



Finance Administration

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AGENDA

Council Finance & Audit Committee

April 16, 2018

10:00 am - noon

CIC Room - City Hall

Approval of Minutes from the March 19th Council Finance Committee Meeting.

- | | | |
|-------------------------------------|------------|-----------------|
| 1. DDA Credit Line Renewal | 30 minutes | M. Robenalt |
| 2. East Prospect Improvements | 30 minutes | C. Crager |
| 3. Oakridge Fee Waiver Request | 20 minutes | S. Beck-Ferkiss |
| 4. Murphy Center Expansion Proposal | 30 minutes | B. Sowder |

Council Finance Committee & URA Finance Committee
Agenda Planning Calendar 2018
RVSD 04/05/18 mnb

April 16th			
	DDA Credit Line Renewal	30 min	M. Robenalt
	East Prospect Improvements	30 min	C. Crager
	Oakridge Fee Waiver Request	20 min	S. Beck-Ferkiss
	Murphy Center Expansion Proposal	30 min.	J. Kozak-Thiel
URA			

May 21st			
	BFO Assumption Review	30 min	L. Pollack
	Mulberry Annexation	30 min	C. Gloss
	KFCG Expiration	30 min	G. Sawyer
URA			

Jun 18th			
URA			

Jul 16th			
URA			

Future Council Finance Committee Topics:
Phase II Fee Discussions – Development Review Fees & Wet Utilities
Audit Firm Selection - September

Future URA Committee Topics:
Annual URA District Updates - Anticipate memo format
County IGA - URA TIF Evaluation Process



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Finance Committee Meeting Minutes

03/19/18

10 am - noon

CIC Room - City Hall

Council Attendees: Mayor Wade Troxell (via phone) Ross Cunniff, Ken Summers

Staff: Darin Atteberry, Mike Beckstead, Travis Storin, John Voss, Carrie Daggett, John Duval, Rachel Springob, Tim Kemp, Chad Crager, Kyle Lambrecht, Daniel Woodward, Peggy Streeter, Ginny Sawyer, Kelly DiMartino, Wendy Williams, Andres Gavaldon, Joanne Cech, Lawrence Pollack, Zach Mozer, Jennifer Poznanovic, Josh Birks, Patrick Rowe, Tyler Marr, Allyssa Johnson

Others: Nina Bodenhamer, Consultant, Kevin Jones (Chamber of Commerce), Dale Adamy (Citizen), Rick Ritcher, AE Comm.

Meeting called to order at 10:05 am by Ken Summers

Minutes approval for February 12th and February 27th Special Council Finance Committee Meeting. Ross Cunniff made a motion to approve the minutes of February 12th, Mayor Wade Troxell seconded the motion. The minutes from the February 12th Council Finance Committee were approved unanimously.

Minutes approval for February 27th Special Council Finance Committee Meeting. Ross Cunniff made a motion to approve the minutes of the February 27th Special Council Finance Committee Meeting. Ken Summers seconded the motion. The minutes from the February 27th Special Council Finance Committee Meeting were approved unanimously.

A. City Fund Implementation

Mike Beckstead, CFO

Nina Bodenhamer, Consultant

EXECUTIVE SUMMARY

City Fund was initially reviewed at a work session in early 2017. Based on feedback and concerns from several influential local donors, staff paused the implementation, engaged a local resource with fund raising experience, and began socializing the project with local donors.

The approach to understanding feasibility included:

- Contracted Fundraising Expertise

- Community Listening to Access Charitable Perceptions & Capacity
- Internal Skill and Resource Scan

In this process, staff realized a significant opportunity exists to 1) improve the overall coordination and management of the large fund-raising events sponsored by the City, 2) improve the relationship management, appreciation and acknowledgement of key donors within the community, and 3) ultimately improve the City's ability to raise additional funds for critical projects.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Today's recommendations are a result of:

- A proof of concept and intent of City Fund with local donors and community shareholders to establish objectives, roles, measurements of success, and operational functions of City Fund.
- An audit of the current fundraising process across the City and across various partner organizations that currently support City fundraising.
- Collaboration with the Community Foundation of Northern Colorado. Components of the partnership include but are not limited to fee structures, fund models and oversight, and funding options. Future potential exists for collaborative fundraising and staffing requirements.
- Determination of an appropriate governance model, roles and responsibilities, operational parameters, and candidate selection of a Citizen Advisory Committee.

Recommendation: All future City fundraising activity for large projects should be coordinated and supported by City Fund to ensure consistency, standards and best practices, accountability to donors, and appropriate orchestration of funding requests.

BACKGROUND/DISCUSSION

The City Fund umbrella as a system-wide operational standards and protocols for charitable giving will focus on 3 primary activities:

1) Support and Strengthen Existing Charitable Fundraising & Community Relations

All major fund-raising activity of the City or on the City's behalf will be managed and coordinated by a Donor Relationship staff. The DR staff will be the go to resource for guidance and direction of all fund-raising activity, provide staff and external groups with guidance on donor desires, coordinate contact with a select group of key donors, have external fund-raising groups sign an MOU outlining roles, responsibilities, etc. associated with fund raising. Long term, the goal is to fund the DR staff from an endowment fund in the City Fund Endowment item below.

2) Coordinate & Orchestrate CoFC Donor Relations

The DR staff will also actively work with local donors to understand their giving desires and channel fund-raising activities accordingly. City Fund will serve as a liaison between the philanthropic community, CoFC, Senior Leadership and CoFC Staff.

3) Build a City Fund Endowment

We heard from local donors & community partners: 1) Legacy gifts to the CoFC could be a viable, attractive philanthropic proposition; 2) However, in order to pursue an endowment, the CoFC must first "get its charitable house in order."

A City Fund Endowment would generate funds for City Fund staffing, and, ultimately, funds to be disbursed to the City by a Citizen Advisory Board. Per legal scope (and donor feedback), the Endowment would operate independently of City elected officials and leadership. Thus, the Endowment would be tied tightly via fund creation to the City Plan, Policy & Priorities.

Funds for an Endowment will be sought in tandem with all other City Fund charitable cultivation, and active development.

Finally, benefits of the Operational Investment:

- Elevate Fundraising Practices to CoFC Standards
- Improve Community Interface
- Increase the City's Capacity for Charitable Gifts

Discussion / Next Steps:

Mike Beckstead; the structure around donor management / relationship is the big thing that has come out of the last 6 months of working on this.

Ken Summers; reservations as the city endowment fund is not a typical endowment.

Nina Bodenhamer; there are two pots; dedicated fund / unrestricted / non-dedicated portion.

Mike Beckstead, we could have an endowment that would actually cover the cost of the donor relations resource - an example would be Friends of the Senior Center who are their own 501c. The endowment fund becomes the place where we can collect fundraising and create an endowment to cover the resources needed to orchestrate this.

Ken Summers; sounds more like a restricted giving fund

Nina Bodenhamer; endowment is the goal but it doesn't exist yet

Ken Summers; presumption of we understand the mission and the focus of this city non-profit fund which is a little bit unusual - hospitals and colleges are non-profits and have foundations - cities are government. Would be interesting to know how many cities have a charitable arm to them that is used to augment the city budget - I know we have partners. We need to clarify;

- 1) The stated mission -purpose of the foundation
- 2) What projects the foundation will consider?
- 3) Not just a budget backfill activity – we need to have criteria as to what qualifies

Water Park - open space type projects - these are the type of programs that are eligible for community partnerships to donor dollars. My basic concern goes back to comments that were made with this was originally approved - government is the elephant in the room - we have a huge non-profit community out there and we need to make sure we understand how are we supporting the non-profit community and how we might be competing with them.

Mike Beckstead; that is the front-end donor relations piece - if it is Kayak Park or the Butterfly Pavilion, the Gardens or the Community Center in the southeast – these are the types of projects we have historically fund raised for - this concept will allow us to do this much more effectively - define the types of projects we go after.

Ken Summers; whatever organization structure we use – we need a centralized and coordinated focused -huge glaring need - donor appreciation and cultivation – I want us to be well defined and intentional in our focus so this doesn't become a behemoth - the end all for anything we need -we need to be very thoughtful in terms of how this is tooled out.

Mike Beckstead; confirming what Ken is asking for; a very specific mission and objective, a set of parameters for how this would be used - projects that qualify - what type of projects could be supported.

Nina Bodenhamer: if you do your due diligence - not just tied to city plans and goals but described in goals and outcomes - the more clarity and detail we can put to that the more likely that donors can say yes. This is a piece of the market test. City Fund effort - within 3 years we will know if we have done well and whether or not that aligns with donor intent. The best place for the endowment is actually planned giving - people who want to do something over the long term - build a legacy for themselves - restrictions would need to be in place. In 10-20-50 years -that endowment has to be tied to city – not to city leadership or elected officials but ties to the place of Fort Collins - the more detail that we put there the better off we will be

Short term - what has a fund-raising deficit right now - example Gardens of Spring Creek

Mike Beckstead; we would bring a BFO offer forward for 19-20 requesting seed money in the first 2-3 years - seed money with the goal of by 2021 we would have the funding to support the donor relations resource

Nina Bodenhamer; using a model similar to CSU strategic advancement which she worked on with Brit Anderson - they applied an Internal fee for service - layer- self funding model - How do we get there?

Mike Beckstead; the Administrative policy rewrite should address all of the information Ken Summers is asking about. The objective, how projects are selected and details

Mayor Troxell; thank you - I appreciate the presentation and I agree with Ken Summers about the specificity. The conversation we had around revenue diversification is an important piece. I see this as more than just a community chest and augmentation to the budget. I see this as having different time frames and different funding sources targeted toward our community / longer term objectives for community building / focus - things related to leadership at multiple levels - improving the capacity of Council in various ways - it would not be day to day operations of the city -an important mechanism to build - Research Foundation - CSU Foundation - Poudre Valley Hospital when it used to be a community hospital. Be very clear that this is not intended to compete in any way with any other organization in our community

Ross Cunniff; I like the direction we are going with the partnership with the Community Foundation - come full circle - we are focusing towards Fort Collins. I have experience with the start-up of Poudre School District foundation which started out with a district funded position similar to this - wasn't partnered with the Community Foundation at that time but moved in that direction.

What do you see as the pros and cons of having the city fund administrator position?

Nina Bodenhamer: I have been working with Ryan on developing a list of pros and cons. The Community Foundation is an integral piece of this. Having an orchestrated point of contact who is familiar with the governing laws. We have been discussing if this should be a city employee or a contractor or an employee of the Foundation - we don't have a definitive list yet. A Pro of having the resource be part of the Foundation is the separation from the city. From a donor's perspective they want to make sure that the distance is honored and respected. The separation improves its viability but in time it weakens another piece which is the direct tie to the City Plan and policy. For the first few years, a contracted employee which provides the separation - foot in each door as we build these relationships and Ray and I are hoping to have a firm staffing recommendation by the end of the year.

Ross Cunniff; interim staffing needs makes sense to me - I am not convinced on the on-going city funding but we can navigate that over time. What would the total compensation be for a 3-year permanent employee?

Darin Atteberry; BFO offer would be a contractual relationship - not a classified position at the city - no commitment into perpetuity - we are working with the Foundation and Council to define the best structure.

Mike Beckstead; we haven't landed on whether it would be a contractor or a Community Foundation contractor but we are leaning toward Community Foundation but no firm recommendation yet.

Darin Atteberry; we need to have a strong alignment with the city - just getting our house in order in the short term as Nina as our consultant have provided great advice on donor relationships - we aren't trained in this area - we have some key relationships that over time we have leveraged. On one hand we are talking with a donor about a specific initiative and unbeknownst to us someone in another part of the city organization is talking with them about a need for a printer. We have just organically evolved to this point. We are at a point where it is natural for us to have a different conversation. One off incremental things have worked in the past but not so much now. We need some help internally training - help to identify donors. We don't have a strong network on how these things (Spring Creek Park, Kayak Park as examples) are working and interplaying with each other. You may remember in last BFO cycle we asked Council for a Volunteer Coordinator - we had a pretty distributed and not integrated group of volunteers across the city - this role has generated great things and this is now a coordinated effort. I see the City Fund Coordinator as being similar.

Nina Bodenhamer; City is talking about policy, about capital investment and citizens - I did a full landscape of who is doing fund raising in the community (Whitewater Park as an example). It is hard to approach a donor with 'this is our need' better to look at what is going on in the landscape of the community. Some of the feedback I heard is that there is competition - the city has an ability for a larger vision but is not taking advantage of it. There is a feasibility study - bringing non-profit partners to the table to create a collective community vision for that capital investment so it is a very different process - ideally it serves everyone better

Ross Cunniff; the independence is good and helps clarify - fund raisers can be in silos. Policy level debate clouds their goodwill toward the city - Figure out a way to separate that out so that it is clear that the fund is for a beneficial purpose.

Darin Atteberry; I am hopeful that this will help with better project coordination and clearer definition of roles

Ross Cunniff; PSD Foundation has both a board member as well as the Superintendent of Schools on its board- this provides a different level of check and balance.

Nina Bodenhamer; City Fund Endowment slide - Inaugural Advisory Board - city staff or elected officials can have a seat but non-voting by legal terms of the fund. Committee to adopt bylaws - Community Foundation has a seat as well.

Ross Cunniff; what timeline are we looking at for this to start to gel?

Darin Atteberry; you will see a BFO offer which will be written and vetted within the next few weeks - this isn't a decision item for today - we wanted to get the feedback we are getting now.

Mike Beckstead; policy rewritten by end of Q2 with the specificity that has been discussed. Advisory Board is in the process of being stood up. As a point of clarification - 1/3 of a resource is what we have right now - BFO offer would involve a dedicated resource on a contract basis.

Nina Bodenhamer; Meeting the obligations that are on the table now; the Gardens, Whitewater Park - 3 years combined to stand up a system - all bundled together. When Ray and I first started these conversations, we looked at it as part time. As I have done the internal assessment and looked at the operational piece it became clear this is a larger role which would be primarily operational / systems development for the first 3 years

Ross Cunniff; confirming understanding - a full time contract position for 2 years for start-up - City Fund

Darin Atteberry; Nina has taught us a lot about this topic. I appreciate Wade's leadership – what he has brought from CSU - he has helped us better focus on the nuances in these relationships but also the opportunity. This is sort of a rarified space for cities - we have had a tough time finding best practices. I look forward to the next few years if Council agrees to move forward.

B. 2018 Reappropriation Review

Lawrence Pollack, Budget Director

SUBJECT FOR DISCUSSION

Review of the 2018 Reappropriation Ordinance to appropriate prior year reserves.

EXECUTIVE SUMMARY

City Council authorized expenditures in 2017 for various purposes. The authorized expenditures were not spent or could not be encumbered in 2017 because:

- there was not sufficient time to complete bidding in 2017 and therefore, there was no known vendor or binding contract as required to expend or encumber the monies
- the project for which the dollars were originally appropriated by Council could not be completed during 2017 and reappropriation of those dollars is necessary for completion of the project in 2018
- to carry on programs, services, and facility improvements in 2018 with unspent dollars previously appropriated in 2017

In the above circumstances, the unexpended and/or unencumbered monies lapsed into individual fund balances at the end of 2017 and reflect no change in Council policies.

Monies reappropriated for each City fund by this Ordinance are as follows:

General Fund	\$997,185
Keep Fort Collins Great Fund	297,033
Transportation Fund	28,900
Light & Power Fund	100,000
Data & Communications Fund	<u>62,271</u>
TOTAL:	1,485,389

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Does Council Finance Committee support moving forward with the 2018 Reappropriation Ordinance on the Consent Agenda at the April 3, 2018 Council meeting?

BACKGROUND/DISCUSSION

GENERAL FUND

Community Development & Neighborhood Services

1) Lincoln Corridor Plan Neighborhood Art Projects - \$177,707

Purpose for funds: These funds originally provided for the design and construction of a total of ten neighborhood infrastructure projects identified in the Lincoln Corridor Plan, mostly located within the Northside Neighborhoods (Buckingham, Andersonville, San Cristo/Via Lopez, and Alta Vista). Staff coordinated the design and implementation of the projects with a Neighborhood Advisory Committee comprised of neighborhood residents. Seven of the ten projects have been completed. The Streets Facility park has funding through a non-lapsing account and is being managed by Parks Planning. The remaining projects are related to neighborhood artwork. The completed community mural, on the Buckingham Park transformer cabinet was successful in bringing together residents from the northside neighborhoods and sharing historical perspective. The mural was an example of how time and thoughtful art can bring people together. This reappropriation will fund the remaining neighborhood art projects: neighborhood light poles, wayfinding signage, and sugar beet inspired playground equipment art piece.

Reason funds not expensed in 2017: Art projects are a multi-year effort, including public outreach, historical research, design, and construction of projects on varying timelines. At the direction of Council and executive leadership, staff worked extensively with a citizen Neighborhood Advisory Committee to ensure the projects meet the diverse needs and desires of the neighborhoods involved. For the remaining projects, this coordination, context sensitive design, and development of a public art approach takes time and care. Cultural Services will be taking the lead on the art projects and have partnered with artist Mario Miguel Echevarria to complete the remaining work.

2) Neighborhood Improvement & Community Building (Vibrant) Grant Fund - \$133,784

Purpose for funds: This funding was created to encourage and foster participation in the Neighborhood Connections program between the City and residents. It is intended to provide

neighborhood groups with City resources for community-driven projects that enhance and strengthen their own neighborhoods. All projects are initiated, planned, and implemented by community members in partnership with the City. It supports reinvestment in older neighborhoods to stabilize them, to initiate restoration processes and to leverage funding when capital improvement or other work is already occurring. An integral component of this offer is a request for matching funds, labor or materials from applicants (encouraging donations and fundraising).

Reason funds not expensed in 2017: Projects are subjected to a thorough vetting process, and final selection of projects was not accomplished until much later in 2017 than was previously expected (due to staffing changes with Neighborhood Services). Once the projects were selected, contracts were developed with the assistance of the City Attorneys. At this time, 100% of the original 2017 budgeted funds have been earmarked for neighborhood projects, but are still in contractual development with our City attorneys.

Municipal Court

3) Court-Appointed Defense Counsel Funding Request- \$19,060

Purpose for funds: In 2017, as required by state law, Chief Judge Lane ordered that court-appointed defense counsel be assigned to represent certain defendants on traffic and non-traffic misdemeanor cases. Defense counsel was appointed on over 400 cases in 2017. The fee paid for by the City for such representation is billed at the rate of \$75.00/hour up to a maximum of \$1,675.00 per case if the case does not go to trial or \$2,480.00 if the case goes to trial. We are requesting that a portion of the remaining funds from our 2017 budget be reappropriated into that account for 2018 to pay those bills.

Reason funds not expensed in 2017: Due to the complexity of and circumstances related to these cases, the Court has 17 outstanding appointments that started in 2017 and have not yet reached final dispositions. Therefore, the assigned defense attorneys have not yet presented the Court with bills and won't until the cases have been concluded. Several other appointments made on 2017 cases reached final disposition in early 2018. The Court was billed for those services in February of 2018.

Natural Areas

4) Instream Flow consulting services- \$18,698

Purpose for funds: The purpose of this offer is to fund water engineering consultant to work on instream flow related matters. Funds were used to evaluate existing agriculture diversion structures that result in "dry-up" locations on the Cache la Poudre River and also create movement barriers for aquatic species. Further, these diversions represent locations that need to bypass and measure water placed instream for environmental benefit. Funds have been used to participate in the reconstruction of the Fossil Creek Reservoir Inlet Ditch to create a fish passageway and to allow for environmental water to be bypassed and measured at the diversion. Funds were also used to evaluate and design fish and water passage at the Timnath Reservoir Inlet and to support the instream flow augmentation planning process.

Reason funds not expensed in 2017: The design of the Timnath Inlet is being finalized and permits needed to complete this construction project are in review. Funds remaining will be placed towards construction of the improvements. The City has received a grant from the Colorado Water

Conservation Board for \$100,000 and construction costs are estimated at \$371,000. Natural Areas will contribute a portion of the construction costs and will continue to seek outside funding for the project. The project is anticipated to be constructed in the fall of 2018 if funding is secured.

Police Services

5) Police Regional Training Facility- \$381,783

Purpose for funds: These funds are budgeted to help pay for the design costs for the new Police Regional Training Facility. This request will also move these funds to a non-lapsing business unit since the project funds were loaded incorrectly into a lapsing business unit.

Reason funds not expensed in 2017: The funds requested for reappropriation are to continue the Police Regional Training Facility project. The original appropriation was a portion of the total project costs to cover the Design phase of the project. The first phase of the project has come in under budget and so the request is to reappropriation these funds back into the project budget as a whole while not changing the total project budget.

Currently the design team is working on the site layout for the new training facility site to include a 50-yard pistol range, a 1.4 mile driving track along with classrooms. The decision was made to allow the design firm to identify which footprint would work best in the general area previously designated, with the condition that the footprint will not exceed 44.608 acres. The design team should have a series of conceptual drawings by next week to review and agree upon final footprint. Once the footprint is designated, an amendment to the FAA will be submitted.

The scope has been affected by rising costs since 2015, however the budget will still provide for a facility which meets the initial needs of both cities. Construction is still anticipated to begin in early 2019 and be completed by November/December 2019.

Social Sustainability

6) Affordable Housing and HBA Programs- \$37,508 (plus an additional \$5,240 in KFCG totals \$42,748 for request)

Purpose for funds: The Affordable Housing Funds (AHF) are allocated annually through the competitive process to support critical affordable housing needs in the City of Fort Collins. All funds were awarded to housing programs or projects to further the goals identified in the City's Affordable Housing Strategic Plan. The Human Service Program Funds (HSP) and KFCG Enhancement for Human Services are allocated annually to local non-profit and human service agencies to meet the goals identified in the Social Sustainability Strategic Plan.

Reason funds not expensed in 2017: The \$34,611 AHF balance represents funds that have been committed to Habitat for Humanity, but not yet contracted. These are matching funds for federal grants requirements of the CDBG/HOME program. Under federal guidelines, this project cannot be contracted until the federal requirements have been met. Housing projects often span multiple years and are not contracted in the year they receive the initial allocation.

