
Franchise & Occupational Priv Taxes $3.2M - 3.1%
PILOTs $8.0M - 7.6%
Charges for Services $8.4M - 8%
Sales & Use Tax $60.0M - 56.8%
Property Taxes $16.9M - 16.0%

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Fund Balance

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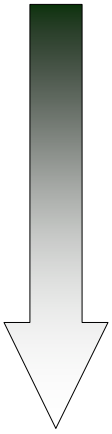
most constrained



least constrained

Fund Balance Definitions

- **Non-spendable**
  - Not spendable in form (inventory, long-term receivables)
  - Legally or contractually required to be maintained intact (permanent endowments)
- **Restricted**
  - Externally enforceable legal restrictions (TABOR emergency reserve, debt covenants)
- **Committed**
  - Constraint formally imposed at the highest level of decision making authority through ordinance (Capital Expansion fees, Neighborhood Parkland fees)
- **Assigned**
  - Intended to be used for specific purposes (Affordable Housing, Camera Radar, Encumbrances)
- **Unassigned**
  - Available for any City purpose
  - Reported only in the General Fund except in cases of negative fund balance

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General Fund Estimated Fund Balance

			(millions)
• **Non-spendable**			
– Advances	$ 5.5		
– Inventories/Loan Rec.	3.0		
• **Restricted**			
– TABOR Emergency	3.8		
– Police Programs	2.1		
– Donations	.5		
• **Committed**	0.7		
Subtotal		**$ 15.6**	
• **Assigned**			
– Encumbrances	2.9		
– Camera Radar	1.0		
– Affordable Housing	.2		
– DPS/Comm System	.9		
– 60 day Minimum Policy	17.7		
Subtotal		**$ 22.7**	
• **Unassigned**		**$ 1.8**	
• **Total Fund Balance**		**$ 40.1**	

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Policy Issues to Address in Future

- Is 60-day Policy Minimum a stand alone assignment of fund balance?
- What is the definition of “rainy day”?
- After using rainy day monies, what is policy for restoring to policy levels? 3 years? 5 years?
- Understanding Assigned balances – Who has authority to make assignments?

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