

# AGENDA ITEM SUMMARY

City Council



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## STAFF

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## SUBJECT

**Resolution 2023-112 Approving an Intergovernmental Agreement with Poudre School District and Poudre River Public Library District to Acquire Land and Construct the Southeast Community Center.**

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## EXECUTIVE SUMMARY

The purpose of this item is to review the terms of a draft intergovernmental agreement (the IGA) covering land acquisition, constructions, and operation of the Southeast Community Center (SCC).

Poudre School District (PSD) intends to convey to the City at no charge a parcel of land adjacent to Fossil Ridge High School as the site for the SCC. This no-charge conveyance is contingent upon PSD's full funding of a 15% cost share of the indoor swim lanes construction, operation, and maintenance, includes of the value of the land.

This IGA is a critical first agreement, and throughout 2024 there will be additional agreements drafted and executed:

- Purchase and Sale Agreement between the City and PSD for the land acquisition (PSA, April 2024), subject to Council approval;
- Facility Use Agreement between the City and PSD governing PSD's use of City aquatic facilities (subsequent to November 2024 elections); subject to City Manager approval;
- Separate IGA between the City and Poudre River Public Library District (PRPLD) (TBD 2024) governing the Library's property interest, the facility design, cost sharing, and ongoing operations, subject to Council approval.

The facility was first conceived as a leisure-swim and maker/creator community space with no lane-swim capacity as part of the April 2015 Community Capital Improvement Plan ballot initiative. Subsequent efforts around community engagement, the 2022 Aquatics Study, and the recently passed 2023 ½-cent sales tax have surfaced an opportunity for an expanded recreation facility combined with a library branch. PSD and PRPLD have been highly collaborative partners with staff in drafting this agreement and working toward the full-featured community center proposed within the IGA.

## STAFF RECOMMENDATION

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Staff recommends adoption of the Resolution.

## BACKGROUND / DISCUSSION

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In April 2015, voters approved Ordinance No. 013, 2015, extending for ten years a quarter-cent sales tax to be dedicated to the “Community Capital Improvement Program” capital projects and related operation and maintenance (“CCIP”). Ordinance No. 013, 2015 includes a requirement that the City construct a Community Center in southeast Fort Collins focused on innovation, technology, art, recreation, and the creative process, including a “large outdoor leisure pool with water slides, sprays and jets, decks, a lazy river and open swimming area,” as well as meeting spaces dedicated to innovation and creativity (the “SCC”).

PSD uses swim lanes at existing City recreation facilities for practices and meets for its high school swim teams. Access to lanes for both PSD and public at large is constrained within the recreation system based on current capacity. Moreover, PSD is likely to add an additional swim team soon.

PSD has approximately 10 acres of land available adjacent to Fossil Ridge High School (the “Land”) that, based on preliminary information, represents a suitable site for the construction of the SCC to include all of the facility requirements contained in the CCIP ballot language in addition to an expanded library branch, and the construction of an indoor aquatics facility that would serve the recreation needs of the community and allow PSD access to indoor lanes for its swim programs (the “Aquatics Facility”).

On August 15, 2023, the Council adopted resolution 2023-074, which stated the “City Council’s intent that access for [PSD] students is conditional on the District’s and City’s agreement on the District’s share in the full cost of those swimming lanes,” and PSD has agreed to fund 15% of the capital costs for the Aquatics Facility, as well as contributing to the operating, maintenance, and replacement costs of the Aquatics Facility.

On November 7, 2023, voters passed a ballot measure approving a .50% sales tax, with 50% of the revenues to be spent on replacement, upgrade, maintenance, and accessibility of parks facilities and for the replacement and construction of indoor and outdoor recreation and pool facilities. These revenues will provide an estimated \$30.0-34.0 million of capital costs funding for the Aquatics Facility through an anticipated Certificate of Participation debt offering in late 2024 or early 2025.

### KEY PROVISIONS OF THE IGA:

#### 1. Land Acquisition

PSD intends to convey the Land to the City. The IGA is conditioned on the City and PSD negotiating and executing a Purchase and Sale Agreement (“PSA”) for the Land, including any necessary approvals by the City and PSD’s respective governing bodies, by April 30, 2024.

The City and PSD have agreed on a value for the Land of \$3,180,000, based on a recent professional appraisal.

The value of the Land represents part of PSD’s overall capital commitment to the cost of constructing the Aquatics Facility. If the Land value is not sufficient to cover PSD’s 15% share of the cost of constructing the Aquatics Facility, PSD will pay the City the difference, contingent on a 2024 ballot measure that PSD intends to run. If the Land value exceeds PSD’s 15% share, the City will pay PSD the difference.