For the HSP amount of \$8,137: As of November 2017, three of the nonprofits had not completely spent their grant awards during the prior 12-month grant period, thus leaving \$8,137 in combined unspent funds. It is very rare that the nonprofit partners do not spend all of their grant dollars. The

three nonprofits that contributed to the \$8,137 all provided letters to the CDBG Commission explaining why their grant dollars were partially unspent. This reallocation request will move the \$8,137 into the current competitive grant evaluation process and the CDBG Commission will be able to grant those reallocated dollars to nonprofit programs for the October 2018-September 2019 grant cycle. The CDBG Commission is meeting on April 12 to make their funding recommendations.

7) Child Care Project - \$48,800

Purpose for funds: Childcare was identified in the top three issues for community workforce in the Talent 2.0 study. Working families in Fort Collins have endured stagnant wages, despite significant economy-wide income growth. Coupled with decreased access to affordable housing, the high cost of child care—which for an infant and toddler can equal the median rent/mortgage—contributes to the difficulty, often impossibility, of attaining a modest, yet adequate standard of living at all. Throughout the Fort Collins economy, women and others charged with care-taking roles face a decision to drop out of the workforce and enter into full-time family caregiving, a trend that exacerbates issues of stagnant household income and regional labor market shortages. Key needs include:

- High cost of quality childcare throughout the city/region for all Fort Collins residents (high cost childcare are often equal to or above the median Fort Collins rent/mortgage)
- Especially high cost of infant care due to insufficient supply
- Little to no access to childcare for vulnerable populations, including teen mothers and low-income populations
- Insufficient supply of certified childcare workers, fueled by low wages and high certification costs

A collaborative process with community partners identifying opportunities for this funding (expanding and increasing services, space, capacity and affordability of childcare in the Fort Collins community) began in 2017, and two potential options for spaces to expand childcare services in city-owned buildings emerged.

Reason funds not expensed in 2017: Staff was not able to finalize effective uses of the funding in 2017; although a collaborative group came together at the end of 2017 to identify potential uses of the funds. Two potential options for spaces to expand childcare services in city-owned buildings emerged in 2017. Conversations and project options are gathering momentum in early 2018. Anticipated use of funds in Q3-Q4 2018.

8) Horsetooth Waivers - \$179,845

Purpose for funds: Affordable Housing fee waivers are available for developments serving specified populations at Council's discretion. Council has acted by Ordinance #142 2017 to grant a fee waiver for Housing Catalyst's Village on Horsetooth community.

Reason funds not expensed in 2017: Because some of the waivable fees for the Village on Horsetooth were paid prior to the granting of the waiver, a determination of the best way to issue a refund or to provide a credit to offset fees still owed is underway. Additional time is needed to make sure the amounts waived are properly accounted for and settlement terms determined.

KEEP FORT COLLINS GREAT FUND

Community Development & Neighborhood Services

9) Historic Preservation Survey Grant Funds- \$15,000

Purpose for funds: As part of the Community Development Neighborhood Services Ongoing offer, the purpose of these funds is to provide the required match for grant requests from the State Historic Fund and Certified Local Government (CLG) grants for historic preservation survey.

Ongoing survey is a requirement to retain federal certification as a CLG.

Reason funds not expensed in 2017: Grant matching funds are used principally for State Historic Fund and Certified Local Government (CLG) grants. Because of the lengthy lag in time between submission of a grant application and final contracting with the State when the funds are encumbered, monies allocated in one year will nearly always need to be re-appropriated in the following year. Meeting CLG requirements and Council's direction for increased survey of historic properties, these funds are allocated to a State Historic Fund grant for a survey of Midtown properties.

Economic Health

10) Workforce Planning- \$17,975

Purpose for funds: Talent 2.0 is a talent and workforce initiative that is an essential part to a healthy economy. Several partners provide services in this area; however, several gaps remain. In late 2016/early 2017, the regional partners got together to identify gaps and opportunities, which is known as Talent 2.0. Talent 2.0 is an action plan.

Reason funds not expensed in 2017: After completion of the Talent 2.0 work, a group of regional partners including: Chamber of Commerce (Loveland and Fort Collins), Larimer County, City of Loveland and Fort Collins, Northern Colorado Economic Alliance and the United Way of Larimer County formalized a regional working group. Talent 2.0 identified over 30 projects that could be tackled by the regional group. 2017 was spent working on the report, report roll out and prioritizing the 2018 projects. The working group has identified and prioritized eight projects. Funds will be spent on website development for "Your Place: Northern Colorado," the talent portal that will be a one-stop shop for resources, ambassador program, trailing spouse connections and recruitment services.

Environmental Services

11) CAP IFCC Funding- \$153,000

Purpose for funds: The Innovation and Pilot Projects Fund is intended to foster innovative and relevant approaches to the goals outlined in the City's Climate Action Plan (CAP) 2020 goals. Continued progress to achieve the CAP goals is considered a City Council Priority. The primary objective of this project fund is to engage the world class expertise and passion that exists in Fort Collins, as well as leveraging private sector investment to achieve the CAP goals. The fund is intended to provide seed money to local, externally managed, and independent projects based on key impact areas to reduce greenhouse gas emissions that are scalable within the community and beyond. In 2017, the Innovate Fort Collins Challenge was the first round of competition to support the use of these funds. Five groups were awarded \$265,000 in funds and focused on energy, waste materials and transportation projects.

Reason funds not expensed in 2017: The request for these funds was initially proposed to have a smaller portion in 2017 and larger amount for use in 2018. Because this was a newly developed competitive process, staff wanted to ensure a well vetted process was in place over the two years. The first competition round in 2017 awarded \$265,000 to five projects. The intention is to use this remaining funding will be to host another round of competition to focus on energy, waste materials, transportation and behavior change. Staff has evaluated the 2017 competitive process and included multiple process improvements including analysis by FC Lean staff, updated application materials and used a collaborative public event (Innovation Summit) to develop the Challenge Statements for the 2018 round of competition. Additionally, this project and its purpose is linked to 2017-2019 Council Priority for Environmental Health that prioritizes continued progress and acceleration toward achieving the Climate Action Plan Goals.

Natural Areas

12) NISP Analysis and Response - \$105,818

Purpose for funds: These funds are intended to support the City's effort and engagement with NISP (the Northern Integrated Supply Project) planning and permitting process. This process has been underway since 2008. The City's anticipated future engagement is likely to be extensive and will require these funds for technical and legal assistance.

Reason funds not expensed in 2017: The federal permitting process for the Northern Integrated Supply Project is ongoing. While the release of Final Environmental Impact Statement (FEIS) was anticipated for 2017, it was not and thus these funds were not exhausted. The purpose of these funds is to support the City's response to the FEIS and to pursue best mechanisms possible to represent the City's river related assets and investments. The FEIS now likely to be released this summer (2018) and these funds will be used to support technical and legal external support throughout the process.

Social Sustainability

13) Affordable Housing and HBA Programs - \$5,240 (plus an additional \$37,508 in General Fund totals \$42,748 for request)

Please see description in #6 under General Fund.

Discussion / Next Steps:

Ross Cunniff; a couple instances where we say the process lasted longer and cost more.
Do you have a PDCA cycle planned for these projects?

Lawrence Pollack: in 2017 we implemented strategy maps which help the organization keep our eye on each of the things that are funded - that is the reason the total is smaller than it has been in the past. The other unintended but beneficial consequence of the strategy maps have forced us to say what are we committed to in year 1 and what are we committing to in year 2 – clear deliverables for each year. We have had some process improvements that have helped as well.

Ross Cunniff; stepping back - big picture - there is a conundrum that we always have on underspend – great on one hand - on other hand not fair to funders to not be able to realize budget savings. In that context how would you discuss the FC Moves - increased scope?

Lawrence Pollack; My understanding was that was Information gathering for the first part - then implementation - again it is that first year vs second year split - could be looked at as expanded scope.

Mike Beckstead; We have spent a good amount of time discussing the use it or lose it mentality - we can't think of everything in a 2 year budget - the need to use underspend appropriately

Ross Cunniff; it is a fairly small amount \$29k - my recommendation would be to include more detail - as it does still sound like expanded scope.

Mike Beckstead; we are also very clear as we are talking to Staff that Council manages and controls the purse strings. Council has the responsibility to decide how we spend budget. That is a big part of our dialog when we talk about underspend.

Mayor Troxell and Ken Summers; good with it

C. Vine/Lemay - Financing Alternatives

Chad Crager, Director of Infrastructure Services

SUBJECT FOR DISCUSSION

Financing alternatives for the Lemay Avenue realignment project from Lincoln Avenue to Conifer Street. The project also includes a new intersection of Lemay Avenue and Suniga Road, the extension of Buckingham Street, and a grade separated crossing of the Burlington Northern Santa Fe (BNSF) Railway.

EXECUTIVE SUMMARY

The purpose of this item is to present and discuss potential financing alternatives for this high priority transportation capital improvement project. Staff is currently working on the 60% design, right-of-way acquisitions, and construction of the Phase One collaboration with the Utilities Department. The total project budget (design, right-of-way, and construction) is \$22 M.

Our current project funding includes: The Budgeting for Outcomes (BFO) process, the City's Transportation Capital Expansion Fee (TCEF), and Developer contributions for Local Street obligations; which totals approximately \$12 M in anticipated funding for the project. The additional funding needed for the project is \$10 M.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Staff is seeking direction regarding potential financing alternatives for the Construction Financing Plan. Completion of the Construction Financing Plan will allow staff to further refine the proposed construction schedule and potential project opening date.

Potential financing alternatives for the \$10M funding gap are as follow:

- “Pay as We Go Option”
 - Save up and Build the Project in the Future
- Debt Financing Option - Bonding
 - Debt Finance and Interest Payments
- Debt Financing Option - Tolling
 - Debt Finance, Tolling System, and Interest Payments

Questions for the Council Finance Committee:

- Does the Council Finance Committee support constructing realigned Lemay Avenue by the end of 2020?
- What funding mechanism does the Council Finance Committee support for funding the final design and construction of realigned Lemay Avenue?

BACKGROUND/DISCUSSION

Realigned Lemay Avenue has been on the City’s Master Street Plan since the 1980’s. This project, along with the grade separation at the BNSF Railway, have been included in numerous Planning efforts over the past few decades.

The construction of this project will alleviate existing deficiencies and provide a “key” infrastructure asset for northeast Fort Collins. More specifically, this project will:

- Improve quality of life, access, and neighborhood livability for Andersonville, Buckingham, and Alta Vista
- Reduce accidents and congestion, and improve emergency services coverage by separating travel modes from BNSF Railway switching operations
- Improve air quality by reducing the emissions from idling vehicles, whereby aligning with the goals of the Climate Action Plan
- Provide multi-modal connectivity to the new Streets Park at the southwest corner of Vine and Lemay
- Reduce traffic volumes on Ninth Street

Over the past 2 years, staff has given many formal presentations and provided project information at City sponsored events; designed to encourage public participation and collect feedback. Staff is actively addressing community questions and working with nearby residents, business owners, landowners, and proposed development projects.

Summary of Public Engagement to Date:

- February 2016 - Public Open House (Streets Facility) 122 people signed in for the event
- February 2016 - Presentation to the Transportation Board
- May 2016 - Presentation to the Futures Committee
- May 2016 - Presentation to the Council Finance Committee
- August 2016 - Lincoln Neighborhood Ice Cream Social

- August 2016 – Council Work Session
 - November 2016 - Presentation to Alta Vista residents
 - September 2017 – Open House event for Alta Vista, Andersonville, and Buckingham residents at the Legacy Church (Ninth Street and San Cristo Street)
 - October 2017 – Presentation at Council Work Session
 - December 2017 – Fort Collins Area Chamber of Commerce (Local Legislative Affairs Committee)
 - February 2018 – Fort Collins Sertoma Club
 - Project website is available at: <http://www.fcgov.com/engineering/vine-lemay.php>
- Staff will continue public outreach and engagement efforts with stakeholders in 2018, and broaden the discussion to include the North Fort Collins Business Association, City Boards and Commissions, etc.

Vine / Lemay Discussion / Next Steps;



- **I25/Prospect, Police Training, Vine/Lemay included here to provide complete potential capacity estimate**
(\$ millions)

	Alternative 1	Alternative 2
Capacity freed in 2019	(\$.4)	(\$.4)
Capacity needed with I25/Prospect*	1.3	1.3
Less Timnath share	(.2)	(.2)
Capacity needed with Training Facility	.7	.7
Capacity needed with Vine/Lemay	.8	.8
Capacity freed with Police HQ Refinance	-	(.8)
Capacity needed for all potential projects	\$2.2	\$1.4
Capacity needed for I25 & Police Training only	\$1.6	\$0.8

Options to Explore

- Refinance Police Building
- Longer maturities
- Partial cash funding from Reserves
- Interest Rates

*Given uncertainty on the timing of development, property owner contributions not included

Staff Will Continue to Explore Options and Optimal Collateral

Ross

Cunniff; how much traffic is diverted if the intersection isn't built? I want to make sure that people understand that we did an honest and thorough assessment. I have the sense that the tolling option is not popular with our citizens.

Chad Crager; we aren't certain of the diversions if the intersection is not built.

Darin Atteberry; the toll scenario was an honest question asked by Council - we looked at it and we are not recommending the toll scenario - there is not a lot of support from Council and we are closing the topic here with the Council Finance Committee.

Cumulative Debt Possible slide (see above) Staff has also put on the table if we should refinance the Police HQ building - this could end of with lower debt service - alternative that we had previously discussed with the Council Finance Committee.

Alternative 1 is the traditional way we do this and Alternative 2 is budget capacity

Darin Atteberry; one of the things you and I have talked about is City assets and leveraging opportunity for future debt. Question; If we use the Police HQ which is due in 2026 then we don't have that building available for leverage for other needs?

Mike Beckstead; Bank of America is actually the owner of that bond - possible that equity \$12M combined with the Police Training Facility could allow us to look at other ways we could do that We think we will still be able to leverage the equity on Police HQ but it is yet to be determined.

Darin Atteberry; not super keen on that option - not sure if you are presenting it as an option or if you are saying you are looking at that as a recommendation?

Mike Beckstead; putting it on the table as an option - not a recommendation because of the added interest expense - makes it very challenging but depending on prioritization of other things in the City - it might be an option that could be on the table and be discussed.

Ross Cunniff; any sense of how many trips would be generated by the new development in this area?

Chad Crager: we have been looking at that - asking when does a new development become a neighborhood? Origin / Destination Information; data starts at 1983 when Street Oversizing was put in to place. How many are from previous development? How many from future?

Ross Cunniff; if we go with debt financing of this project - could one source of repayment be future transportation impact fees?

Mike Beckstead: given that Chad is recommending that we use \$10m out of that fund - using more of that would be challenging.

Carrie Daggett; part of the reason is that the Capital Expansion Fees can't be used for existing deficiencies and there is a significant component of existing deficiency prompting the need to rebuild this intersection.

Chad Crager; the way we determined the amount of (Transportation Capital Expansion Fee) TCEF was determined - there was an existing deficiency even in that year- basically there are two lanes in each direction - this project takes it to a four lane roadway - so that extra lane - we would be using the TCEF to address the deficiency.

Ross Cunniff; are the impact fees we collect in this area be able to contribute in some way?

Chad Crager; of the \$10M - \$2M will be reimbursed from current projects - money would go into TCEF

Ken Summers; Have we looked at all possible funding mechanisms?

Mike Beckstead; we have looked at reserves - we estimate at the end of 2018 to have approximately \$3M. Chad and team have looked at other reserves but we are not final with our books yet. I put that in the "pay as you go" option. Earmark some of our existing or future reserves for this as well to close part of the gap.

Ken Summers; We look at the financing thing - payment \$5M for a \$10M fund - that is an ouch

Darin Atteberry; to Ken's point - \$5M seems extraordinary

Mike Beckstead; this is a 20 year mortgage so to speak - if we went to a 10 year term the debt service would come down substantially. We can calculate what the debt service would be for 10 years. We are looking at this - ideally we would like to bundle it all together - 20 years for I25 / Prospect so that is part of what led us to 20 years here. We could do them as separate debt services and this could go to 10 years.

Ross Cunniff; is there any way to structure the 'pay as you go' option where part is a loan from the city reserves? Does part get paid back from future collection of expansion fees?

Mike Beckstead; I believe the \$2M is already counted so it is not going to pay back the debt and it is covering the cost.

Ross Cunniff; leaning toward the pay as you go scenario due to the difference in the cost and impact to taxpayers is less over time - despite the fact that the project takes longer.

Ken Summers; I am in favor of considering some bonding just because of the timeframe - I am not comfortable with that scenario - what we could do to get it more in that \$13M net cost - shorten the project - seems like 2023 is a long time (5 years) \$10M for what we have

Darin Atteberry; Ross and I have talked - I 25 Prospect / Vine Lemay and Police Training facility - 3 major projects. Do we have the capacity to do all 3 at the same time? As a staff we believe we do and we believe the 2nd option is the way to go - partly because of 2023 given the conditions - it is a failed system. The NE is a growth area and we are going to see significant change in that area. Adequate public facilities and how that plays into the development in that area. We have asked our CFO and City Engineering to go out and turn over rocks and see what funding sources we can patch together. We can take the feedback here and do that further. All 3 projects are coming to us at one point which presents a big challenge. There is a leverage opportunity available to us that is pretty phenomenal. I was really surprised when Laurie and team came to me about 3 or 4 months ago and said we think we have a way to solve the Vine / Lemay situation. I wouldn't have predicted that a year ago. We continue to recommend these 3 moving forward.

Ross Cunniff; What about a hybrid pay as you go option – would be interesting to know what a 2021 date what would that look like?

Action Item

Ross Cunniff; can we get for Council before this goes forward an estimate of the O&M - road and bridges are not one-time capital projects as we know. On the bridge in particular.

Mayor Troxell; I am leaning toward the debt financing option due to the critical nature of this and continue to look at how we can do it better but I appreciate looking into the pay as you go option and the tolling option - the whole 9th Ave. intersection hasn't changed in my lifetime -time to address it in a way that gets it done.

Ken Summers; lots of research to do -this is an important one - keep turning over rocks

E. KFCG - Keep Fort Collins Great Expiration

Ginny Sawyer, Policy and Project Manager

Peggy Streeter, Senior Sales Tax Auditor

EXECUTIVE SUMMARY

The Keep Fort Collins Great (KFCG) .85% dedicated tax will expire December 31, 2020. Following a Council Finance discussion in November 2017 and a Council work session in January 2018, staff has scheduled continued Council discussions and public outreach throughout 2018 to determined desired levels of service and potential funding mechanisms. April 2019 is the anticipated election for any potential ballot related funding mechanisms.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What level of funding and service should KFCG expiration/renewal efforts target?
2. What potential funding mechanisms should be pursued?
3. What should be the focus of the May Council Finance meeting?

BACKGROUND/DISCUSSION

Local Tax

In 2008-2009 the City was experiencing significant revenue shortfalls. In response, a major initiative was launched to engage the public regarding level of services and identification of new revenue. In 2010, a .85% 10-year dedicated tax (KFCG) was passed by voters (60%). The revenues from this tax are, by ballot, distributed to the following areas:

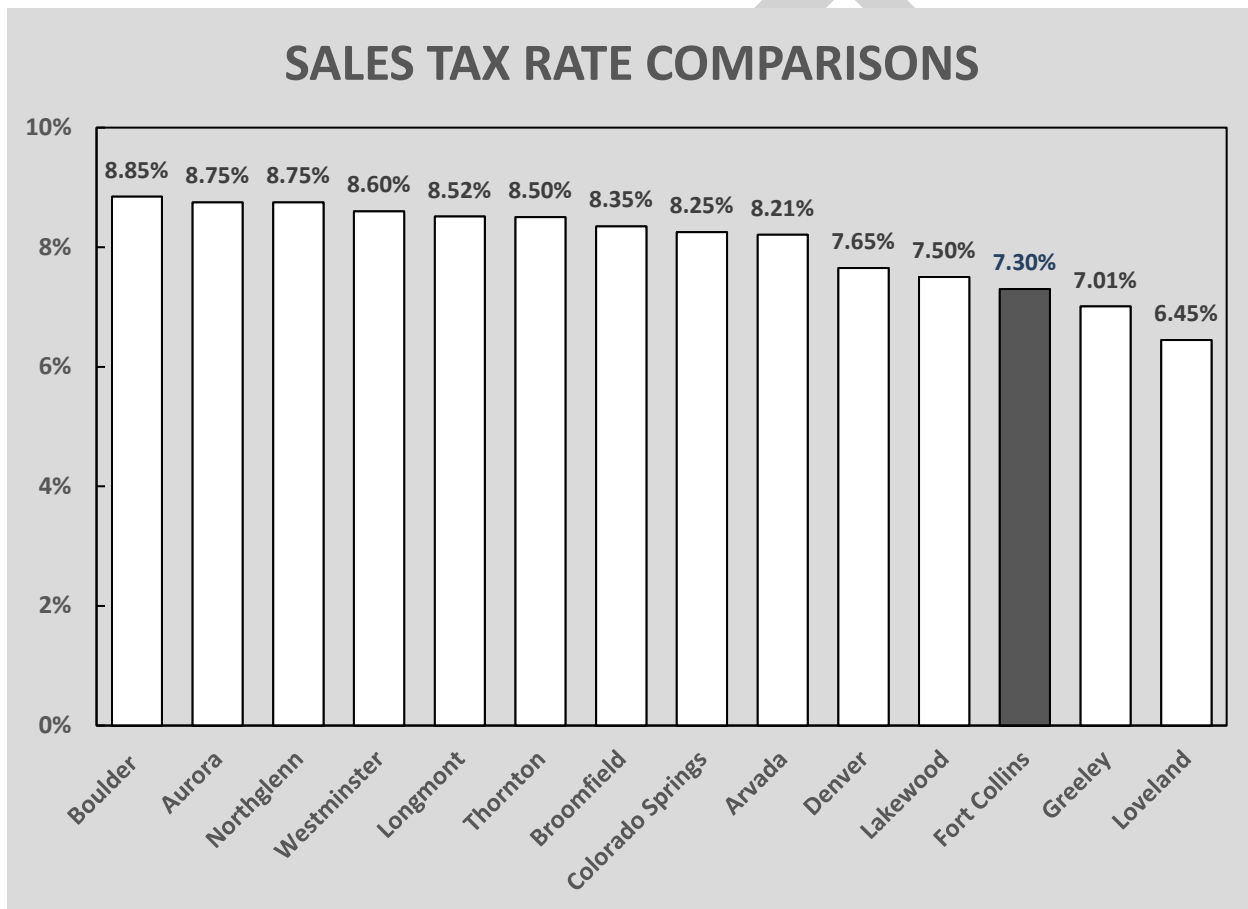
- 33% Street Maintenance and Repair
- 17% Other Transportation Needs
- 17% Police Services
- 11% Parks and Recreation

- 11% Other Community Priorities
- 11% Poudre Fire Authority

The addition of KFCG brought the City total tax rate to 3.85%. The on-going general tax rate is 2.25% and has not changed in over 30 years. There are three dedicated ¼-cent taxes (Open Space, Street Maintenance, Community Capital) totaling .75% and the Keep Fort Collins Great .85% dedicated tax.

