



AGENDA ITEM SUMMARY

City Council

STAFF

Matt Robenalt, DDA Executive Director
Kristy Klenk, DDA Financial Coordinator
John Duval, Legal

SUBJECT

Second Reading of Ordinance No. 117, 2022, Approving the Fiscal Year 2023 Budget, and Being the Annual Appropriation Ordinance for the Fort Collins Downtown Development Authority, and Fixing the Mill Levy for the Downtown Development Authority for Fiscal Year 2023.

EXECUTIVE SUMMARY

This Ordinance, unanimously adopted on First Reading on November 1, 2022, sets the Downtown Development Authority ("DDA") Budget.

The following amounts will be appropriated:

DDA Public/Private Investments & Programs	\$7,800,493
DDA Operations & Maintenance	\$2,030,378
Revolving Line of Credit Draws	\$7,000,000
DDA Debt Service Fund	\$7,431,611

The Ordinance sets the 2023 Mill Levy for the Fort Collins DDA at five (5) mills, unchanged since tax year 2002. The approved Budget becomes the Downtown Development Authority's financial plan for 2023.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

BACKGROUND / DISCUSSION

The DDA was created in 1981 with the purpose, according to Colorado state statute, of planning and implementing projects and programs within the boundaries of the DDA. By state statute the purpose of the ad valorem tax levied on all real and personal property in the downtown development district, not to exceed five (5) mills, shall be for the budgeted operations of the authority. The DDA and the City adopted a Plan of Development that specifies the projects and programs the DDA would undertake. In order to carry out the purposes of the State statute and the Plan of Development, the City, on behalf of the DDA, has issued various tax increment bonds, which require debt servicing.

The DDA is requesting approval of the DDA Public/Private Investments and Programs budget for fiscal year 2023 in the amount of \$7,800,493 and DDA Operation and Maintenance budget for fiscal year 2023 in the amount of \$2,030,378. It is requesting appropriation of up to \$7,000,000 for the 2023 Line of Credit

draws. It is also requesting approval of the DDA debt payment commitments in the amount of \$7,431,611 for 2023 obligations.

The 2023 Public/Private Investments and Program budget is projected as follows:

Uses:

Alley Operations	\$ 121,669
Alley Capital Reserve Replacement	195,420
Alley Design and Construction (Tenney, W Oak)	120,090
Alley Design and Construction Phase 2 (3 alleys)	4,512,836
Alley Trash Enclosure Lease Payments	22,603
Business Marketing and Communications	92,533
Downtown River District Improvements (Willow St)	435,000
Façade Grant Program	377,470
Gateway Entrances	55,000
Nighttime Impact Study	35,000
Oak 140 Project	825,625
Old Town Square Operations	87,445
Old Town Square Capital Reserve Replacement	61,094
Projects and Programs 2022 Reserve	558,046
Tree Canopy Replacement	11,200
Urban Micro-Space Design Plan	113,314
Warehouse Operations	3,680
Other Public/Private Investments & Programs	<u>172,468</u>
Total	\$ 7,800,493

The 2023 Operations and Maintenance budget is projected as follows:

Uses:

Personnel Services	\$ 953,563
Contractual Professional Services	995,021
Purchased Supplies and Commodities	32,273
Other	<u>49,521</u>
Total	\$2,030,378

The 2023 Line of Credit draws, whose debt service payment will be made from the debt service fund, is projected to fund up to \$7,000,000:

Uses:

Old Firehouse Alley Parking Garage IGA Payment	\$ 300,000
Housing Catalyst/FC DDA LLC Loan (Oak140)	121,869
Multi-Year Reimbursement Payments	673,246
Project Management Fees	257,719
Business Marketing and Communications Program	350,200
Capital Asset General Maintenance Obligations	770,403
Capital Asset Replacement Reserve	306,505
Capital Asset Reserve & Replacement Annual Program	147,900
Future Public/Private Investments & Programs	<u>4,072,158</u>
Total	\$7,000,000

The DDA debt service fund is projected to have sufficient revenue to meet the required debt service payments for 2023.

Uses:

Debt Payment: 2023

\$7,431,611

CITY FINANCIAL IMPACTS

Adoption of this Ordinance will have no direct financial impacts on the City and its budget.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

At its September 8, 2022, meeting, the Downtown Development Authority Board of Directors adopted its proposed budget for 2023 totaling \$24,262,482 and determined the mill levy necessary to provide for payment of administrative costs incurred by the DDA. The amount of \$24,262,482 meets the reporting criteria of the City of Fort Collins accounting standards but the DDA would like City Council to be aware that the total amount does not directly reflect the anticipated revenues from Tax Increment or the 5 mills for 2023. The Public/Private Investments and Programs budget of \$7,800,493 are previously appropriated unspent funds of which 58% is dedicated to the design and construction of three alleys in 2023. The repayment of the Line of Credit of \$7,000,000 is reported as part of the Debt Service Payment total and is then reported separately for anticipated uses.

PUBLIC OUTREACH

Not applicable.

ATTACHMENTS

First Reading attachments not included.

1. Ordinance for Consideration