The City plans to close on the Land after PSD’s 2024 election. If PSD does not secure additional funding through a 2024 ballot measure, then at closing the City will place the purchase price of \$3.18 million into an escrow account. If PSD can secure funding for the remaining portion of its 15% share by January 31,

2025, the escrowed funds will be returned to the City as part of PSD's 15% share of costs for the Aquatics Facility. If PSD cannot secure funding, the funds will be released to PSD as payment for the Land, and the City will have no obligation to build the indoor swim lanes or, if they are built, to allow PSD to use them.

## 2. Construction of the SCC/Aquatics Facility

The City will do all contracting for design and construction of the SCC. The City and Library will jointly design and construct the Library Branch portion of the Project and the Library will have input on common amenities, as set forth in a separate Intergovernmental Agreement between the Library and the City to be negotiated later. The City will consult with PSD, but will have final decision-making authority, on-site planning for the SCC, and on the designs for the Aquatics Facility at the 50% design stage.

## 3. Ownership, Maintenance and Use of the Aquatics Facility

The Aquatics Facility will be solely owned and maintained by the City. PSD's use of City pool facilities, including the Aquatics Facility, will be governed by a separate Facility Use Agreement between the City and PSD to be executed following the outcome of the November 2024 election.

As further consideration for its use of the Aquatics Facility, once the facility is open PSD shall pay the City \$150,000 annually, which the City will use for the operation and maintenance of the Aquatics Facility. The City shall establish a long-term equipment replacement fund associated with the Aquatics Facility and PSD agrees to also pay the City \$45,000 annually as its contribution to this fund. The amount of both payments is estimated and shall be reevaluated and subject to annual inflation after the initial 7-year term, once the City has several years of data on actual costs. The City and PSD intend that these annual payments will continue so long as PSD continues to use the Aquatics Facility, but after the initial seven-year term of the IGA these amounts may be adjusted as agreed to by the City and PSD.

## 4. The Library Branch

The Library is under no obligation to participate in this project. If the Library participates in the project, it will share in design and construction costs and will equip and operate a library branch consisting of at least 30,000 square feet including meeting rooms and programming spaces to foster research, reading, lifelong learning innovation and creativity.

The Library and the City intend to negotiate and enter into a separate IGA memorializing their partnership in this project, which will include:

- a. The form of the Library's interest in the real property;
- b. Whether the library branch will be a stand-alone structure or part of a larger facility;
- c. Cost sharing of land acquisition, design, and construction costs; and
- d. Ongoing maintenance and operations of the real property and facilities.

## **CITY FINANCIAL IMPACTS**

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### **1. Capital Construction**

The originally envisioned outdoor pool and community center is slated to receive \$17.7M from the 2015 CCIP ¼-cent sales tax.

In expanding the facility's scope and adding the indoor aquatics facility, the City will incur an estimated \$30.0-\$35.0M in additional capital cost based on 2022 dollars. This estimate is net of the cost-sharing obligations of PSD and PRPLD under the agreement.

The anticipated funding for these added costs are CCIP reserves for the 2015-2024 ballot period (estimated to be up to \$10.0M) alongside a future debt issuance from the newly approved ½-cent sales tax for Parks, Recreation, Climate, and Transit.

## **2. Operations, Maintenance, and Equipment Replacement**

Groundbreaking is likely to occur in early 2025, for a two-year construction project. As such, the facility will not have operations and maintenance (O&M) costs proposed for the 2025-2026 budget cycle.

The earliest timing for O&M costs associated with the facility would be Q4 2026 to hire in advance of facility opening. In this case a revision offer, or supplemental appropriation would be brought to Council for consideration. The ongoing O&M costs will be included in the operating budget starting with the 2027-2028 budget cycle.

The IGA for consideration under this Resolution stipulates that PSD will pay the City \$150,000 annually for aquatics access and \$45,000 to assist with funding equipment replacement over time.

Cost recovery for similar facilities is generally 70%, based on fees charged to the Community, with the remainder of the O&M budget typically funded from the General Fund's ongoing revenues.

### **BOARD / COMMISSION / COMMITTEE RECOMMENDATION**

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None.

### **PUBLIC OUTREACH**

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Engagement and outreach were done as part of the 2022 Aquatics Study and the 2023 ½-cent Sales Tax Initiative.

### **ATTACHMENTS**

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1. Resolution for Consideration
2. Exhibit A to Resolution