Groceries are not taxed on any of the dedicated taxes. They are only taxed at the 2.25% base rate. Prescription drugs are not taxed and if the purchase is made with food stamps the groceries are not taxed.

The total tax burden to residents remains at the lower end when compared regionally



The Numbers and the Impact

Since inception, the KFCG tax has resulted in the following revenue:

(\$ millions)	2011	2012	2013	2014	2015	2016	2017
Sales Tax	\$16.8	\$17.7	\$18.5	\$20.2	\$21.1	\$21.9	\$22.5
Use Tax	3.0	4.0	4.3	5.7	5.5	5.6	4.9
TOTAL	\$19.8	\$21.8	\$22.8	\$25.9	\$26.6	\$27.4	\$27.4

Spending by distribution area (2011-2016):

- Street Maintenance and Repair - \$48.8M
- Other Transportation Needs - \$15.8M
- Police Services - \$20.4M
- Parks and Recreation - \$14.3M
- Other Community Priorities - \$13.8M
- Poudre Fire Authority - \$14.4M

Each year Council and the community are provided a report detailing KFCG expenditures. All reports are available on-line and detail both the budget offer and the impact to services. The reports demonstrate both a continuity of existing levels of service with increased population and a responsiveness to community priorities including efforts to address low-income populations, homelessness, affordable housing, ADA accessibility, parking, climate action, and economic health among others.

Funding Options

Despite numerous recent efforts to explore revenue diversification, the City's main mechanisms to generate revenue are taxes and fees. Below are three taxing scenarios. All three demonstrate scenarios that result in revenue equal to 2017 revenue utilizing a range of increase in base rate and varying amount of dedicated tax (use tax not included.).

- A.** Assumes groceries are taxed on entire base rate resulting in increase to General Fund (GF). *The 3.75% total rate is \$600K above 2017 revenue.

This scenario assumes groceries are taxed on entire base rate.					
Base Rate Total (GF)	Base Rate Increase	Net Increase to GF(millions)	% dedicated	3-1/4 taxes	Total Tax Rate
2.25	0		0.85	0.75	3.85
2.5	0.25	7.7	0.56	0.75	3.81
2.75	0.5	15.5	0.27	0.75	3.77
3	0.75	23.2	0	0.75	3.75*

- B.** Assumes groceries only taxed at existing 2.25% base rate amount.

This scenario assumes groceries only taxed at existing base rate (2.25%) not on the addition.					
Base Rate Total (GF)	Base Rate Increase	Net Increase to GF (millions)	% Dedicated	3-1/4 taxes	Total Tax Rate
2.25	0		0.85	0.75	3.85
2.5	0.25	6.6	0.6	0.75	3.85
2.75	0.5	13.3	0.35	0.75	3.85
3	0.75	19.9	0.1	0.75	3.85
3.1	0.85	22.6	0	0.75	3.85

- C.** Removes all grocery tax. The 3.5% base rate is 600K above 2017 revenue.

This scenario removes groceries from all tax.					
Base Rate Total (GF)	Base Rate Increase	Net Increase/(Decrease) to GF (millions)	% dedicated	3-1/4 taxes	Total Tax Rate
2.25	0	(10M)	0.85	0.75	3.85
2.5	0.25	(3.3)	1.23	0.75	4.48
2.75	0.5	3.3	0.98	0.75	4.48
3	0.75	10	0.73	0.75	4.48
3.5	1.25	23.2	0.48	0.75	4.73

The following table shows the amount of tax increase needed to cover each area at 2017 service levels and revenues both with a tax on groceries and without.

Scenario	Streets	Other Transportation	Police	Fire	Parks	Other	Total
Grocery Exempt	0.28%	0.14%	0.14%	0.09%	0.09%	0.09%	0.85%
Grocery Taxable	0.24%	0.12%	0.12%	0.08%	0.08%	0.08%	0.73%

Outreach and Timeline

Staff anticipates engaging the public at an Involve/Collaborate level in conjunction with budget outreach. The budget year offers a unique opportunity to highlight offers that are funded with KFCG dollars in real time and engage the public on level of service and desired programs.

Targeting an April 2, 2019 election would require ballot referral by February 5, 2019 at the latest. Ideally, the majority of ballot development could occur prior to the 2018 holiday season and be finalized in January 2019.

This level of engagement, and this topic, are well-suited for forums and interactive engagement such as live polling and a telephone town hall. There will also be opportunities to utilize Council listening sessions and the online engagement platform Your|My|Our City.

Discussion / Next Steps:

Looking Ahead

What is the community's desired level of service and what are the preferred funding options to achieve that level of service?"

Engagement Level: Collaborate

Timeline: May-Nov 2018

Target Election: April 2, 2019

Ken Summers; I don't want to see the grocery tax increase - keep it the same or lower or eliminate if prudent. I would like to see overall tax rate at 3.75 - Option A - last one (see above) -It would be great to have a reduction in our sales tax rate - while we look at other cities across the state - our overall tax rate is lower than most - we

are higher than all of our northern Colorado communities - lower sales tax bases with projected growth. When we look at the dedicated taxes that were part of KFCG - covered our basic services during the recession that needed additional support - but they represent areas that should be part of our ongoing obligation to the citizens of Fort Collins - to services we are provides to our citizens which shouldn't involve an extra bill - dedicated tax stuff is more problematic – the average citizen wants to make sure we are providing good services – bottom line is their overall tax bill isn't changing - cleaner - 3.25 base tax - we still have those - If 3.85 was adequate in 2009 the 3.75 should be adequate now.

Ross Cunniff; I came to some similar conclusions as Ken but from a different direction - I think increasing grocery taxes in a non-starter - don't need to even ask that question I may be a bit closer to the 2.75 number than the 3.0 number. Do we increase our general operating government tax - I think the intent is into perpetuity - huge question – the less we can put in there the better odds of it passing as well as the fiscal responsibility that we have. Breakdown - what is 2/3 of .85 is .56 round it down to .5 that is where I come to the 2.75. Reason I break that 1/3 out – we have a tradition of asking for a 1/4 cent maybe we should consider a higher number. Right now we are collecting under .5 for street maintenance / repair- That is a variable that you can play with - may not like the result if you reduce it (more potholes / deferred maintenance)- It is a somewhat more flexible option than Police and Fire in terms of funding. To Ken's point - one of the paradoxes I am trying to resolve - it could look like we have increased the size of government - .5 better than .75 - find a rational breakdown from the existing .25 as a separate tax or find a way to diversify fees or something else. - Other transportation needs - goes to Transfort?

Mike Beckstead: it can go to bridge repairs - we will provide the detail behind that.

Ross Cunniff; a fair question to ask citizens - structure of how we back off - what reduction in the grocery sales tax rate would we then contemplate as part of that? - charging more on our overall tax rate - reduce what we tax on groceries - grocery tax is \$10m annual revenues – I doubt that we would voluntarily give up \$10M in revenues.

Darin Atteberry; Ken may not be aware but back in 2006 doing away with sale tax on food was on the ballot and it failed. The last time it was on the ballot the voters said keep it. We were very intentional about our rebate program - other adjustments as well. We have not had another conversation with voters about that - It was really about revenue retention - conversation about funding service levels

Mike Beckstead; we can do some research

Darin Atteberry; if Council chooses a smaller amount of revenue - What do you want to give up? That is the conversation and we will be very intentional about that.

Ross Cunniff: costs of government per capita tends to go up with population growth

Darin Atteberry; When you look at our price of government - we have been very competitive - price that taxpayers are paying as a percent of disposable income - marco level metric we have looked at that over the years - one of several metrics

Ross Cunniff; yes, we are asking to extend some portion of KFCG but in turn we are going to lower the tax rate by some number - as well as potentially lower your grocery tax as well - that will be a winning number

Ken Summers; question that basically says - without changing your tax rate - tax has been in place for all of this time - expectation – factor in population growth over the last 10 years - we can't totally eliminate it – growth - increased level of service.

Ross Cunniff; wasn't in the ballot language but the understanding of most of Council Members at that time as well as community members who participated in the committee to pass was that it would be a lower number when it came back.

Mayor Troxell; I like the conversation - dialing in - the balancing - the 2.75 - I am ok with some limited taxing on groceries and the timeframe - I like what has been laid out - maybe we should look at an update on the cost of government that we have been tracking before.

Darin Atteberry; do you think we can pull some of that macro level work together before May?

Ginny Sawyer; yes, we can do that

Darin Atteberry; let's look at developing some real scenarios - thinking through what base rate increases - Ken was talking about police, fire and streets - there is a policy debate around what is an essential service - is it police and fire? That conversation needs to be had - It would be good to start putting some meat around some real scenarios - real dollars - getting some feedback - preface to all of is just to provide conversation to take to the community to process.

Ross Cunniff; Legacy project - structure of city's finances - is the Legacy project

Darin Atteberry; how do we continue the legacy? how do we insure that our successors continue to have the AAA bond rating? How on earth would a community have an expiring street tax? I prefer more predictable - into perpetuity – but if that is what works in this community – street maintenance going to the voters is not a scenario you see very often.

Ken Summers; things change - attitudes change over time - these have been renewed over and over - not sure of the dynamics - in terms of where we are at today - the size / citizen expectations - quality of life - what is reasonable while we have retained a well-run frugal organization - lots of fiscal responsibility

Darin Atteberry; expiring taxes keep us accountable

E. Metro District Policy

Patrick Rowe, Redevelopment Coordinator

Josh Birks, Economic Health Office Director

Tom Leeson, Community Development and Neighborhood Services Director

EXECUTIVE SUMMARY

The purpose of this item is to review and consider changes to the City policy concerning Title 32 Metropolitan Districts to increase alignment with City goals and objectives and introduce other process improvements.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

- Does the committee support the direction of the Metropolitan District draft policy?
- What input/direction does the committee have on the policy?

BACKGROUND/DISCUSSION

Metropolitan Districts (Districts) are an important public financing tool which can be used reasonably and judiciously in service of public outcomes and benefits. Outcomes range from the provisioning of missing and critical public infrastructure, to enabling sustainability outcomes (such as affordable housing, green improvements) and high quality smart growth (mixed-use, multimodal oriented, increased density, compelling public spaces, etc.).

As part of updating the 2008 policy, staff suggests revisions with the following goals:

- Incorporate the latest best practices and take account of legal changes – the current policy was adopted in 2008 and could benefit from updating;
- Introduce greater process rigor and qualitative criteria to improve screening and evaluation – the current policy offers little guidance on the meaning of “enhanced benefits” and how this should be assessed;
- Modify the policy to allow and account for residential uses – the current policy only allows for projects that are predominately commercial (greater than 90% by assessed value). Following the policy precludes residential outcomes that the City may wish to support, such as those that contribute to critical regional infrastructure improvements, affordable housing, green improvements, high quality smart growth, and other outcomes.

In understanding the purpose of the Metropolitan District Policy, it's important to note that the policy does not govern or limit, in any way, City Council's decision-making authority on District formation. However, it is an important guidance document for staff and the development community, and may have instructive value for Council. An updated Policy can provide clearer guidance on the public benefits the City is willing to consider a District for, and will inform how proposals are processed and evaluated.

Prior Council Work Sessions

City Council had two work sessions on Districts in 2017. The first was focused on providing basic information on the purpose and innerworkings of Districts. The second was focused on laying out concepts for potential revisions to the policy.

Out of these work sessions staff received many useful comments, some of which are summarized below:

- Reserve metro district use for “stretch outcomes” (outcomes that are hard to achieve). Affordable housing, in particular, resonated as a stretch outcome. Also, social equity was mentioned as an outcome of interest.
- Interest was expressed to preserve the prescriptive elements of the current policy.
- Lack of interest in using Districts to facilitate amenities (pools, golf courses, community centers, etc.).

Incorporating these comments, staff prepared the attached draft policy (Attachment X). The first section of the policy document, Policy Statements and Objectives, is the focus of this item, though the other sections are also important.

Note: The draft policy is a work in progress. Staff's aim was to include and flesh out the most important concepts. Additionally, staff proposes the use of a model service plan; many policy provisions will reside within this document, though staff attempted to highlight the most important of these provisions within the policy itself. The model service plan would be included as an attachment to the final policy document.

Proposed Key Policy Provisions

1. **Limited Use.** The City wishes to exact a high standard of use for Districts, thereby limiting their use. The policy makes it clear that an applicant is expected to deliver extraordinary benefits across multiple District outcome areas (Sustainability, Infrastructure, and High Quality/Smart Growth).
2. **Residential Use.** The current policy largely precludes residential uses (limiting District use to projects that are 90% or more commercial by assessed value). The revised policy allows residential use, but only if/when Districts are delivering extraordinary outcomes. In all cases, Council is the arbiter of this, however, with a revised policy the City communicates more clearly in what instances a residential district may be considered.
3. **Evaluation Process.** The draft policy better defines desired City outcomes and stipulates a process whereby an interdisciplinary staff team will evaluate District proposals using a triple bottom line approach and against appropriate planning documents (City Plan, Strategic Plan, Climate Action Plan, and others).
4. **Bias against Use for Basic Improvements.** Both the prior and the draft policies speak to District use of basic improvements, and generally in similar terms. In both cases the City expresses a bias against use for basic improvements, except when funding such improvements is used to offset costs and enable extraordinary outcomes.
5. **Mill Levy Maximum.** The existing policy specifies a combined max mill levy rate of 40 mills for both debt service and operations and maintenance. Consistent with a majority of communities around the front range, the proposed policy increases the max to 50 mills.

Next Steps

Based on Council Finance feedback, staff will continue with policy and model service plan development with the intent to bring a complete draft to the June 26 Council Work Session.

Discussion / Next Steps:

Josh Birks; high degree of due diligence - clear direction from Council - City Council will always be the approving authority - Key Policy Points – a new step in the process is a Letter of Intent on the front end to make sure it is applicable.

Ross Cuniff; feedback - big picture - concern - they can be used as a way to simply raise taxes - that is the context - the 40-50 change is significant - real problem comes in when it starts to be people's houses - I would prefer not to tax residential at a higher rate - not to enable high degree of residential components unless the outcome is tied to housing affordability - get more specific about what those stretch goals are – I anticipate dozens of these coming forward - we need to recover costs / staffing to that extent our policy needs to be very clear - this money is not refundable - your fees are non-refundable - we will do the work and will give it a fair hearing - this is our policy.

Josh Birks; we have look at other communities and how they manage their fees and Denver is doing a great job – a portion of fee is a fee for consideration - an application fee and is not in any way tied to an outcome

Ross Cuniff; especially staffing costs - an approved plan - based on some proportion of residential - If your proposal - Two examples were largely commercial - there was a residential component

Josh Birks; both were much larger than the current policy allows

We have a policy that states there is a max mill levy maybe tied to a schedule - if you are predominantly residential vs predominantly commercial sort of examples of what that might look like.

Ken Summers; policy is mostly directed to commercial - our current mill levy cap is 40 - Do other communities apply the 50 across the board?

Josh Birks; yes

Ken Summers; is there a tendency to ask for the higher? How is that in terms of service plan? I would like to give staff some flexibility but also eliminate too many appeals which create costs. I can see Ross' point - Industrial business development mill levy max as opposed to a residential. If we said 50 across the board we have to approve service plans - would we have to approve something at 50 even if we felt it wasn't justified?

Josh Birks; Council can always approve or deny or conditionally approve service plans

Ken Summers: I don't know if it makes sense to go 40 or 50 - I am hoping that we don't see a big trend toward special districts - they can be problematic especially when used by developers - it is one thing if citizens in an area are voting themselves - taxing themselves by a collective vote - opposed to developers coming in - that becomes the voting base as opposed to 200 people - 5 people who create the special district and force it on future residents

Josh Birks; one of the challenges we face as a community is that the market is moving in the direction where they want to use special districts more - we are seeing that in our surrounding areas -the market and the development community will be coming to us saying they want to use them.

Ross Cunniff; provides more intimate connection to the taxes they pay and the services they receive - making a developer's life easier it is not a compelling reason.

Josh Birks; we need better clarity - we have gotten a bit into the position where we are legislating more by exception than we are by policy so we need to clarify ourselves and for the market as to how we are going to use this tool.

Ross Cunniff; share a concern on the residential aspect

Ken Summers; maybe for the next work session, have here is the 50 mills across the board - the commercial rate versus what we think is reasonable for residential mill levy cap

Ross Cunniff; specific outcomes - housing - energy districts - small - clarity would help - be more specific with the outcome.

Meeting adjourned

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Matt Robenalt, Executive Director, Downtown Development Authority
Kristy Klenk, Finance Coordinator, Downtown Development Authority
Mike Beckstead, Chief Financial Officer, City of Fort Collins

Date: April 16, 2018

SUBJECT FOR DISCUSSION

Downtown Development Authority (“DDA”) Line of Credit (“LOC”) Finance for 2019-2024

EXECUTIVE SUMMARY

The current LOC established in 2012 by the City on behalf of the DDA is scheduled to expire at the end of 2018. The City and DDA began taking steps earlier this year to renew this debt instrument with First National Bank for another six-year term, as it will be needed by the DDA to execute its projects and programs beginning in budget year 2019.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Does Council Finance recommend bringing the City’s renewal of the bank authorized Line of Credit, on behalf of the DDA, to Council?

BACKGROUND/DISCUSSION

Background

The DDA Act (C.R.S. 31-25-801, as amended) has inherent processes that require the City and the DDA to work collaboratively to achieve the purpose of the legislation. Among these expected collaborations is the process for financing DDA activities. In 2012, Council adopted Ordinance No. 089, 2012 and the City and DDA established a line of credit (LOC) with First National Bank to satisfy the statutory requirement to generate proceeds from debt to be used by the DDA to execute its projects and programs and implement the DDA’s Plan of Development. The tax increment revenues created each year by the private investment that has occurred downtown is used to pay off the debt.

The current LOC is scheduled to expire at the end of 2018. The City and DDA began taking steps earlier this year to renew this debt instrument with First National Bank for another six-year term, as it will be needed by the DDA to execute its projects and programs beginning in budget year 2019.

Additionally, in 2012, Council approved Resolution 2012-081 and the DDA and City created an intergovernmental agreement (“IGA”) that established the process by which the two organizations would:

- initiate requests for a draw from the LOC
- verify tax increment revenue cash available to repay the debt
- account for the loan proceeds released from the LOC, and
- execute repayment with tax increment within 7 days of the initial LOC draw

The Second IGA Governing a Line of Credit for Financing Downtown Development Authority Projects and Programs is also requested for approval by City Council to reflect the terms of the renewed LOC.

Terms of LOC Renewal

The renewed LOC will function and operate identically to the LOC established in 2012 in the following ways:

- For the seven (7) day maximum period when there may be outstanding debt, the interest rate is set at Wall Street Journal (WSJ) Prime, which is currently 4.5%
- Annual fee \$750

The changes or differences with the renewed LOC are:

- Maximum draw amount increased to \$5,000,000, which is an increase over the maximum draw amount of \$1,000,000 in the 2012 LOC. The City desires this increased amount as it will reduce the number of draws required to support DDA activities, and eliminate redundancy for City, DDA and bank staff to execute multiple draws.
- Minimum finance charge increased to \$350 per draw, which is an increase from the minimum charge of \$250 in the 2012 LOC.
- Maturity date is December 31, 2024, for an effective LOC operating period of six (6) years.

The Promissory Note & Agreement from First National Bank is attached. Also attached is the draft Second IGA Governing a Line of Credit for Financing Downtown Development Authority Projects and Programs.

Benefits and Impacts of the LOC

When the DDA and City began using the LOC financing approach in 2012, it provided benefits and positive impacts over the much more expensive forms of financing such as issuance of traditional revenue bonds or private-placement financing with banks and other investors. Using the LOC approach to finance DDA projects and programs results in a significantly shorter period of time in which the City debt incurs interest. This means that more funding is available to invest directly into projects and programs in the downtown, and less is spent on finance fees and interest expenses.

Staff analyzed the savings from this approach during the term 2012-2018 of the original LOC against that of the other forms of traditional financing used by the City and DDA during the same time period. The financial savings is significant. Since 2012, the LOC total interest and financing fees for \$8,700,887 of principal debt was \$7,250. In contrast, the total interest and finance fees for the City/DDA traditional financing approach using certificates of participation and private placement bonds for \$15,279,063 of principal debt was \$3,412,065.

Other benefits and positive impacts using the LOC include:

- Strong expression of fiduciary stewardship of public funds
- Recognition that investment of tax increment funds, derived from property tax assessments of overlapping tax entities, creates positive growth in assessed value and thereby increased the value of the property tax base for all overlapping entities. (83% of the DDA tax increment comes from tax entities other than the City such as Larimer County and Poudre School District)
- Funding partnerships of the DDA undertaken with the City and private sector have no cost of capital charges assessed to the projects
- Every draw made on the LOC is paid off within seven (7) days, which means no effect at the end of the calendar year on the City's fund balance or City Comprehensive Annual Financial Report

Next Steps & Key Dates

The following key dates outline the remaining steps in the schedule to implement the LOC renewal:

4/12/18	DDA Board of Directors Resolution Recommending to the Fort Collins City Council the Renewal of a Line of Credit, and adoption of Second IGA Governing a Line of Credit for Financing Downtown Development Authority Projects and Programs
5/15/18	City Council 1st reading of Ordinance approving LOC renewal, and Resolution to approve Second IGA Governing a Line of Credit for Financing Downtown Development Authority Projects and Programs
6/5/18	City Council 2 nd Reading of Ordinance approving LOC renewal

ATTACHMENTS

1. **First National Bank Promissory Note & Agreement/Commitment to Finance**
2. **Second Intergovernmental Agreement Governing a Line of Credit for Financing Downtown Development Authority Projects and Programs**

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PROMISSORY NOTE
AND
AGREEMENT

Borrower: The City Of Fort Collins, Colorado
215 North Mason Street
Fort Collins, CO 80524

Lender: First National Bank of Omaha
Branch #004
205 W. Oak Street
Fort Collins, CO 80521

Principal Amount: \$5,000,000.00 **Date of Note: March 1, 2018**

THIS PROMISSORY NOTE AND AGREEMENT (the "Note") is entered into effective the Date of the Note set forth above by Borrower and Lender identified herein. For good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereby state and agree as follows:

PROMISE TO PAY. The City Of Fort Collins, Colorado ("Borrower") promises to pay to First National Bank of Omaha ("Lender"), or order, in lawful money of the United States of America, the principal amount of Five Million & 00/100 Dollars (\$5,000,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance and any other fees and charges which may be due. Interest shall be calculated from the date of each Advance until repayment of each Advance. The maturity date of this Note shall be December 31, 2018. The maturity date of this Note will be automatically extended one year for six consecutive years, ending December 31, 2024, so long as Borrower fully repays all outstanding Indebtedness as of each maturity date, and so long as no Event of Default shall have occurred during the preceding year.

LINE OF CREDIT. Lender agrees to make Advances to Borrower from time to time from the date of this Note until the maturity date, provided that the aggregate amount of such Advances outstanding at any time does not exceed the maximum principal amount of this Note. This Note evidences a revolving line of credit. Advances under this Note, as well as directions for payment from Borrower's accounts, may be requested either orally or in writing by Borrower or as provided in this paragraph. Lender may, but need not, require that all oral requests be confirmed in writing. Each Advance shall be conclusively deemed to have been made at the request of and for the benefit of Borrower when (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Note and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Note or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Note, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Note or under any Related Document.

Deposit of Tax Increment Funds. Tax Increment Funds or cash deposits of an amount in excess of the requested Advance and any and all outstanding and unpaid amounts of principal and interest due under this Note shall be held in a depository account maintained by the Borrower or the Downtown Development Authority of the City of Ft. Collins, Colorado, maintained with Lender.

PAYMENT. Borrower will pay this loan according to the following payment schedule:

Payment. Borrower will pay the principal amount of each Advance made hereunder within seven (7) business days from the date of that Advance, together with interest accrued on that Advance, and any fees and expenses owing on that Advance. In addition, on December 31st of each year, Borrower shall pay to Lender a maturity payment of all outstanding principal, interest, and other fees and expenses which may then be due and owing to Lender under the Note. Interest will accrue on each Advance at the Variable Interest Rate set forth below, subject to a minimum finance charge per Advance of Three Hundred Fifty dollars and 00/100 dollars (\$350.00)..Unless otherwise agreed or required by applicable law, payments will be applied to interest, principal, and expenses owing under the Note in an order determined by Lender. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the U.S. Prime Rate as published by the Wall Street Journal and currently is determined by the base rate on corporate loans posted by at least seventy percent (70%) of the nations ten (10) largest banks (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day during the term of the loan. Borrower understands that Lender may make loans based on other rates as well. **The Index currently is 4.500% per annum.** Interest on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate equal to the Index, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 4.500% per annum based on a year of 360 days. **NOTICE:** Under no circumstances will the interest rate on this Note be less than 4.500% per annum or more than the maximum rate allowed by applicable law.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. **All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: First National Bank of Omaha , Branch #004, 205 W. Oak Street, Fort Collins, CO 80521.**

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged **5.000% of the regularly scheduled payment or \$25.00, whichever is greater.**

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased by adding an additional 6.000 percentage point margin ("Default Rate Margin"). The Default Rate Margin shall also apply to each succeeding interest rate change that would have applied had there been no default. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender

and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf, or made by Guarantor, or any other guarantor, endorser, surety, or accommodation party, under this Note or the related documents in connection with the obtaining of the loan evidenced by this Note or any security document directly or indirectly securing repayment of this Note is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Execution; Attachment. Any execution or attachment is levied against the Collateral, and such execution or attachment is not set aside, discharged or stayed within thirty (30) days after the same is levied.

Change in Zoning or Public Restriction. Any change in any zoning ordinance or regulation or any other public restriction is enacted, adopted or implemented, that limits or defines the uses which may be made of the Collateral such that the present or intended use of the Collateral, as specified in the related documents, would be in violation of such zoning ordinance or regulation or public restriction, as changed.

Default Under Other Lien Documents. A default occurs under any other mortgage, deed of trust or security agreement covering all or any portion of the Collateral.

Judgment. Unless adequately covered by insurance in the opinion of Lender, the entry of a final judgment for the payment of money involving more than ten thousand dollars (\$10,000.00) against Borrower and the failure by Borrower to discharge the same, or cause it to be discharged, or bonded off to Lender's satisfaction, within thirty (30) days from the date of the order, decree or process under which or pursuant to which such judgment was entered.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor, or any other guarantor, endorser, surety, or accommodation party of any of the indebtedness or any Guarantor, or any other guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender the reasonable costs of such collection. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including without limitation attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

Organization. Borrower is a governmental entity which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Colorado. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 215 North Mason Street, Fort Collins, CO 80524. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Authorization. Borrower's execution, delivery, and performance of this Note and all the Related Documents have been duly authorized by all necessary action by Borrower, including approvals of the City Council of the City of Fort Collins, Colorado, and do not conflict with, result in a violation of, or constitute a default under (1) any provision of any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties. Borrower has the power and authority to enter into the Note and the Related Documents and to grant collateral as security for the Loan. Borrower has the further power and authority to carry on Borrower's business as presently conducted.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Repayment. Repay all Advances in accordance with the terms of this Note.

Financial Statements. Furnish Lender with the following:

Required FYE Financial Statements. As soon as available, but in no event later than six months after the end of each year, Borrower's asset and liabilities balance sheet and income statement for Borrower's fiscal year most recently ended. Said report shall be prepared by Borrower consistent with GASB, audited by a certified public accountant acceptable to Lender, and in a format reasonably acceptable to Lender that includes both direct and contingent liabilities. Borrower shall provide Lender with such other financial statements and other related information at such frequencies and in such detail as Lender may reasonably request.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Colorado without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Colorado.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Larimer County, State of Colorado.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$30.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the debt against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

COLLATERAL. This loan is unsecured.

ERRORS AND OMISSIONS. Borrower agrees, if requested by Lender, to fully cooperate in the correction, if necessary, in the reasonable discretion of Lender of any and all loan closing documents so that all documents accurately describe the loan between Lender and Borrower. Borrower agrees to assume all costs including by way of illustration and not limitation, actual expenses, legal fees and marketing losses for failing to reasonably comply with Lender requests within thirty (30) days.

U.S.A. PATRIOT ACT. To help the government fight the funding of terrorism and money laundering activities, the USA PATRIOT Act requires all banks to obtain and verify the identity of each person or business that opens an account. When Borrower opens an account Lender will ask Borrower for information that will allow Lender to properly identify Borrower and Lender will verify that information. If Lender cannot properly verify identity within 30 calendar days, Lender reserves the right to deem all of the balance and accrued interest due and payable immediately.

ELECTRONIC COPIES. Lender may copy, electronically or otherwise, and thereafter destroy, the originals of this Agreement and/or Related Documents in the regular course of Lender's business. All such copies produced from an electronic form or by any other reliable means (i.e., photographic image or facsimile) shall in all respects be considered equivalent to an original, and Borrower hereby waives any rights or objections to the use of such copies.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Note, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Note. No alteration of or amendment to this Note shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Non-Liability of Lender. The relationship between Borrower and Lender created by this Note is strictly a debtor and creditor relationship and not fiduciary in nature, nor is the relationship to be construed as creating any partnership or joint venture between Lender and Borrower. Borrower is exercising Borrower's own judgment with respect to Borrower's business. All information supplied to Lender is for Lender's protection only and no other party is entitled to rely on such information. There is no duty for Lender to review, inspect, supervise or inform Borrower of any matter with respect to Borrower's business. Lender and Borrower intend that Lender may reasonably rely on all information supplied by Borrower to Lender, together with all representations and warranties given by Borrower to Lender, without investigation or confirmation by Lender and that any investigation or failure to investigate will not diminish Lender's right to so rely.

Notice of Lender's Breach. Borrower must notify Lender in writing of any breach of this Note or the Related Documents by Lender and any other claim, cause of action or offset against Lender within thirty (30) days after the occurrence of such breach or after the accrual of such claim, cause of action or offset. Borrower waives any claim, cause of action or offset for which notice is not given in accordance with this paragraph. Lender is entitled to rely on any failure to give such notice.

Indemnification of Lender. Borrower agrees to indemnify, to defend and to save and hold Lender harmless from any and all claims, suits, obligations, damages, losses, costs and expenses (including, without limitation, Lender's attorneys' fees), demands, liabilities, penalties, fines and forfeitures of any nature whatsoever that may be asserted against or incurred by Lender, its officers, directors, employees, and agents arising out of, relating to, or in any manner occasioned by this Note and the exercise of the rights and remedies granted Lender under this, as well as by: (1) the ownership, use, operation, construction, renovation, demolition, preservation, management, repair, condition, or maintenance of any part of the Collateral; (2) the exercise of any of Borrower's rights collaterally assigned and pledged to Lender hereunder; (3) any failure of Borrower to perform any of its obligations hereunder; and/or (4) any failure of Borrower to comply with the environmental and ERISA obligations, representations and warranties set forth herein. The foregoing indemnity provisions shall survive the cancellation of this Note as to all matters arising or accruing prior to such cancellation and the foregoing indemnity shall survive in the event that Lender elects to exercise any of the remedies as provided under this Note following default hereunder. Borrower's indemnity obligations under this section shall not in any way be affected by the presence or absence of covering insurance, or by the amount of such insurance or by the failure or refusal of any insurance carrier to perform any obligation on its part under any insurance policy or policies affecting the Collateral and/or Borrower's business activities. Should any claim, action or proceeding be made or brought against Lender by reason of any event as to which Borrower's indemnification obligations apply, then, upon Lender's demand, Borrower, at its sole cost and expense, shall defend such claim, action or proceeding in Borrower's name, if necessary, by the attorneys for Borrower's insurance carrier (if such claim, action or proceeding is covered by insurance), or otherwise by such attorneys as Lender shall approve. Lender may also engage its own attorneys at its reasonable discretion to defend Borrower and to assist in its defense and Borrower agrees to pay the fees and disbursements of such attorneys.

Counterparts. This Note may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts, taken together, shall constitute one and the same Note.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Note unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Note shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Note. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Note, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Note. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Note shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Note shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Note:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Note.

Borrower. The word "Borrower" means The City Of Fort Collins, Colorado and includes all co-signers and co-makers signing the Note and all their successors and assigns.

GASB. The word "GASB" means Governmental Accounting Standards Board.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means First National Bank of Omaha , its successors and assigns.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

THE CITY OF FORT COLLINS, COLORADO

By: _____
Mike Beckstead, Chief Financial Officer of The City
of Fort Collins, Colorado

LENDER:

FIRST NATIONAL BANK OF OMAHA

X _____
Todd Campbell, Vice President, Commercial Banking
Manager

COMMITMENT TO FINANCE

Date: February 23, 2018

Mike Beckstead, Chief Financial Officer
City of Fort Collins
Matt Robenalt, Executive Director
Downtown Development Authority
19 Old Town Square, Suite 230
Fort Collins, Colorado 80524


Dear Mike and Matt:

First National Bank has approved the financing request of the Downtown Development Authority. For your review, the following is a profile of the terms and conditions of this Commitment to Finance:

- BORROWER:** City of Fort Collins on behalf of the Fort Collins Downtown Development Authority
- PURPOSE:** Bridge financing of ongoing qualified projects of the DDA
- LOAN AMOUNT:** \$5,000,000
- RATE:** WSJ Prime (Currently at 4.50%) with a minimum finance charge of \$350
- FEE:** \$750 (Paid annually at each renewal)
- MATURITY:** This credit facility will have annual maturities with a guaranty to renew for 6-years ending December 31, 2024, subject to continued funding from the Downtown Development Authority Tax Increment Fund through the City of Fort Collins.
- REPAYMENT:** Each draw must be repaid within seven (7) days of initiation plus accrued interest or minimum finance fee, whichever is greater.
- COLLATERAL:** Unsecured
- OTHER**
- CONTINGENCIES:** *Annual Borrower financial statement
*Other documentation, terms, and conditions the bank may request
* Maintain a depository relationship with First National Bank
- COMMITMENT:** This Commitment to Finance will expire December 31, 2024 at 5:00pm MST.

Thank you for this opportunity. Please let me know if you have any questions or need additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Todd K. Campbell", is written over the printed name.

Todd K. Campbell
Lead Director
Corporate Banking
970-494-6175 (Direct)
970-218-6802 (Cell)

Acknowledged and Accepted:

**City of Fort Collins on behalf of the
Fort Collins Downtown Development Authority**

By: _____

Its: _____

Date: _____

**SECOND INTERGOVERNMENTAL AGREEMENT
GOVERNING A LINE OF CREDIT FOR FINANCING
DOWNTOWN DEVELOPMENT AUTHORITY
PROJECTS AND PROGRAMS**

This INTERGOVERNMENTAL AGREEMENT (“IGA”) is entered into this ____ day of _____, 2018, by and between THE FORT COLLINS, COLORADO DOWNTOWN DEVELOPMENT AUTHORITY, a body corporate and politic (the “DDA”) and THE CITY OF FORT COLLINS, COLORADO, a Colorado municipal corporation (the “City”).

WITNESSETH:

WHEREAS, the DDA has been created pursuant to the provisions of Title 31, Article 25, part 8, Colorado Revised Statutes, and Chapter 2, Article IV, Division 1 of the City Code (the “DDA Statute”); and

WHEREAS, the DDA Statute has declared that the organization of downtown development authorities will serve a public use; promote the health, safety, prosperity, security, and general welfare of the inhabitants thereof and of the people of this state; will halt or prevent deterioration of property values or structures within central business districts; halt or prevent the growth of blighted areas within such district, and assist municipalities in the development and redevelopment of downtowns and in the overall planning to restore or provide for the continuance of the health thereof; and

WHEREAS, the DDA provides an invaluable service to the City by promoting the health, safety, prosperity, security and general welfare of those living and working within its boundaries; and

WHEREAS, pursuant to C.R.S. §31-25-808(1)(f), the DDA is empowered to enter into contracts with governmental agencies and public bodies in furtherance of the statutory mission of the DDA; and

WHEREAS, Article II, Section 16 of the City Charter empowers the City Council of the City, by ordinance or resolution, to enter into contracts with other governmental bodies to furnish governmental services and make charges for such services or enter into cooperative or joint activities with other governmental bodies; and

WHEREAS, the primary means of financing DDA projects and programs is through the use of property tax increment collected within the DDA boundaries, and C.R.S. §31-25-807(3)(a)(II) requires that the City incur some form of debt in order to finance such projects and programs using property tax increment revenues collected within the DDA boundaries; and

WHEREAS, a line of credit established by the City with a financial institution meets the requirements of C.R.S. §31-25-807(3)(a)(II), and the costs and interest associated with such a line of credit are much lower that would be the case with other types of financing; and

WHEREAS, it is in the best interests of both the DDA and the City to reduce financing costs of DDA projects and programs in order to preserve the maximum amount of property tax increment revenues for DDA projects and programs within its boundaries; and

WHEREAS, on October 15, 2012, the parties entered in that certain agreement entitled “Intergovernmental Agreement Governing a Line of Credit for Financing Downtown Development Authority Projects and Programs” which established a line of credit to finance certain DDA projects and programs and defined the process for use of such line of credit (the “2012 IGA”); and

WHEREAS, the term of the 2012 IGA is for six (6) years, expiring December 31, 2018; and

WHEREAS, the parties desire to enter into this IGA for the purpose of extending the Line of Credit established in the 2012 IGA for an additional six (6) years, with an increased per-draw limit of Five Million Dollars (\$5,000,000), on the same general terms and conditions contained in the 2012 IGA.

NOW, THEREFORE, in consideration of the mutual covenants and promises of the parties as hereafter provided and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

1. TERM.

The term of this IGA shall commence upon execution by the parties and continue through December 31, 2024 (“Term”), unless earlier terminated by mutual agreement.

2. LINE OF CREDIT.

Attached hereto as Exhibit A, and incorporated herein by reference, is a copy of the Promissory Note and Agreement (the “LOC Agreement”) between the City and First National Bank of Omaha (“First National Bank”) establishing an annual revolving line of credit, renewable each fiscal year of the Term for the benefit of the City on behalf of the DDA, and which, in addition to other terms and conditions for its use, provides for a maximum per-draw limit of Five Million Dollars (\$5,000,000) (the “Line of Credit”). The City Council on _____ adopted Ordinance No, _____, 2018 on second reading approving the LOC Agreement and authorizing the Chief Financial Officer to execute the LOC Agreement. The City shall execute the LOC Agreement and shall take such other actions as may be necessary to have the Line of Credit available for draw no later than January 1, 2019.

3. REQUIREMENTS FOR DRAWS ON LINE OF CREDIT.

Any draw on the Line of Credit by the City during the Term shall be in accordance with all of the following requirements:

3.1 The DDA Board shall annually adopt a resolution approving its budget and shall adopt a resolution recommending the City Council of the City appropriate DDA monies to fund the DDA budget; and

3.2 The City Council of the City shall annually approve the DDA budget and by ordinance appropriate funds therefor, including funds for debt service for the Line of Credit and expenditure of the Line of Credit proceeds, as applicable; and

3.3 Any draw on the Line of Credit shall be used only to pay the costs of DDA projects and programs approved in the annual DDA budget and for which funds have been appropriated by the City; and

3.4 The sequence of steps for drawing on the line of credit shall be as depicted in the flowchart contained in Exhibit B, attached hereto and incorporated herein by reference; and

3.5 Prior to any draw on the Line of Credit, the DDA's Executive Director shall determine and report to the City's Chief Financial Officer the current level of total debt that has at that time been issued under the existing voter authorization for DDA debt and further shall verify and report to the City's Chief Financial Officer that there are sufficient tax increment monies in the DDA's Debt Service Fund to replenish the Line of Credit in the amount of the draw and the interest cost. The DDA's Executive Director shall supply the City's Chief Financial Officer with documentation supporting such determinations and reporting, with examples of the documentation to be supplied being depicted in Exhibits C-1 through C-6, attached hereto and incorporated herein by reference. The City's Chief Financial Officer shall review such information and documentation reported, and shall make no draw on the Line of Credit in excess of such available debt authorization or such available tax increment monies; and

3.6 The City's Chief Financial Officer shall have the authority to request any draw on the Line of Credit consistent with the LOC Agreement, upon written request by the DDA's Executive Director; and

3.7 Upon receipt of funds from First National Bank, the City's Chief Financial Officer shall cause the proceeds from the related Line of Credit draw to be available to the DDA; and

3.8 At the time of a draw request, the City's Chief Financial Officer will initiate such action as is necessary to repay the draw using funds from the DDA's Debt Service Fund within seven (7) working days of receipt of the draw, such that the Line of Credit is fully replenished to its Five Million Dollars (\$5,000,000) limit of available credit within seven (7) working days of receipt of each such draw.

4. EARLY TERMINATION

In the event that for any reason the Line of Credit is terminated, the parties agree that they will work together in good faith to secure another line of credit that meets the purposes of this IGA, subject to such City Council and DDA Board approval as may be required. In

such event, any such new letter of credit shall be subject to the provisions of, but shall not require an amendment to, this IGA.

5. NOTICE.

All notices to be given to parties hereunder shall be in writing and shall be sent by certified mail to the addresses specified below:

DDA: Downtown Development Authority
Attn: Executive Director
19 Old Town Square, Suite 230
Fort Collins, CO 80524

With a copy to: Lucia A. Liley, Esq.
Liley Law Offices
419 Canyon Avenue, Suite 220
Fort Collins, CO 80521

CITY: City of Fort Collins
Attn: Chief Financial Officer
215 North Manson Street
Fort Collins, CO 80524

With a copy to: City of Fort Collins
Attn: City Attorney
300 LaPorte Avenue
Fort Collins, CO 80521

6. THIRD PARTY BENEFICIARIES.

This IGA shall not be construed as or deemed to be an agreement for the benefit of any third party or parties, and no third party or parties shall have any right of action hereunder for any cause whatsoever.

7. GOVERNING LAW/SEVERABILITY.

The laws of the State of Colorado shall govern the construction, interpretation, execution and enforcement of this IGA. In the event any provision of this IGA shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this IGA.

8. 2012 IGA.

The parties agree that this IGA shall not supersede the 2012 IGA. The 2012 IGA shall remain in full force and effect until expiration or termination, as provided for therein.

IN WITNESS WHEREOF, the parties have executed this IGA the day and year first above written.

CITY OF FORT COLLINS, COLORADO,
a Colorado municipal corporation

By: _____
Darin A. Atteberry, City Manager

APPROVED AS TO FORM:

City Attorney

ATTEST:

Delynn Coldiron, City Clerk

THE FORT COLLINS, COLORADO,
DOWNTOWN DEVELOPMENT
AUTHORITY, a body corporate and politic

By: _____
Justin Larson, Chair

ATTEST:

Cheryl Zimlich, Secretary

EXHIBIT A

#####085646-00001577803012018

PROMISSORY NOTE AND AGREEMENT

Borrower: The City Of Fort Collins, Colorado
215 North Mason Street
Fort Collins, CO 80524

Lender: First National Bank of Omaha
Branch #004
205 W. Oak Street
Fort Collins, CO 80521

Principal Amount: \$5,000,000.00

Date of Note: March 1, 2018

THIS PROMISSORY NOTE AND AGREEMENT (the "Note") is entered into effective the Date of the Note set forth above by Borrower and Lender identified herein. For good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereby state and agree as follows:

PROMISE TO PAY. The City Of Fort Collins, Colorado ("Borrower") promises to pay to First National Bank of Omaha ("Lender"), or order, in lawful money of the United States of America, the principal amount of Five Million & 00/100 Dollars (\$5,000,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance and any other fees and charges which may be due. Interest shall be calculated from the date of each Advance until repayment of each Advance. The maturity date of this Note shall be December 31, 2018. The maturity date of this Note will be automatically extended one year for six consecutive years, ending December 31, 2024, so long as Borrower fully repays all outstanding Indebtedness as of each maturity date, and so long as no Event of Default shall have occurred during the preceding year.

LINE OF CREDIT. Lender agrees to make Advances to Borrower from time to time from the date of this Note until the maturity date, provided that the aggregate amount of such Advances outstanding at any time does not exceed the maximum principal amount of this Note. This Note evidences a revolving line of credit. Advances under this Note, as well as directions for payment from Borrower's accounts, may be requested either orally or in writing by Borrower or as provided in this paragraph. Lender may, but need not, require that all oral requests be confirmed in writing. Each Advance shall be conclusively deemed to have been made at the request of and for the benefit of Borrower when (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Note and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Note or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Note, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Note or under any Related Document.

Deposit of Tax Increment Funds. Tax Increment Funds or cash deposits of an amount in excess of the requested Advance and any and all outstanding and unpaid amounts of principal and interest due under this Note shall be held in a depository account maintained by the Borrower or the Downtown Development Authority of the City of Ft. Collins, Colorado, maintained with Lender.

PAYMENT. Borrower will pay this loan according to the following payment schedule:

Payment. Borrower will pay the principal amount of each Advance made hereunder within seven (7) business days from the date of that Advance, together with interest accrued on that Advance, and any fees and expenses owing on that Advance. In addition, on December 31st of each year, Borrower shall pay to Lender a maturity payment of all outstanding principal, interest, and other fees and expenses which may then be due and owing to Lender under the Note. Interest will accrue on each Advance at the Variable Interest Rate set forth below, subject to a minimum finance charge per Advance of Three Hundred Fifty dollars and 00/100 dollars (\$350.00). Unless otherwise agreed or required by applicable law, payments will be applied to interest, principal, and expenses owing under the Note in an order determined by Lender. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the U.S. Prime Rate as published by the Wall Street Journal and currently is determined by the base rate on corporate loans posted by at least seventy percent (70%) of the nations ten (10) largest banks (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day during the term of the loan. Borrower understands that Lender may make loans based on other rates as well. **The Index currently is 4.500% per annum.** Interest on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate equal to the Index, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 4.500% per annum based on a year of 360 days. NOTICE: Under no circumstances will the interest rate on this Note be less than 4.500% per annum or more than the maximum rate allowed by applicable law.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. **All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: First National Bank of Omaha, Branch #004, 205 W. Oak Street, Fort Collins, CO 80521.**

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged **5.000% of the regularly scheduled payment or \$25.00, whichever is greater.**

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased by adding an additional 6.000 percentage point margin ("Default Rate Margin"). The Default Rate Margin shall also apply to each succeeding interest rate change that would have applied had there been no default. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender

EXHIBIT A

and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf, or made by Guarantor, or any other guarantor, endorser, surety, or accommodation party, under this Note or the related documents in connection with the obtaining of the loan evidenced by this Note or any security document directly or indirectly securing repayment of this Note is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Execution; Attachment. Any execution or attachment is levied against the Collateral, and such execution or attachment is not set aside, discharged or stayed within thirty (30) days after the same is levied.

Change in Zoning or Public Restriction. Any change in any zoning ordinance or regulation or any other public restriction is enacted, adopted or implemented, that limits or defines the uses which may be made of the Collateral such that the present or intended use of the Collateral, as specified in the related documents, would be in violation of such zoning ordinance or regulation or public restriction, as changed.

Default Under Other Lien Documents. A default occurs under any other mortgage, deed of trust or security agreement covering all or any portion of the Collateral.

Judgment. Unless adequately covered by insurance in the opinion of Lender, the entry of a final judgment for the payment of money involving more than ten thousand dollars (\$10,000.00) against Borrower and the failure by Borrower to discharge the same, or cause it to be discharged, or bonded off to Lender's satisfaction, within thirty (30) days from the date of the order, decree or process under which or pursuant to which such judgment was entered.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor, or any other guarantor, endorser, surety, or accommodation party of any of the indebtedness or any Guarantor, or any other guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender the reasonable costs of such collection. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including without limitation attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

Organization. Borrower is a governmental entity which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Colorado. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 215 North Mason Street, Fort Collins, CO 80524. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Authorization. Borrower's execution, delivery, and performance of this Note and all the Related Documents have been duly authorized by all necessary action by Borrower, including approvals of the City Council of the City of Fort Collins, Colorado, and do not conflict with, result in a violation of, or constitute a default under (1) any provision of any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties. Borrower has the power and authority to enter into the Note and the Related Documents and to grant collateral as security for the Loan. Borrower has the further power and authority to carry on Borrower's business as presently conducted.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Repayment. Repay all Advances in accordance with the terms of this Note.

Financial Statements. Furnish Lender with the following:

Required FYE Financial Statements. As soon as available, but in no event later than six months after the end of each year, Borrower's asset and liabilities balance sheet and income statement for Borrower's fiscal year most recently ended. Said report shall be prepared by Borrower consistent with GASB, audited by a certified public accountant acceptable to Lender, and in a format reasonably acceptable to Lender that includes both direct and contingent liabilities. Borrower shall provide Lender with such other financial statements and other related information at such frequencies and in such detail as Lender may reasonably request.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Colorado without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Colorado.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Larimer County, State of Colorado.

EXHIBIT A

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$30.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the debt against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

COLLATERAL. This loan is unsecured.

ERRORS AND OMISSIONS. Borrower agrees, if requested by Lender, to fully cooperate in the correction, if necessary, in the reasonable discretion of Lender of any and all loan closing documents so that all documents accurately describe the loan between Lender and Borrower. Borrower agrees to assume all costs including by way of illustration and not limitation, actual expenses, legal fees and marketing losses for failing to reasonably comply with Lender requests within thirty (30) days.

U.S.A. PATRIOT ACT. To help the government fight the funding of terrorism and money laundering activities, the USA PATRIOT Act requires all banks to obtain and verify the identity of each person or business that opens an account. When Borrower opens an account Lender will ask Borrower for information that will allow Lender to properly identify Borrower and Lender will verify that information. If Lender cannot properly verify identity within 30 calendar days, Lender reserves the right to deem all of the balance and accrued interest due and payable immediately.

ELECTRONIC COPIES. Lender may copy, electronically or otherwise, and thereafter destroy, the originals of this Agreement and/or Related Documents in the regular course of Lender's business. All such copies produced from an electronic form or by any other reliable means (i.e., photographic image or facsimile) shall in all respects be considered equivalent to an original, and Borrower hereby waives any rights or objections to the use of such copies.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Note, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Note. No alteration of or amendment to this Note shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Non-Liability of Lender. The relationship between Borrower and Lender created by this Note is strictly a debtor and creditor relationship and not fiduciary in nature, nor is the relationship to be construed as creating any partnership or joint venture between Lender and Borrower. Borrower is exercising Borrower's own judgment with respect to Borrower's business. All information supplied to Lender is for Lender's protection only and no other party is entitled to rely on such information. There is no duty for Lender to review, inspect, supervise or inform Borrower of any matter with respect to Borrower's business. Lender and Borrower intend that Lender may reasonably rely on all information supplied by Borrower to Lender, together with all representations and warranties given by Borrower to Lender, without investigation or confirmation by Lender and that any investigation or failure to investigate will not diminish Lender's right to so rely.

Notice of Lender's Breach. Borrower must notify Lender in writing of any breach of this Note or the Related Documents by Lender and any other claim, cause of action or offset against Lender within thirty (30) days after the occurrence of such breach or after the accrual of such claim, cause of action or offset. Borrower waives any claim, cause of action or offset for which notice is not given in accordance with this paragraph. Lender is entitled to rely on any failure to give such notice.

Indemnification of Lender. Borrower agrees to indemnify, to defend and to save and hold Lender harmless from any and all claims, suits, obligations, damages, losses, costs and expenses (including, without limitation, Lender's attorneys' fees), demands, liabilities, penalties, fines and forfeitures of any nature whatsoever that may be asserted against or incurred by Lender, its officers, directors, employees, and agents arising out of, relating to, or in any manner occasioned by this Note and the exercise of the rights and remedies granted Lender under this, as well as by: (1) the ownership, use, operation, construction, renovation, demolition, preservation, management, repair, condition, or maintenance of any part of the Collateral; (2) the exercise of any of Borrower's rights collaterally assigned and pledged to Lender hereunder; (3) any failure of Borrower to perform any of its obligations hereunder; and/or (4) any failure of Borrower to comply with the environmental and ERISA obligations, representations and warranties set forth herein. The foregoing indemnity provisions shall survive the cancellation of this Note as to all matters arising or accruing prior to such cancellation and the foregoing indemnity shall survive in the event that Lender elects to exercise any of the remedies as provided under this Note following default hereunder. Borrower's indemnity obligations under this section shall not in any way be affected by the presence or absence of covering insurance, or by the amount of such insurance or by the failure or refusal of any insurance carrier to perform any obligation on its part under any insurance policy or policies affecting the Collateral and/or Borrower's business activities. Should any claim, action or proceeding be made or brought against Lender by reason of any event as to which Borrower's indemnification obligations apply, then, upon Lender's demand, Borrower, at its sole cost and expense, shall defend such claim, action or proceeding in Borrower's name, if necessary, by the attorneys for Borrower's insurance carrier (if such claim, action or proceeding is covered by insurance), or otherwise by such attorneys as Lender shall approve. Lender may also engage its own attorneys at its reasonable discretion to defend Borrower and to assist in its defense and Borrower agrees to pay the fees and disbursements of such attorneys.

Counterparts. This Note may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts, taken together, shall constitute one and the same Note.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Note unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Note shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Note. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Note, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Note. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Note shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Note shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Note:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Note.

Borrower. The word "Borrower" means The City Of Fort Collins, Colorado and includes all co-signers and co-makers signing the Note and all their successors and assigns.

GASB. The word "GASB" means Governmental Accounting Standards Board.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

EXHIBIT A

Lender. The word "Lender" means First National Bank of Omaha , its successors and assigns.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

THE CITY OF FORT COLLINS, COLORADO

By: _____
Mike Beckstead, Chief Financial Officer of The City
of Fort Collins, Colorado

LENDER:

FIRST NATIONAL BANK OF OMAHA

X _____
Todd Campbell, Vice President, Commercial Banking
Manager

EXHIBIT B

DDA/City Line of Credit Flowchart

- 1) Documents submitted with Draw Request
 - Cash Flow Statement
 - Tax Warrant from LarCo Assessor
 - Payment Schedule(s)
 - List of Projects/Programs to be funded with proceeds
- 2) Included in Step 2 - City will setup, initiate and record transfers with Bank for Steps 3, 4, & 5.

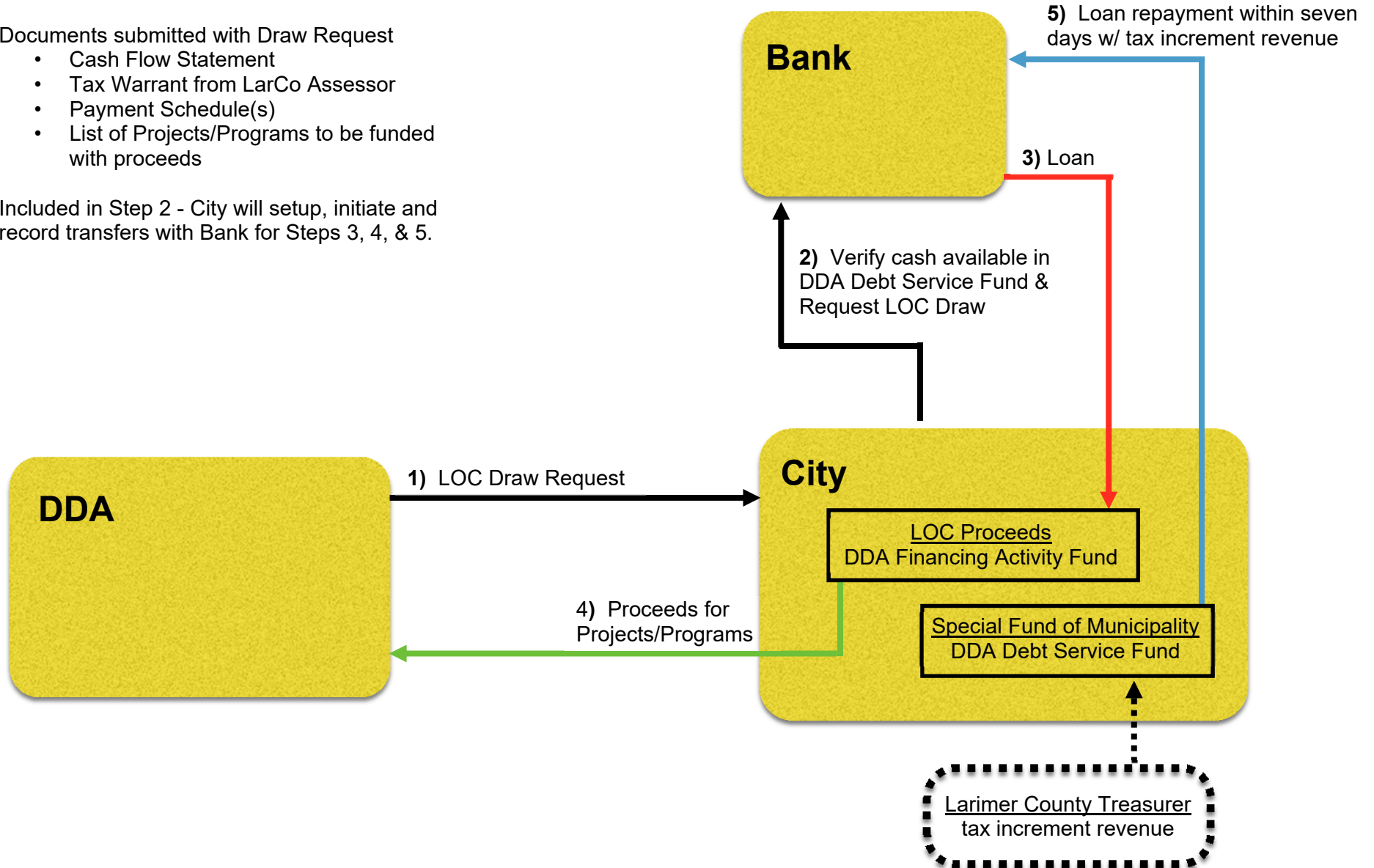


EXHIBIT C-1

Downtown Development Authority Tax Increment Cash Flow Statement

Budget Year	Actual <u>2016</u>	Actual <u>2017</u>	Forecast <u>2018</u>	Forecast <u>2019</u>	Forecast <u>2020</u>	Forecast <u>2021</u>	Forecast <u>2022</u>	Forecast <u>2023</u>	Forecast <u>2024</u>
Fund Balance	1,694,311	1,562,264	1,378,025	1,441,537	1,444,012	192,550	185,302	185,302	183,102
REVENUES									
Tax Increment	3,871,793	4,057,530	4,960,517	5,250,489	5,557,412	5,882,276	6,226,130	6,590,085	6,975,315
Plus: Woodward Tax Increment	414,253	564,151	591,248	1,075,254	1,075,254	1,075,254	1,075,254	1,075,254	1,075,254
Investment Earnings	(25)	28,031	22,048	23,065	23,104	3,081	2,965	2,965	2,930
TOTAL REVENUES	4,286,021	4,649,712	5,573,813	6,348,808	6,655,770	6,960,611	7,304,349	7,668,304	8,053,498
COMMITTED EXPENDITURES									
Investment Service Charge	163	146	150	150	150	150	150	150	150
Woodward Bond Issue Debt	302,405	411,830	431,611	731,173	731,173	731,173	731,173	731,173	731,173
2010 Bond Issue Debt	1,806,028	1,809,841	1,819,997	1,793,755	1,423,430				
Civic Center Parking Lease	274,832	275,968	272,763	300,000	300,000	300,000	300,000	300,000	300,000
Multi Year Reimbursements Prior Year Savings + Collections	(13,368)	36,878	(188,805)						
Total Multi Year Reimbursements After Savings + Collections	250,592	423,057	264,741	753,863	798,851	772,270	640,489	640,483	600,487
Museum of Discovery	500,000	250,000							
Downtown River District - Jefferson Street	235,000								
Whitewater Park Commitment		27,300							
TOTAL COMMITMENTS	3,369,019	3,198,141	2,789,261	3,578,941	3,253,604	1,803,593	1,671,812	1,671,806	1,631,810
Project Management Fees	67,000	70,000	34,509	32,784	31,144	29,587	28,108	26,702	25,367
Capital Asset Maintenance Obligations	183,854	350,191	402,584	463,500	477,405	491,727	506,479	521,673	612,324
TOTAL PM FEES & MAINTENANCE FUNDS	250,854	420,191	437,093	496,284	508,549	521,314	534,587	548,376	637,691
UNCOMMITTED DISCRETIONARY FUNDS	798,196	1,215,619	2,283,946	2,271,109	4,145,079	4,642,952	5,097,950	5,450,322	5,788,170
FUND BALANCE	1,562,264	1,378,025	1,441,537	1,444,012	192,550	185,302	185,302	183,102	178,929
FUND BALANCE ALLOCATIONS									
Reserves									
Restricted - Required by GW Bank for Bond	1,250,000	1,250,000	1,250,000	1,250,000	0	0	0	0	0
Multi-year Reimbursements (5.5%)	23,126	34,622	41,462	43,937	42,475	35,227	35,227	33,027	28,854
Committed - Half of Next Year Commitments	276,707	136,457	150,075	150,075	150,075	150,075	150,075	150,075	150,075
Reserves Total	1,549,833	1,421,079	1,441,537						
Balance - Uncommitted for following year	12,431	(43,055)	(0)	0	0	(0)	0	(0)	(0)
Fund Balance	1,562,264	1,378,025	1,441,537						

NOTES:

2010 Bond Woodward Bond	\$12,500,000 bond - 10 year - 3.90%(TE) and 5.17% (T) interest - interest only until December 2012 \$6,050,000 bond - Current rate of .25%, reset each September 26th anniversary	
Tax Increment Revenue	Budget Year 2018 through 2024 Budget Year 2019 through 2024	Provided by the County Historical growth average of 5.8% in Assessed Value
Legend	Projected Property Tax Revenue	Projected Jefferson St. Garage
	Projected Approval of Continuation of LOC	Projected Addition of Two Alleys

2017 TIF Tax Warrant

EXHIBIT C-2

12/21/2017

FORT COLLINS DOWNTOWN DEV. AUTH
Authority # 058

Base 93,719,811
Increment 102,353,411
Total Assessed 196,073,222

<i>Auth</i>	<i>AuthorityName</i>	<i>Area %</i>	<i>TIF %</i>	<i>Effective Increment *</i>	<i>Effective Base *</i>	<i>Total Assessed</i>	<i>Mill Levy</i>	<i>Total Revenue</i>	<i>Entity Revenue</i>	<i>TIF Revenue</i>
006	POUDRE R-1 SCHOOL DISTRICT	100.000000%	50%	51,176,706	144,896,516	196,073,222	52.63	10,319,334	7,625,904	2,693,430
028	LARIMER COUNTY	100.000000%	50%	51,176,706	144,896,516	196,073,222	22.092	4,331,650	3,201,054	1,130,596
032	CITY OF FORT COLLINS	100.000000%	100%	102,353,411	93,719,811	196,073,222	9.797	1,920,929	918,173	1,002,756
054	HEALTH DISTRICT OF NORTHERN LARIMER CNTY	100.000000%	50%	51,176,706	144,896,516	196,073,222	2.167	424,891	313,991	110,900
058	FORT COLLINS DOWNTOWN DEV. AUTH	100.000000%	50%	51,176,706	144,896,516	196,073,222	5	980,366	724,482	255,884
059	FORT COLLINS G.I.D. NO. 1	51.744548%	100%	52,962,309	48,494,893	101,457,202	4.924	499,575	238,789	260,786
064	LARIMER COUNTY PEST CONTROL	82.665416%	50%	42,305,436	119,779,308	162,084,744	0.142	23,016	17,009	6,007
095	BOXELDER SANITATION DISTRICT	4.972983%	50%	2,545,009	7,205,679	9,750,688	0	0	0	0
110	EAST LARIMER COUNTY WATER DISTRICT	17.733178%	50%	9,075,256	25,694,758	34,770,014	0	0	0	0
112	POUDRE RIVER PUBLIC LIBRARY DISTRICT	100.000000%	50%	51,176,706	144,896,516	196,073,222	3	588,220	434,690	153,530
117	NORTHERN COLORADO WATER CONS DISTRICT	100.000000%	50%	51,176,706	144,896,516	196,073,222	1	196,073	144,896	51,177
270	BLOCK 23 METRO DISTRICT NO. 1	0.467536%	100%	478,539	391,502	870,041	0	0	0	0
271	BLOCK 23 METRO DISTRICT NO. 2	0.369093%	100%	377,780	309,068	686,848	0	0	0	0

\$5,665,066
Total TIF Rev

* Base and increment values certified to taxing entities

EXHIBIT C-3

Downtown Development Authority 2010 Bond Payment Schedule

Date	Interest	Principal	Total	Total for the Year
6/1/2011	\$463,713.21		\$463,713.21	
12/1/2011	\$333,580.25		\$333,580.25	\$797,293.46
6/1/2012	\$333,580.25		\$333,580.25	
12/1/2012	\$333,580.25	\$700,000.00	\$1,033,580.25	\$1,367,160.50
6/1/2013	\$312,300.25		\$312,300.25	
12/1/2013	\$312,300.25	\$1,290,000.00	\$1,602,300.25	\$1,914,600.50
6/1/2014	\$273,084.25		\$273,084.25	
12/1/2014	\$273,084.25	\$1,370,000.00	\$1,643,084.25	\$1,916,168.50
6/1/2015	\$231,436.25		\$231,436.25	
12/1/2015	\$231,436.25	\$1,450,000.00	\$1,681,436.25	\$1,912,872.50
6/1/2016	\$170,559.41		\$170,559.41	
12/1/2016	\$170,559.41	\$1,465,000.00	\$1,635,559.41	\$1,806,118.82
6/1/2017	\$132,436.50		\$132,436.50	
12/1/2017	\$132,436.50	\$1,545,000.00	\$1,677,436.50	\$1,809,873.00
6/1/2018	\$92,498.25		\$92,498.25	
12/1/2018	\$92,498.25	\$1,635,000.00	\$1,727,498.25	\$1,819,996.50
6/1/2019	\$59,377.50		\$59,377.50	
12/1/2019	\$59,377.50	\$1,675,000.00	\$1,734,377.50	\$1,793,755.00
6/1/2020	\$26,715.00		\$26,715.00	
12/1/2020	\$26,715.00	\$1,370,000.00	\$1,396,715.00	\$1,423,430.00
	\$4,061,268.78	\$12,500,000.00	\$16,561,268.78	

EXHIBIT C-4

Woodward Loan																
2013		6,050,000														
2014		-														
Reimbursement Amount		6,050,000				Start Date		1-Sep-13								
						Matures		1-Sep-31								
						Years		18								

EXHIBIT C-5

**Downtown Development Authority
IGA Regarding DDA Contributions to the City
For Public Parking Spaces and Parking Programs
in Downtown Fort Collins**

Dated 8/28/2017

<u>Year</u>		<u>Contribution</u>	<u>Interest</u>	<u>Total</u>
Dec 1	2019	\$300,000.00	\$0.00	\$300,000.00
Dec 1	2020	300,000.00	0.00	300,000.00
Dec 1	2021	300,000.00	0.00	300,000.00
Dec 1	2022	300,000.00	0.00	300,000.00
Dec 1	2023	300,000.00	0.00	300,000.00
Dec 1	2024	300,000.00	0.00	300,000.00
Dec 1	2025	300,000.00	0.00	300,000.00
Dec 1	2026	300,000.00	0.00	300,000.00
Dec 1	2027	300,000.00	0.00	300,000.00
Dec 1	2028	300,000.00	0.00	300,000.00
Dec 1	2029	300,000.00	0.00	300,000.00
Dec 1	2030	300,000.00	0.00	300,000.00
Dec 1	2031	300,000.00	0.00	300,000.00
		\$3,900,000.00	\$0.00	\$3,900,000.00

EXHIBIT C-6

Downtown Development Authority 2018 Line of Credit Draws

Number 1: March 16 2018

Projects/Programs to be Funded:

Alley Enhancement: West Mtn Ave & OFA East Construction	1,000,000.00
	1,000,000.00

Number 2: March 16, 2018

Projects/Programs to be Funded:

Alley Enhancement: West Mtn Ave & OFA East Construction	200,000.00
Sculpture on Loan Program	12,000.00
	212,000.00

Number 3: Estimated Date May 15, 2018

Projects/Programs to be Funded:

Alley Enhancement: West Mtn Ave & OFA East Construction	364,076.00
Canyon Avenue Enhancement Design Plan Partnership	35,000.00
Crime Prevention Through Environmental Design (CPTED) Project Fund	32,500.00
Downtown Wayfinding	5,344.00
Elks Lot: Concept Study	523,459.00
Jack Benny Handprint Restoration	15,000.00
Old Town Square Programming (aka Activation)	9,000.00
Street Outreach Team	15,000.00
	999,379.00

Number 4: Estimated Date May 15, 2018

Projects/Programs to be Funded:

Gateway Entrances	75,000.00
Holiday Lights Partnership	35,000.00
Tree Canopy	3,500.00
Urban Micro-Space Design Plan	20,000.00
Alley Enhancement Operations & Replacement (all alleys)	266,143.00
Old Town Square Operations & Replacement	75,508.00
Multi-Year Reimbursements	264,741.00
Project Management Fees	34,509.00
	774,401.00

Total LOC Draws	2,985,780.00
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City of Fort Collins Finance and Downtown Development Authority Renewal of Line of Credit

Council Finance Committee, April 16, 2018



Purpose of why we are here:

DDA and City Finance are preparing for DDA Board and City Council authorization to renew a revolving Line of Credit:

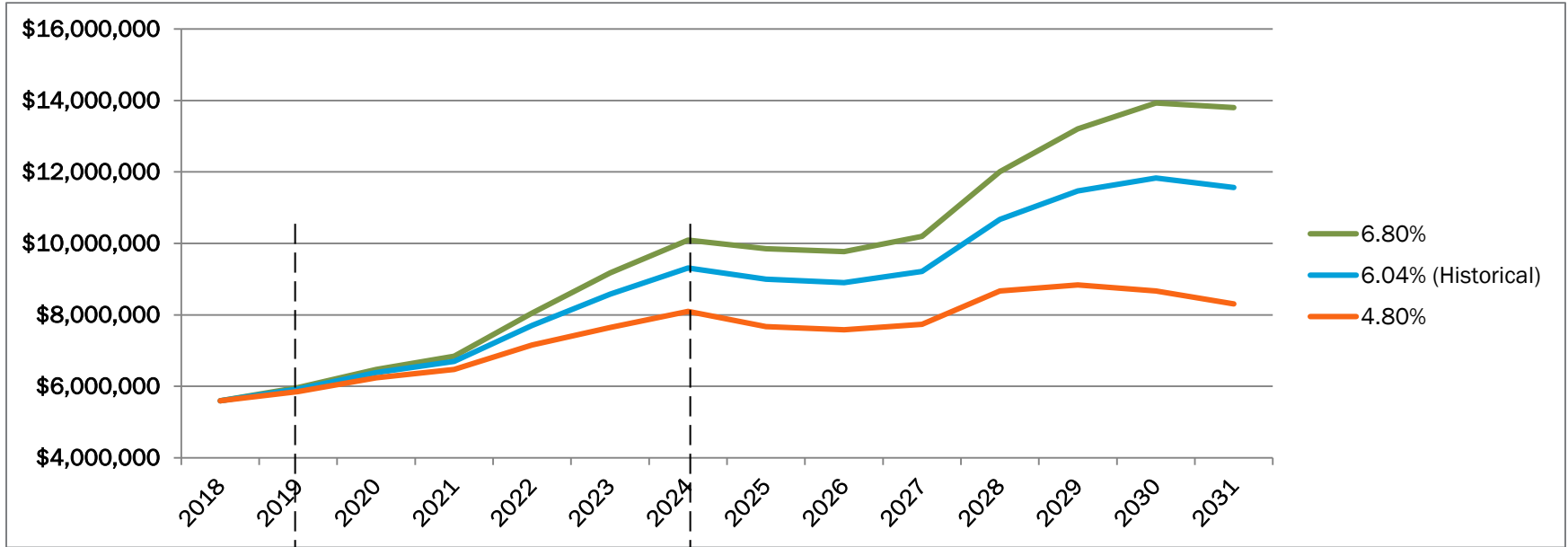
- established in 2012 with local bank
- renewal term - six (6) years
- increase the loan amount from \$1,000,000 per draw to \$5,000,000

Estimated LOC funding requirements per year	2019	2020	2021	2022	2023	2024	Total
Firehouse Alley Parking Garage IGA	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$1,800,000
Capital Asset Maintenance Obligations	463,500	477,405	491,727	506,479	521,673	612,324	3,073,108
Multi-year Reimbursement for Public/Private Partnerships (DDA approved projects only)	753,863	798,851	772,270	640,489	640,483	600,487	4,206,443
Multi-year Capital Improvement Plan	2,271,109	4,145,079	4,642,952	5,097,950	5,450,322	5,788,170	27,395,582
Total	\$3,788,472	\$5,721,335	\$6,206,949	\$6,544,918	\$6,912,478	\$7,300,981	\$36,475,133

Line of Credit is to fund DDA projects and programs approved by the DDA Board and consistent with C.R.S. §31-25-807(3)(a)(II) and the mission of the organization

Projected Tax Increment Revenue

2018 - 2031



Depicted projections are after TIF shareback with overlapping tax entities

Benefits of Line of Credit

Debt Service Interest Analysis

Debt Service	Total Principal 2012-2018	2012	2013	2014	2015	2016	2017	2018*	Total Interest	% Interest to Principal
2007 Civic Center Garage COPS	\$1,709,432	\$61,706	\$52,995	\$43,996	\$34,726	\$25,207	\$15,359	\$10,329	\$244,318	14.29%
2010 Bond	12,500,000	667,161	624,601	546,169	462,873	341,028	264,840	184,997	3,091,667	24.73%
Woodward Bond	1,069,631					48,110	14,482	13,489	76,080	7.11%
Total	\$15,279,063	\$728,867	\$677,596	\$590,165	\$497,599	\$414,345	\$294,681	\$208,815	\$3,412,065	22.33%
Line of Credit*	\$8,700,887	\$750	\$750	\$750	\$1,000	\$1,250	\$1,750	\$1,000	\$7,250	0.08%

*LOC total is through March 2018. Two additional draws to be completed in May 2018.

Line of Credit financing method allows more DDA funds
to be invested in projects and programs

Desired Outcomes

- Maximize amount of tax increment funds invested in downtown/City projects now and in future by minimizing cost to deliver tax increment investments
- Fiduciary stewardship of public funds
- Recognition that investment of tax increment funds, derived from property tax assessments of overlapping tax entities creates positive growth in assessed value and thereby increases value of property tax base of all overlapping entities (83% of DDA's tax increment comes from overlapping tax entities other than the City)
- DDA is able to maintain long-standing funding relationship with the City with no cost of capital assessed to City projects
- DDA's line of credit will be paid off annually with available DDA tax increment funds, with no effect to City fund balance or Comprehensive Annual Financial Report

Proposed Schedule for Approval

DDA/City Finance	3/28/2018
DDA Board	4/12/2018
Council Finance	4/16/2018
Council Meetings – Agenda Item	5/15/2018
	6/5/2018

General Direction Sought

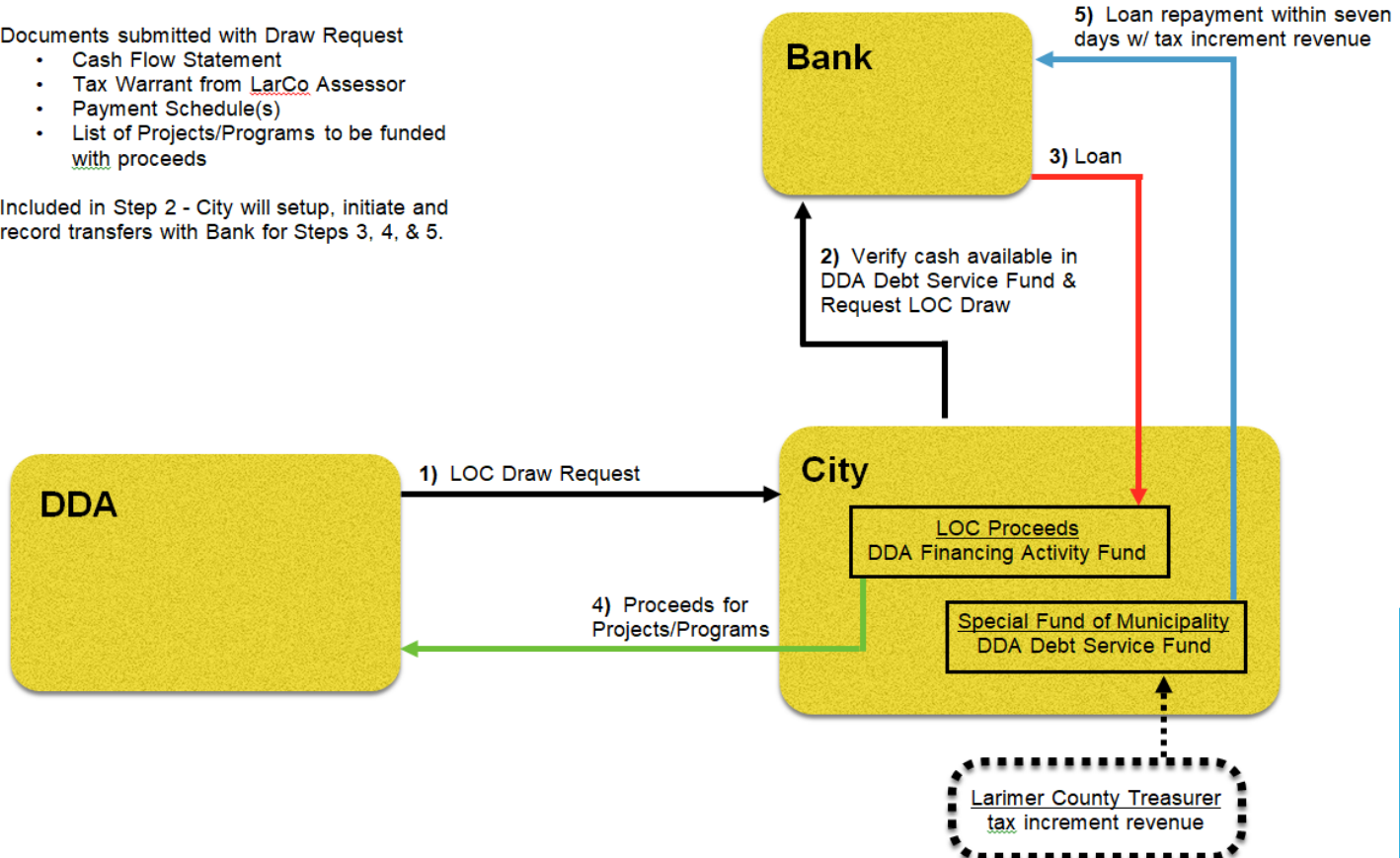
Does Council Finance recommend bringing the City's renewal of the bank authorized Line of Credit, on behalf of the DDA, to Council?

Questions for DDA staff or City Finance?



DDA/City Line of Credit Flowchart

- 1) Documents submitted with Draw Request
 - Cash Flow Statement
 - Tax Warrant from LarCo Assessor
 - Payment Schedule(s)
 - List of Projects/Programs to be funded with proceeds
- 2) Included in Step 2 - City will setup, initiate and record transfers with Bank for Steps 3, 4, & 5.



**COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY**

**Staff: Chad Crager, Director of Infrastructure Services
Tim Kemp, Interim Capital Projects Manager
Kyle Lambrecht, Transportation Capital Expansion Fee Program Manager**

Date: April 16, 2018

SUBJECT FOR DISCUSSION

East Prospect Road Improvements Project: Sharp Point Drive to Interstate-25 west frontage road.

EXECUTIVE SUMMARY

The purpose of this item is to present and discuss the East Prospect Road Improvements Project from Sharp Point Drive to the Interstate 25 (I-25) western frontage road. This project will improve this section of East Prospect Road to a four-lane arterial as identified in the City's Master Street Plan. This project will coordinate with the Colorado Department of Transportation (CDOT) on the I-25 and Prospect Road Interchange improvements which is planned to begin construction in 2019.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Staff is seeking support from the Council Finance Committee to initiate the project utilizing Transportation Capital Expansion Fee (TCEF) funds. Initiating the project will allow staff to coordinate the design with CDOT's Prospect Road and I-25 Interchange design.

Question for the Council Finance Committee:

Does the Council Finance Committee support appropriating Prior Year Reserves in the Transportation Capital Expansion Fee Fund to initiate the design phase of the project?

BACKGROUND/DISCUSSION

Prospect Road is one of four major east-west arterial roadways that link the city to I-25. Prospect Road also serves as the signed entrance for Colorado State University from the interstate. Its current two-lane roadway configuration between Sharp Point Drive and the interstate frequently experiences congestion at peak periods of travel.

Through previous planning efforts, City staff identified the need to enhance this section of Prospect Road to a four-lane arterial roadway. The following summarizes design and construction improvements with this goal in mind:

1995

- Funds identified to improve Prospect Road between the Poudre River Bridge and Summit View Drive in the "Choices 95 Capital Projects" tax initiative

2002-2005

- Roadway design project initiated; designing a four-lane arterial roadway cross-section which minimized impacts to surrounding City of Fort Collins Natural Areas
- Property interests acquired adjacent to City Natural Areas to accommodate the four-lane arterial roadway design

2006

- Prospect Road between the Poudre River Bridge and Summit View Drive reconstructed to a two-lane arterial roadway
- New bridge spanning the overflow path of the Poudre River bridge constructed; width accommodates a future four-lane arterial roadway

2016

- Two Boxelder Creek bridges reconstructed; widths accommodate a future four-lane arterial roadway

Fort Collins and the Northern Colorado region is experiencing significant growth. Currently, Prospect Road east of Sharp Point Drive serves over 21,000 vehicles per day. This amount of traffic typically warrants a four-lane arterial roadway. Proposed developments surrounding the Prospect Road and I-25 interchange will further emphasize the need to add capacity to the existing transportation network.

In 2018, CDOT initiated a project to widen I-25 to three lanes in each direction from SH 14 to SH 402, including reconstructing the interchange at I-25 and Prospect Road. CDOT's decision to improve the interchange served as the impetus for City staff to revisit a project which would add capacity to East Prospect Road between Sharp Point and I-25's western frontage road. CDOT's interchange design does not include widening the Prospect Road / Frontage Road intersection to a four-lane roadway. It is important that this intersection is designed with a four-lane section of Prospect Road since it will serve as the primary ingress / egress point for multiple developments west of I-25. The design of this intersection would be included in the City's project.

Staff has identified \$600,000 in Transportation Capital Expansion Fee (TCEF) Funds to initiate the design phase of the project. Staff has identified the following project goals:

- Minimize impact to adjacent Natural Areas by utilizing existing right-of-way
- Minimize impacts to nearby residents and businesses
- Improve safety for multi-modal travel
- Reduce congestion for vehicle travel (improves air quality and supports the City's Climate Action Plan goals)
- Coordinate the design with CDOT's interchange improvements
- Coordinate the design with proposed developments west of the interchange

CDOT anticipates the construction of the interchange to be completed in 2021. Staff is submitting an offer in the 2019/2020 BFO Process to enable construction of the project, with the goal to complete the Prospect Road improvements prior to the completion of the CDOT

interchange. The 2019/2020 BFO offer will consist of \$1,400,000 of additional TCEF Funds and \$2,000,000 of Keep Fort Collins Great Funds.

Staff has initiated outreach efforts, presenting the possibility of this project as part of an overall staff report, to the Transportation Board in January 2018. If the project is supported, staff will develop a project specific communication and outreach plan. Staff will prioritize discussions with both the Land Conservation Stewardship and Natural Resources Advisory Boards; with the intent to introduce the project and gather feedback/concerns in the summer of 2018. Staff will also continue discussions with the Transportation Board, anticipating a follow-up project update in the summer of 2018. Concurrently, staff will look to gather feedback from the Bicycle Advisory Committee as well as broadening discussions with adjacent property owners and the general public.

ATTACHMENTS

Attachment 1 - Power Point Presentation

Attachment 2 – Location Map

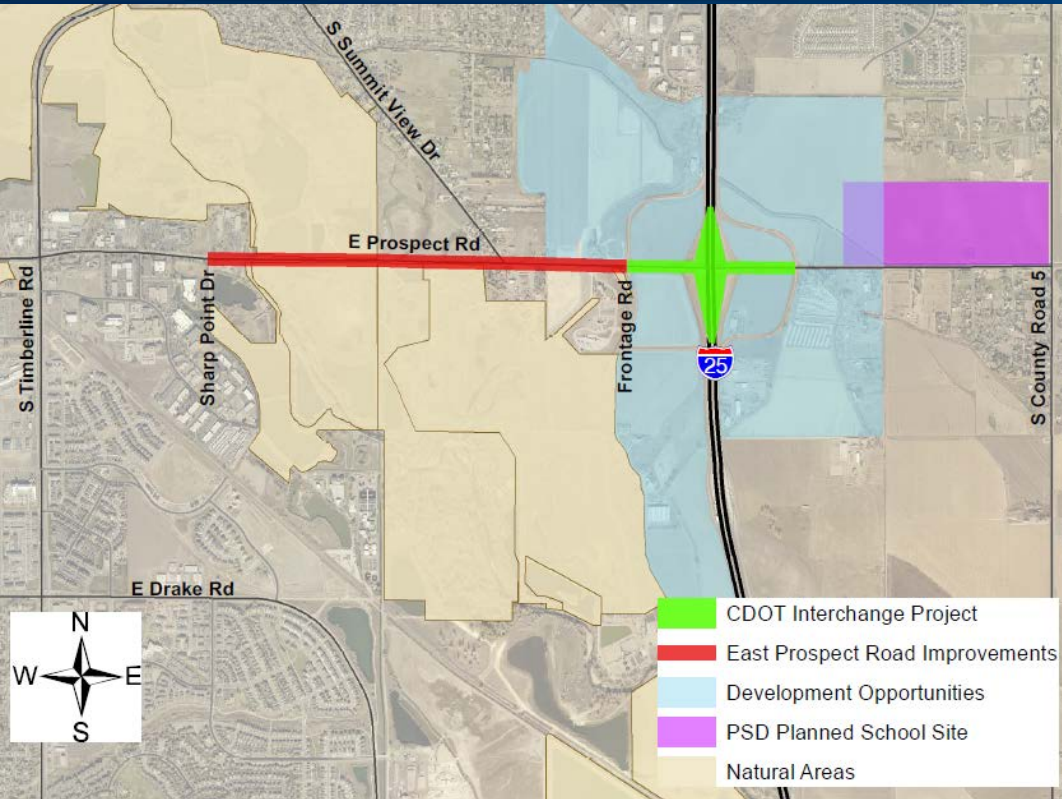


- Does the Council Finance Committee support appropriating Prior Year Reserves in the Transportation Capital Expansion Fee (TCEF) Fund to initiate the design phase of the East Prospect Road Improvements Project?

Why Improve East Prospect Road Now?

- Current traffic volumes warrant a four lane arterial roadway as identified in the Master Street Plan
- Traffic volumes will increase with interchange improvements
- Coordination opportunities with the Colorado Department of Transportation





2006 Daily Trips

- 18,100 vehicles

2017 Daily Trips

- 21,300 vehicles

2040 Projected Daily Trips

- Approximately 40,000 vehicles

2006

- Prospect Road - Poudre River Bridge to Summit View Drive reconstructed
- Property acquired for future ultimate widening adjacent to Natural Areas
- One new bridge constructed to ultimate width

2016

- Two Boxelder Creek bridges reconstructed to ultimate widths



- Improve safety
- Reduce congestion; improves air quality
- Design to match adjacent land use
- Coordinate project with CDOT



- Planned Outreach
 - Land Conservation Stewardship Board
 - Natural Resources Advisory Board
 - Transportation Board
 - Bicycle Advisory Committee
- Coordinate construction with interchange
 - Anticipated construction start date of 2020 if funded



COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Sue Beck-Ferkiss, Social Policy and Housing Programs Manager

Date: April 16, 2018

SUBJECT FOR DISCUSSION

Affordable Housing Fee Waiver Request for Oakridge Crossing, a senior affordable community.

EXECUTIVE SUMMARY

Oakridge Crossing, LLLP has requested that certain development and capital improvement expansion fees be waived for qualifying units at Oakridge Crossing an affordable senior community. In March 2013, City Council limited the types of projects for which fee waivers may be requested and made these waivers discretionary. Eligible projects are those constructed for homeless or disabled persons, or for households whose income falls at or below 30% of the area median income of all City residents. Oakridge Crossing LLLP is requesting fee waivers in the amount of \$90,923 for the 13 qualifying units at Oakridge Crossing.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does the Council Finance Committee (CFC) support granting the fee waiver request?
2. If CFC desires the Capital Expansion Fees to be backfilled, should this funding come from the General Fund or the Affordable Housing Capital Fund or from both?

BACKGROUND/DISCUSSION

Oakridge Crossing LLLP is seeking the waiver of certain development and capital improvement expansion fees for Oakridge Crossing, an affordable housing project as allowed by City Code and the Land Use Code. Oakridge Crossing is currently under construction and will deliver 110 age-restricted income restricted units, of which 13 will be targeted to households making no more than 30% of the area median income (AMI). The request from Oakridge Crossing LLLP is attached as attachment 1.

Fee Waiver history:

For many years, the City provided affordable housing fee waivers for some building permit fees, development review fees and some capital expansion fees as an incentive to encourage the development of affordable housing.

- In March 2013, City Council amended its policies on fee waivers for affordable housing to allow for more discretion in determining the kinds of housing projects for which City fees should be waived.
- This was after a large waiver was granted.
- By adopting Ordinance No. 37, 2013, City Council limited eligibility of fee waivers to the local housing authority and limited what types of units would qualify for fee waivers. Only projects that are constructed for homeless or disabled persons, or for households whose income is no greater than 30% of the area median income of all City residents qualify.

- Furthermore, waivers were made discretionary by City Council upon a determination that the proposed waiver will not jeopardize the financial interests of the City or the timely construction of the capital improvements to be funded by the fees for which a waiver is sought.
- This policy was changed by City Council in 2017 so that any developer providing qualifying units is eligible to seek discretionary fee waivers.

Current Request:

Oakridge Crossing is a 110-unit affordable housing community being constructed at 4786 McMurry Avenue in Fort Collins. See attachment 2 for map of location. The developer is Oakridge Crossing LLLP. Of the 110 total units, 13 units, equaling 11.8% of the total development, will be dedicated to households making no more than 30% AMI. Oakridge Crossing LLLP is seeking the waiver of certain fees for those 13 qualifying units. The total fees for this \$22 million project are in excess of \$770,500. The request is for 11.8% of eligible fees, \$90,923, to be waived. Of that amount, \$79,913 are for capital expansion fees. In this case, the request is to refund fees already fully paid.

The 2017 income limits published by the U. S. Department of Housing and Urban Development for 30% of the Fort Collins AMI is \$16,150 for a household of 1 and \$24,600 for a household of 4. (2018 income limits have not been published yet). Households at this income level are some of the City's most vulnerable residents. These qualifying units at Oakridge Crossing fit the definition and are eligible for fee waivers as established by City Code, and the Land Use Code.

The City has established affordable housing production goals in the 2015-2019 Affordable Housing Strategic Plan (Plan). The need for financial support for these goals to be met is also stated in the Plan. The annual production goal for this 5 year plan is 188 units. This project will deliver 110 units which is 59% of the City's annual goal. Since the City does not develop housing, development partners are relied upon to bring this necessary housing product to the community. This project will increase the inventory of affordable rental units which is one of the strategies listed in the Plan.

It is recommended that any capital expansion fees waived be subject to backfill by the City to reimburse city departments for fees if this waiver is granted, as has been the City's custom to date. Traditionally backfill of capital expansion fees occurred and has come from General Fund reserves. Alternatively, funds for this request could come from the Affordable Housing Capital Fund that was approved by the voters as part of the City Capital Improvements Program. This fund will accumulate \$4 million over ten years. The current balance in this fund is: \$597,500.

Board and staff support:

- The Affordable Housing Board supports this waiver request. The City's waiver policy has greatly limited the types of projects that qualify for waivers. This policy recognizes that households earning no more than 30% AMI cannot afford market rate housing in our City at this time. The average rent is currently over \$1,200 a month. A one-person household at 30% AMI would need to pay 89% of their income to pay the average rent. A four-person household would need to pay 59% of their income to afford the average market rate. Ideally, renters would never pay more than 30% of their income on housing. Developers need public subsidy to produce housing that this demographic can afford.

- Staff also supports granting this waiver request.

Next Steps

- This request is ready to be presented to Council after this committee's review.

ATTACHMENTS

1. Oakridge Crossing LLLP's Waiver Request
2. Location map of Oakridge Crossing
3. Draft minutes of the Affordable Housing Board April 2018 meeting

Oakridge Crossing, LLLP

7200 S. Alton Way, Suite A-310
Centennial, CO 80112

Phone: (303) 773-1551

Fax: (303) 773-1747

January 18, 2018

City of Fort Collins
Office of Social Sustainability
Sue Beck-Ferkiss
321 Maple Street
P.O. Box 580
Fort Collins, CO 80522

Re: Waiver Request

Dear Ms. Beck-Ferkiss:

This letter is a formal request for a Fee Waiver for Oakridge Crossing, an Affordable Senior community being constructed at 4786 McMurry Ave., Fort Collins, Colorado.

Oakridge Crossing consists of 110 Affordable Senior Apartments and includes 13 apartments that have been set aside for seniors whose incomes do not exceed 30% of the area median income (30% AMI).

There are also 15 apartments set aside at 40% AMI and 43 apartments set aside at 50% AMI. However, we understand that they do not qualify for the City's waiver program.

Based on the attached calculations, the 13 30% units represent 11.8% of the entire Oakridge community, thus qualifying this affordable senior community for a fee waiver of \$90,923.45.

Please review the enclosed waiver calculation sheet for specific details.

We are happy to answer any questions.

We applaud Fort Collins support of affordable housing and appreciate the opportunity to bring Oakridge Crossing to fruition.

Sincerely,



Arthur McDermott

Cc: Mike Lengen
Attachment: Waiver Calculation Sheet

Eligible City Fees and Waiver Schedule

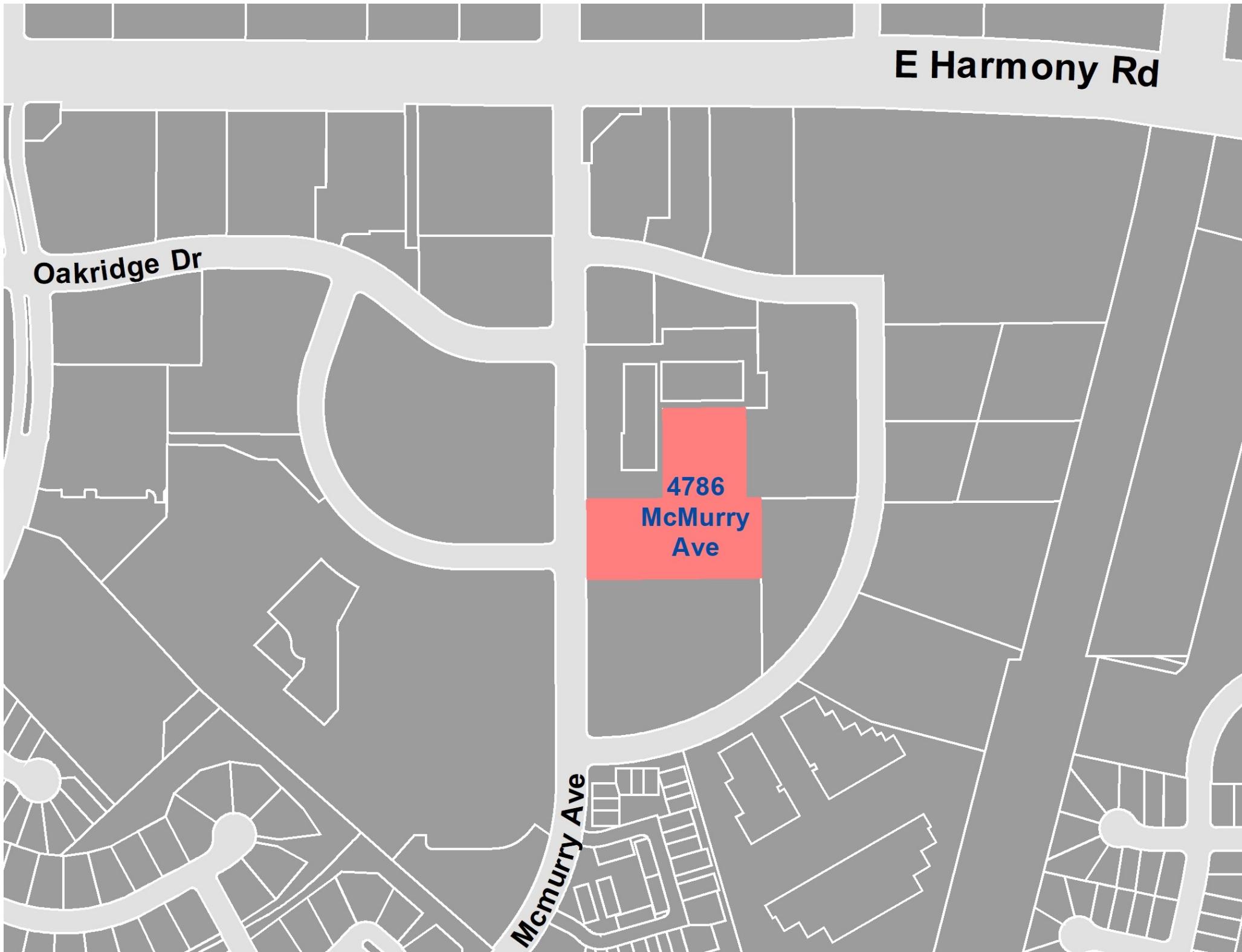
	Fee Type	Fee Amount	Waiver Request 11.80%	Fee to be Paid
Development Review Fees	Project Development Plan - PDP	\$ 5,879.00	\$ 693.72	\$ 5,185.28
	Final Plan with Subdivision Plat	\$ 1,000.00	\$ 118.00	\$ 882.00
	Minor Amendment - Planning		\$ -	\$ -
	Planning Sign Posting	\$ 50.00	\$ 5.90	\$ 44.10
	Planning APO Label Fee	\$ 301.50	\$ 35.58	\$ 265.92
	TDRF - PDP	\$ 16,553.25	\$ 1,953.28	\$ 14,599.97
	TDRF - Final	\$ 1,000.00	\$ 118.00	\$ 882.00
	TDRF - Final Plan		\$ -	\$ -
	TDRF - ROW Vacation		\$ -	\$ -
	Minor Amendment - TDR		\$ -	\$ -
	Building Plan Ck Fee	\$ 18,269.23	\$ 2,155.77	\$ 16,113.46
	Total Dev. Rev Fees	\$ 43,052.98	\$ 5,080.25	\$ 37,972.73
Building Fees	Building Permit Fee	\$ 37,943.77	\$ 4,477.36	\$ 33,466.41
	Total Dev. Rev Fees	\$ 37,943.77	\$ 4,477.36	\$ 33,466.41
Capital Improvement Expansion Fees	Residential CIE Fee (Fire)	\$ 39,270.00	\$ 4,633.86	\$ 34,636.14
	Commercial CIE Fee (Fire)	\$ 1,749.24	\$ 206.41	\$ 1,542.83
	Residential CIE Fee (Gen'l Govt)	\$ 46,530.00	\$ 5,490.54	\$ 41,039.46
	Commercial CIE Fee (Gen Govt)	\$ 4,143.48	\$ 488.93	\$ 3,654.55
	Residential CIE Fee (Police)	\$ 19,580.00	\$ 2,310.44	\$ 17,269.56
	Commercial CIE Fee (Police)	\$ 872.04	\$ 102.90	\$ 769.14
	Residential Street Oversizing Fee	\$ 163,790.00	\$ 19,327.22	\$ 144,462.78
	Commercial Street Oversizing Fee	\$ 62,384.40	\$ 7,361.36	\$ 55,023.04
	Residential. CIE Fee (Community Parkland)	\$ 155,540.00	\$ 18,353.72	\$ 137,186.28
	Commercial CIE Fee (Community Parkland)		\$ -	\$ -
	Residential CIE Fee (N'hood Parkland)	\$ 183,370.00	\$ 21,637.66	\$ 161,732.34
	Total CIE Fees	\$ 677,229.16	\$ 79,913.04	\$ 597,316.12
Stormwater Development Review Fee	Stormwater Dev. Review Fee	\$ 2,185.77	\$ 257.92	\$ 1,927.85
	Water Dev. Review Fee	\$ 5,063.00	\$ 597.43	\$ 4,465.57
	Sewer Dev. Review Fee	\$ 5,063.00	\$ 597.43	\$ 4,465.57
	Total Stormwater DR Fees	\$ 12,311.77	\$ 1,452.79	\$ 10,858.98
Total Fees		\$ 770,537.68	\$ 90,923.45	\$ 679,614.23

E Harmony Rd

Oakridge Dr

**4786
McMurry
Ave**

McMurry Ave



**MINUTES
CITY OF FORT COLLINS
AFFORDABLE HOUSING BOARD**

Date: Thursday, April 5, 2018
Location: Colorado River Room, 222 Laporte Avenue
Time: 4:00–6:00pm

For Reference

Diane Cohn, Chair
Ken Summers, Council Liaison
Sue Beck-Ferkiss, Staff Liaison 970-221-6753

Board Members Present

Diane Cohn
Curt Lyons
Catherine Costlow
Jeffrey Johnson
Jen Bray

Board Members Absent

Kristin Fritz
Eloise Emery

Staff Present

Sue Beck-Ferkiss, Social Policy & Housing Project Manager
Adam Molzer, City Grants & Partnerships Coordinator
Brittany Depew, Administrative Assistant/Board Support

Guests

Marilyn Heller

Call to order: 4:03

Agenda Review: No changes

Public Comment: Marilyn Heller—League of Voters Affordable Housing team hosting meeting Monday, April 9 focused on affordable housing ownership.

Review and Approval of Minutes

Curt moved to approve February minutes as amended before the meeting. Jen seconded.
Motion passed unanimously, 5-0-0.

AGENDA ITEM 1: Presentations and Discussions

A. Oakridge Crossing Fee Waiver Request

Oakridge Crossing has submitted a fee waiver request for their 30% units, which is 11.8% of the total development. The request equals about \$90K. Council Finance Committee will review on 4/16 and will decide if any portion of the request will come from the Affordable Housing Capital Fund. The development is under construction and plans to receive certificate

of occupancy (CO) in May. Under current process, fee waivers can be requested any time before CO in hand. 110 units of age-restricted housing, mostly 30%, 40% & 50% units.

Curt moved to support Oakridge Crossing's request for a waiver for their 30% units and to ask Council to grant this request. Jen seconded. Passed unanimously, 5-0-0.



Fee Waiver Request for Oakridge Crossing
Sue Beck-Ferkiss

Development Incentives

- Fee Waivers and Delays
- Priority Processing
- Density Bonus

Grants and Loans

- Acquisition, rehabilitation, construction
- Financing Support
- Policy Guidance
- Community resource

Plan and Strategy Alignment

CITY PLAN

CITY STRATEGIC PLAN

AFFORDABLE HOUSING
STRATEGIC PLAN

Affordable Housing Strategic Plan

- Increase the inventory of affordable rental units
- Increase Housing and Supportive Services for People with Special Needs

Annual production goal of 188 units – Oakridge 110 = 59%

- Waivers amounts ranged from **\$125** to **\$509,896**
- Last waiver granted Village on Horsetooth for **\$360,136**
- In last 8 years more than \$1 million in fees waived

- Historically, affordable housing projects received waivers of taxes and some fees
- Policy amended in March 2013
- Waivers now discretionary for limited types of projects
- Council expanded eligibility to all developers in 2017
- **Developers** may request waivers for:
 - Homeless
 - Disabled
 - 0-30% AMI
- Must not jeopardize financial interests of City

Income	Household Size	
	1	2
30%	\$16,150	\$18,450
50%	\$26,900	\$30,750
60%	\$32,300	\$36,900

Oakridge Crossing – 4786 McMurry Ave.

- Developed and managed by the Oakridge Crossing LLLP
- \$22 total development cost
- Age restricted
- 110 Affordable Units
 - **13 Units 30% AMI**
 - **15 Units 40% AMI**
 - **43 Units 50% AMI**
 - **39 Units 60% AMI**



E Harmony Rd

Oakridge Dr

Wheaton Dr

McMurry Ave

4786
McMurry
Ave

	Fee Amount	Waiver (11.8%)	Paid by Oakridge
Development Review Fees	\$43,053	\$5,080	\$37,973
Building Fees	\$37,944	\$4,477	\$33,466
Capital Expansion Fees*	\$677,229	\$79,913	\$597,316
Storm Drainage DR Fee	\$12,312	\$1,453	\$10,859
TOTAL WAIVABLE FEES	\$770,538	\$90,923	\$679,614

Support for request:

- Affordable Housing Board
- Social Sustainability Staff

1. Does the Council Finance Committee (CFC) support granting the fee waiver request?
2. If CFC desires the Capital Expansion Fees to be backfilled, should this funding come from the General Fund or the Affordable Housing Capital Fund or from both?

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Beth Sowder, Social Sustainability Department Director
David Rout, Homeless Gear/Murphy Center Director

Date: April 16, 2018

SUBJECT FOR DISCUSSION

Murphy Center Expansion of Hours/Operations Proposal

EXECUTIVE SUMMARY

The purpose of this item is to present to Council Finance Committee a proposal to fund the expansion of operational hours at the Murphy Center in a phased approach. This proposal includes:

1. **Phase One** June 1, 2018 through December 31, 2018 – expanded hours to include Saturday mornings year-round and expansion of weekday evenings during winter months.
2. **Phase Two** January 1, 2019 through April 30, 2019 - Continuation of expanded weekday and Saturday morning hours.
3. **Phase Three** May 1, 2019 through December 31, 2019 – Options to include year-round Saturday morning hours and expanded weekday evening hours either year-round or only during winter months.
4. **Phase Four** January 1, 2020 through December 31, 2020 – Same options as Phase Three.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does Council Finance Committee support this proposal going to City Council for 2018 funding and through the Budgeting for Outcomes process for 2019-2020 funding consideration?
2. Does Council Finance Committee have any questions or concerns about the phased approach to this proposal, planned services, or anticipated outcomes?

BACKGROUND/DISCUSSION

Background

During the spring of 2017, in response to concerns over disruptive behaviors in the downtown area, City Council considered options related to the “Appropriate Use of Public Spaces” ordinance. During that discussion, concerns were raised by community members about the perceived lack of availability of locker/storage space for people experiencing homelessness. Ultimately, Council decided not to fund a proposal for lockers at the Fort Collins Mennonite Fellowship. The Murphy Center approached the City with a tentative proposal to expand the Murphy Center’s operational hours during cold-weather months. This potential proposal seemed like a win-win option since it would provide a more comprehensive continuum of services at the Murphy Center, not only limited to accessing lockers but access to additional services as well. City Council responded positively to this and requested that staff work further with the Murphy Center to provide a proposal to bring to Council Finance Committee and then City Council.

Homeless Gear, the operating manager of the Murphy Center, consulted with the building owner and the four-agency Murphy Center Partner Council. The Partner Council, comprised of representatives from Homeless Gear, Catholic Charities, Neighbor to Neighbor, and SummitStone Health Partners, supports and advises on issues pertaining to the long-term vision of the facility. They are in support of this proposal.

Proposal Overview

The Murphy Center is a one-stop-shop of services for people who are homeless or at-risk of becoming homeless in Larimer County. Some 20 agencies provide 40 services at this one location.

This operational expansion of the Murphy Center's hours and services was developed in response to City Council's desire to not only expand locker access for people experiencing homelessness, but to also expand access to a system of services designed to help people escape homelessness. This proposed expansion would:

- Accomplish the goal of providing expanded access to lockers and services
- Provide a significant return on investment
- Increase the Murphy Center's operating hours by 63% during cold-weather months
- Allow staff and volunteers to engage with individuals and families who do not/cannot access the Murphy Center during daytime hours
- Increase on-site case-management capacity
- Fill numerous gaps under the umbrella of expansion

The proposal has four phases:

Phase One – June 1, 2018 through December 31, 2018 - \$55,180

- Immediate expansion of hours to include Saturday mornings, 8:30 a.m. to 11:30 a.m.
- Immediate expansion of case-management capacity
- An expansion of weekday hours – from 8 am to 5 pm presently to 8 am to 10 pm – in November and December 2018

Phase Two – January 1, 2019 through April 30, 2019 - \$55,250

- Continuation of expanded weekday hours, Saturday morning hours, and expanded case-management capacity (note: April 30 is the end of the cold-weather season)

Review Results – Near the conclusion of phase two (after one full cold-weather season), the Murphy Center recommends a review conducted with City staff to assess the results of Phases One and Two to determine:

- a) If the results justify a continuation of the projects, and
- b) If so, which phase three option should move forward.

The Murphy Center will work with City staff to identify and produce the needed metrics for this review.

Phase Three – May 1, 2019 through December 31, 2019 - Option A \$50,550 or Option B \$88,600

- **Option A:** Continuation of Saturday morning hours and expanded case-management capacity, but expanded weekday hours only in November and December 2019 (cold-weather months)
- **Option B:** Continuation of expanded weekday hours, Saturday morning hours, and case-management capacity (maintains weekday hours for entire year, rather than only during cold-weather months)

Phase Four – January 1, 2020 through December 31, 2020 – Option A \$105,800 or Option B \$143,850

- **Option A:** Continuation of Saturday morning hours and expanded case-management capacity, but expanded weekday hours only during cold-weather months (January through April, November and December 2020)
- **Option B:** Continuation of expanded weekday hours, Saturday morning hours, and expanded case-management capacity (maintain weekday hours for the entire year, rather than only during cold-weather months)

The proposed expansion would require staff additions and a realignment of existing resources at the Murphy Center (see attached proposal for details). Additionally, the following proposed services will be provided by the Murphy Center, Homeless Gear and some partner agencies:

1. Intensive, Housing-focused Case Management
 - a. The Murphy Center's mission is to help people escape or avoid homelessness and contribute meaningfully to our community's plan to make homelessness rare, short-lived and non-recurring. The case manager would help individuals and families secure and maintain housing and, as a result, help move the needle on the issue of homelessness and reduce the utilization of costly community resources (emergency services, jail costs, and medical expenses).
2. Warming/Day Shelter – this proposed expansion would provide a warm, safe space for guests on Saturday mornings year-round and weekday evenings during (at least) cold-weather months
 - a. This expansion would fill the gap of the warming center system (now only filled by churches 4 evenings per week). As a result, it would reduce the likelihood of exposure-related deaths or illnesses among people experiencing homelessness and reduce the use of costly community resources. It would also provide consistency to clients who might not otherwise know where to seek temporary, evening shelter.
3. Core Services – the Murphy Center would provide access to lockers, mail, laundry, showers, food, survival gear, computers and phones during the expanded hours.
 - a. This proposed expansion would provide (at least seasonally) 28 additional hours of locker access per week. Importantly, it will provide access to seven other core services (listed above), greatly increasing the return on investment.
4. Volunteer Support – Volunteers perform numerous functions at the Murphy Center, including the delivery of many core services, and they also serve as support coaches helping with job or housing searches, computer skills, obtaining identification, etc.
 - a. Support Coaches have proven invaluable in delivering task-oriented services to guests, under the guidance of on-site Case Managers. The expansion hours will provide more volunteer opportunities.
5. Other Agency/Program Activities – Numerous agencies have expressed interest in providing services during evening or weekend hours at the Murphy Center possibly including: housing classes, employment services, and substance-abuse and/or mental health groups.
6. Year-round Expansion – depending on the results of the cold-weather season expansion, this proposal includes an option to maintain expanded hours year-round.

Results

Homeless Gear and the Murphy Center expect that this expansion (not including the potential year-round expansion of evening hours) would produce the following annual outputs and outcomes:

- More than 750 additional hours of access to warming centers and core services

- More than 5,000 guest interactions
- 4,000 additional shower slots (15 men's and 10 women's slots per evening)
- 2,500 hours of volunteer support
- Intensive case management for at least 20 individuals (at a time) who are chronically homeless or recently exited from chronic homelessness. It is expected that the new case manager will help at least 10 individuals – all high-utilizers of costly community services – escape homelessness during the funding period.

An important note to consider: When Homeless Gear assumed management of the Murphy Center, several donors and grantors provided short-term, gap funding to help the Murphy Center re-stabilize operations. Some of those short-term commitments expired or will expire in 2017 or 2018. The Murphy Center must prioritize funding for existing operations above this expansion proposal. In that context, the Murphy Center has requested the City to increase its commitment through the Budgeting for Outcomes process (within the Social Sustainability Department's "Homelessness Initiatives" budget offer) from \$50,000 per year to \$100,000 per year. It would be difficult to administer an expansion of the Murphy Center – Phases Three and Four, in particular – without that support for current operations.

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

1. Proposal for Murphy Center Hours and Services Expansion



Council Finance Committee, April 16th 2018
Murphy Center (MC) Operation Expansion Proposal
Beth Sowder and David Rout

- Alignment
- Background
- Proposal Overview
- Direction Sought
- Expansion Phases
- Services
- Results





1. Is there general support for the MC Operation Expansion Proposal for funding consideration?
2. Are there any questions about the phased approach, planned services, or anticipated outcomes?

CITY STRATEGIC PLAN

Leverage and improve collaboration with other agencies to address homelessness, poverty issues and other high priority human service needs.



- Concerns raised about locker access and availability
- Lockers at Mennonite Fellowship not supported
- Murphy Center expansion proposal



Lockers on-site of Murphy Center (MC)



Murphy Center (MC) guest and staff member

Expand access to a system of services to help people escape homelessness:

- Expand access to lockers and services
- Increase return on investment
- Increase on-site case-management capacity
- Fill numerous gaps



PHASE 1:

- 6/1/2018 through 12/31/2018
- \$55,180
- Saturday morning hours
- Case-management capacity expansion
- Weekday evenings Nov through Dec 2018

PHASE 2:

- 1/1/2019 through 4/30/2019
- \$55,250
- Continued weekday, Saturday, and case-management through April 30





REVIEW RESULTS OF PHASES 1 AND 2:

- End of full cold-weather season
- Do results justify continuation?
- If so, which phase 3 option?

PHASE 3:

- 5/1/2019 through 12/31/2019
- Option A - \$50,550
 - Continuation of Saturday but weekday expansion during cold-weather months only
- Option B - \$88,600
 - Full expansion year-round

PHASE 4:

- 1/1/2020 through 12/31/2020
- Option A - \$105,800
 - Continuation of Saturday but weekday expansion during cold-weather months only
- Option B - \$143,850
 - Full expansion year-round

- Intensive, housing-focused case management
- Warming/Day shelter
- Core services (lockers, mail, laundry, showers, food, gear, computers and phones)
- Volunteer support
- Other agency program activities
- Year-round expansion



Murphy Center (MC) guest who accessed housing-focused case management, on the porch of her new home



*Murphy Center (MC) guest accessing
shower supplies*

- 750+ additional hours warming centers/services
- 5,000+ guest interactions
- 4,000 additional shower slots
- 2,500 hours volunteer support
- Intensive case mgmt. to ~20 at a time



1. Is there general support for the MC Operation Expansion Proposal for funding consideration?
2. Are there any questions about the phased approach, planned services, or anticipated outcomes?



Proposal for Murphy Center Hours, Services Expansion

I. Background

During the spring of 2017—in response to concerns over disruptive behaviors in the downtown area—the City of Fort Collins’ City Council considered, but ultimately voted against, a proposed ordinance known as “Appropriate Use of Public Spaces.” Instead, City Council passed an amendment that strengthened and more-clearly defined the City’s existing obstruction ordinance.

Throughout the debates over the proposed ordinances, activists and others argued strongly for a related community need: additional lockers and/or expanded locker access for people experiencing homelessness. City Council directed City staff to explore locker options.

Over the subsequent months, City staff approached nonprofit and faith leaders to gauge interest in locker-program expansions. The Fort Collins Mennonite Fellowship (FCMF) was the only entity to express interest, but City Council declined to fund FCMF’s proposal.

Near the end of the community-wide discussion and debate regarding FCMF’s proposal, Homeless Gear—as Manager of the Murphy Center—approached the City with a tentative proposal to expand the Murphy Center’s operational hours during cold-weather months. Such an expansion would address numerous community needs, including but not limited to locker access.

City Council responded positively to the proposal, expressing an interest in supporting expanded locker access *as a part* of expanding access to the more-comprehensive, continuum of services at the Murphy Center. City Council directed City staff to discuss, with Homeless Gear/Murphy Center, a possible expansion of the Murphy Center’s operational hours. City staff met with members of Homeless Gear’s leadership team in February 2018.

Homeless Gear also consulted with the Murphy Center’s building owner and the four-agency Murphy Center Partner Council. The Partner Council, comprised of representatives from Homeless Gear, Catholic Charities, Neighbor to Neighbor and SummitStone Health Partners, supports and advises on issues pertaining to the long-term vision of the facility.

II. Proposal Overview

The Murphy Center is a hub of services for people who are homeless or at-risk of becoming homeless in Larimer County. Some 20 agencies provide 40 services at one location—a continuum of services that empowers individuals and families to survive, move forward and thrive.

This is a proposal to expand the Murphy Center’s hours and service-provision capacity. It was developed in response to City Council’s expressed desire to not only expand locker access for people experiencing homelessness, but to expand that access in the context of a system of services designed to help people escape homelessness.

This proposed expansion would do just that—and provide a significant return on investment. It would increase the Murphy Center’s operating hours by 63 percent during cold-weather months, allow staff and volunteers to engage with individuals and families who do not/cannot access the Murphy Center during daytime hours, increase on-site case-management capacity and—importantly—fill numerous community gaps under the umbrella of one expansion.

Murphy Center Proposal for Expansion, 2018-2020

The proposal includes four phases:

Phase One

June 1, 2018 through December 31, 2018

- An immediate expansion of hours to include Saturday mornings, 8:30 AM to 11:30 AM
- An immediate expansion of case-management capacity
- An expansion of weekday hours—from 8 AM to 5 PM, at present, to 8 AM to 10 PM—in November and December 2018

Phase Two

January 1, 2019 through April 30, 2019

- Continuation of expanded weekday hours, Saturday morning hours and expanded case-management capacity (Note: April marks the end of the cold-weather season)

Review

Near the conclusion of Phase Two, the Murphy Center recommends that it review—with City Staff—the results of Phases One and Two to determine (a) if those results justify a continuation of the project and (b) if so, which Phase Three option to approve. The Murphy Center would work with City Staff to identify and produce the needed-metrics for such a review.

Phase Three

May 1, 2019 through December 31, 2019

- Option A: Continuation of Saturday morning hours and expanded case-management capacity, but expanded weekday hours only in November and December 2019
- Option B: Continuation of expanded weekday hours, Saturday morning hours and expanded case-management capacity (maintain weekday hours for the entire year, rather than *only* during cold-weather months)

Phase Four

January 1, 2020 through December 31, 2020

- Option A: Continuation of Saturday morning hours and expanded case-management capacity, but expanded weekday hours only in cold-weather months (January through April, November through December 2020)
- Option B: Continuation of expanded weekday hours, Saturday morning hours and expanded case-management capacity (maintain weekday hours for the entire year, rather than *only* during cold-weather months)

Note: When Homeless Gear assumed management of the Murphy Center, several donors and grantors provided short-term, gap funding to help the Murphy Center re-stabilize operations. Some of those short-term commitments expired at the end of 2017 or will expire at the end of 2018. The Murphy Center must prioritize funding for existing operations above expansions. In that context, the Murphy Center has already asked the City to increase (from \$50,000 to \$100,000) its commitment to those operations. It would be difficult to administer an expansion of the Murphy Center—Phases Two and Three, in particular—without that support for current operations.

III. Logistics/Required Changes

This proposed expansion would require staff additions and a realignment of existing resources at the Murphy Center:

1. **Staff Expansion, 1.75 FTEs:** The Murphy Center/Homeless Gear would hire a 1.0 FTE *year-round* Case Manager to provide intensive case management to clients of HFI and a 0.75 FTE *seasonal* Program Manager to oversee operations during the expanded hours. Volunteers would supplement staff and help provide services to guests.
2. **On-Site Security:** The Murphy Center contracts with Code 4 for on-site security. On-site security is necessary during day-shelter hours at the Murphy Center, and staff anticipates a similar need during evening and Saturday hours.
3. **Janitorial:** The Murphy Center's existing janitorial service performs its duties between 5 PM and 10 PM, Monday through Friday. This proposed expansion would require an adjustment of those hours and additional cleaning after Saturday mornings. Staff also expects that expanded activity will lead to additional cleaning needs.
4. **On-Call and Support Staff:** Homeless Gear would require at least one member of its leadership staff to be on-call during expanded hours.
5. **Administrative Costs and Oversight:** Homeless Gear's leadership team and other staff members would perform all administrative duties, supervise staff members, recruit volunteers and promote the expansion.
6. **Building Utilization and Utilities:** The expansion would generate increased activity in the building and, as a result, lead to higher utility costs and—potentially—the faster breakdown of equipment.
7. **Lighting:** The lighting in the Murphy Center parking lot is insufficient for evening hours. For safety reasons, this proposal includes the installation of new lighting in the parking lot.

IV. Proposed Services and Rationale

The Murphy Center, Homeless Gear and—potentially—partner agencies would provide the following services during expanded hours (under each of the four phases):

1. **Intensive Case Management:** The 1.0 FTE year-round Case Manager would provide intensive, housing-focused case management Murphy Center guests.
 - a. **Rationale:** The Murphy Center's mission is to help people escape or avoid homelessness and contribute meaningfully to our community's plan to make homelessness rare, short-lived and non-recurring. That commitment to housing first is evident in Homeless Gear's recent programmatic expansions (One Village One Family, HFI and Re-Entry) and in the Murphy Center's expanded involvement in housing-focused initiatives (HFI data collection, the Coordinated Assessment and Housing Placement System and the local initiative to launch a swipe-card system for accessing homeless services).

In that context, the Murphy Center believes strongly that an expansion of hours would provide a far-more significant return on investment *if* that expansion also included new, housing-focused case-management capacity. Expanded hours represent expanded opportunities to engage with people experiencing homelessness; and, since the expanded hours are in the evening, the Murphy Center could better-serve individuals who cannot access the facility during the day.

A new Case Manager would help individuals and families secure and maintain housing and, as a result, help move the needle on the issue of homelessness and reduce the utilization of costly community resources (emergency services, jail costs and medical expenses).

2. **Warming/Day Shelter:** This proposed expansion would provide a warm, safe space for guests on Saturday mornings *year-round* and weekday evenings during (at least) cold-weather months.

- a. *Rationale:*** The current system of weekday warming centers is incomplete. This expansion would fill that community gap. As a result, it would reduce the likelihood of exposure-related deaths or illnesses among people experiencing homelessness and reduce the use of costly community resources. It would also provide consistency to clients who might not otherwise know where to seek temporary, evening shelter.
3. **Core Services:** The Murphy Center would provide access to lockers, mail, laundry, showers, food, survival gear, computers and phones during any expanded hours.
 - a. *Rationale:*** During the discussion of the proposed “Appropriate Use of Public Spaces” ordinance, advocates—and ultimately City Council—identified the need for additional locker/storage space for people experiencing homelessness. This proposed expansion would provide (at least seasonally) 28 additional hours of locker access. Importantly, it would provide access to seven other core services (listed above), greatly increasing the return on investment.
4. **Volunteer Support:** Volunteers perform numerous functions at the Murphy Center, including the delivery of many core services. Significantly, volunteers also serve as Support Coaches—a role through which individuals help Murphy Center guests search for housing or work, strengthen computer skills, obtain identification and more.
 - a. *Rationale:*** As described previously, the Murphy Center is most-efficient when it provides support beyond day shelter or core services. Support coaches have proven invaluable in delivering task-oriented services to guests, under the guidance of on-site Case Managers.
5. **Other Agency/Program Activities:** Numerous agencies, including Homeless Gear, have expressed interest in providing services during evening or weekend hours at the Murphy Center. Possible services include housing classes, employment services and substance-abuse or mental-health groups.
 - a. *Rationale:*** Again, a broad menu of services increases the efficiency/return on investment of the Murphy Center.
6. **Year-Round Expansion:** Depending on the results of the cold-weather season, this proposal includes a Phase Three option in which the Murphy Center would maintain expanded weekday hours on a year-round basis.

V. Key Results

Homeless Gear and the Murphy Center expect that this expansion (not including the potential, year-round expansion of evening hours) would produce the following annual outputs and outcomes:

- More than 750 additional hours of access to warming center and core services
- More than 5,000 guest interactions
- 4,000 additional shower slots (15 men’s slots and 10 women’s slots per evening)
- 2,500 hours of volunteer support
- Intensive case management for at least 20 individuals (at a time) who are chronically homeless or recently exited chronic homelessness. Staff expects that the new Case Manager could help at least 10 individuals—all high-utilizers of costly community services—escape homelessness during the funding period.

VI. Budgets

MURPHY CENTER EXPANSION -- PHASE ONE BUDGET (JUNE thru DECEMBER 2018)*

EXPENSES

Labor

Case Manager (1.0 FTE): Salary, Payroll Taxes, Benefits	\$21,840
On-Site Security (Contracted at \$20.00/hour)	\$7,210
Warming Center/Day Shelter Manager (0.75 FTE)	\$6,330

Administrative

Administrative Oversight, On-Call Staff, Supervision	\$7,000
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Infrastructure

Equipment Replacement/Repairs (as Needed)	\$2,500
Exterior Lighting	\$1,500

Janitorial

Cleaning Service (Per-Day Cost of ~\$80.00)	\$3,000
Cleaning Supplies	\$1,000

Utilities

Electricity (Per-Hour Cost of ~ \$3.50)	\$1,500
Water (Per-Hour Cost of ~ \$2.60)	\$1,000
Natural Gas (Per-Hour Cost of ~ \$0.75)	\$300

Food/Drink

Food/Drink (Per-Day Cost of ~25.00)	\$2,000
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TOTAL EXPENSES	\$55,180
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* Phase One includes the addition of year-round Saturday morning hours, 8:30 AM to 11:30 AM, and the addition of evening hours, Monday through Friday, 5 PM to 10 PM, in November and December 2018. It presumes a start date of June 1, 2018

MURPHY CENTER EXPANSION -- PHASE TWO BUDGET (JANUARY thru APRIL 2019)*

EXPENSES

Labor

Case Manager (1.0 FTE): Salary, Payroll Taxes, Benefits	\$12,500
On-Site Security (Contracted at \$20.00/hour)	\$11,000
Warming Center/Day Shelter Manager (0.75 FTE)	\$9,000

Administrative

Administrative Oversight, On-Call Staff, Supervision	\$7,000
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Infrastructure

Equipment Replacement/Repairs (as Needed)	\$2,500
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Janitorial

Cleaning Service (Per-Day Cost of ~\$80.00)	\$5,000
Cleaning Supplies	\$1,750

Utilities

Electricity (Per-Hour Cost of ~ \$3.50)	\$2,000
Water (Per-Hour Cost of ~ \$2.60)	\$1,500
Natural Gas (Per-Hour Cost of ~ \$0.75)	\$500

Food/Drink

Food/Drink (Per-Day Cost of ~25.00)	\$2,500
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TOTAL EXPENSES

\$55,250

* Phase Two includes the continuation of Saturday morning hours (8 AM to 11:30 AM), expanded weekday hours (8 AM to 10 PM) and expanded case-management capacity through April 2019.

MURPHY CENTER EXPANSION -- PHASE THREE BUDGET (MAY thru DECEMBER 2019)*

EXPENSES	OPTION A	OPTION B
Labor		
Case Manager (1.0 FTE): Salary, Payroll Taxes, Benefits	\$25,000	\$25,000
On-Site Security (Contracted at \$20.00/hour)	\$7,500	\$22,000
Warming Center/Day Shelter Manager (0.75 FTE)	\$6,000	\$18,000
Administrative		
Administrative Oversight, On-Call Staff, Supervision	\$5,000	\$10,000
Infrastructure		
Equipment Replacement/Repairs (as Needed)	\$1,000	\$2,000
Janitorial		
Cleaning Service (Per-Day Cost of ~\$80.00)	\$1,000	\$2,000
Cleaning Supplies	\$500	\$1,000
Utilities		
Electricity (Per-Hour Cost of ~ \$3.50)	\$1,250	\$2,500
Water (Per-Hour Cost of ~ \$2.60)	\$1,000	\$2,000
Natural Gas (Per-Hour Cost of ~ \$0.75)	\$300	\$600
Food/Drink		
Food/Drink (Per-Day Cost of ~\$25.00)	\$2,000	\$3,500
TOTAL EXPENSES	\$50,550	\$88,600

* Phase Three includes two options. In Option A, the Murphy Center would end evening, weekday hours after April 2019 (at the end of the cold season) and resume those evenings hours in November and December 2019. In Option B, the Murphy Center would maintain weekday evening hours year-round. In both options, the Saturday morning hours (8:30 AM to 11:30 AM) and the 1.0 FTE Case Manager would remain year-round.

MURPHY CENTER EXPANSION -- PHASE FOUR BUDGET (2020)*

EXPENSES	OPTION A	OPTION B
Labor		
Case Manager (1.0 FTE): Salary, Payroll Taxes, Benefits	\$37,500	\$37,500
On-Site Security (Contracted at \$20.00/hour)	\$18,500	\$33,000
Warming Center/Day Shelter Manager (0.75 FTE)	\$15,000	\$27,000
Administrative		
Administrative Oversight, On-Call Staff, Supervision	\$12,000	\$17,000
Infrastructure		
Equipment Replacement/Repairs (as Needed)	\$3,500	\$4,500
Janitorial		
Cleaning Service (Per-Day Cost of ~\$80.00)	\$6,000	\$7,000
Cleaning Supplies	\$2,250	\$2,750
Utilities		
Electricity (Per-Hour Cost of ~ \$3.50)	\$3,250	\$4,500
Water (Per-Hour Cost of ~ \$2.60)	\$2,500	\$3,500
Natural Gas (Per-Hour Cost of ~ \$0.75)	\$800	\$1,100
Food/Drink		
Food/Drink (Per-Day Cost of ~25.00)	\$4,500	\$6,000
TOTAL EXPENSES	\$105,800	\$143,850

* Phase Four includes two options. These are the same options as in Phase Three, but extended for the entire year (2020). In Option A, the Murphy Center would maintain weekday, evening hours only during cold-weather months (January through April, November through December). In Option B, the Murphy Center would maintain weekday, evening hours year-round. In both options, the Saturday morning hours (8:30 AM to 11:30 AM) and the 1.0 FTE Case Manager would remain year-round.