

AGENDA ITEM SUMMARY

Urban Renewal Authority



STAFF

Clay Frickey, Redevelopment Program Manager

SUBJECT

2023 Recommended Budget Hearing and Resolution No. 123 Adopting the 2023 Budget for the Fort Collins Urban Renewal Authority.

EXECUTIVE SUMMARY

The purpose of this item is to consider adoption of the 2023 budget for the Urban Renewal Authority. Staff submitted two budget offers for the Urban Renewal Authority (URA) as part of the City's Budgeting for Outcomes (BFO) process earlier in 2022. While the URA budget is provided to the City, it is reviewed and approved by the URA Board. One offer covers the costs of performing core functions of the URA. The second offer is for the URA's debt service payments. Combined, the total appropriation for the 2023 URA budget would be \$6,005,369. After these expenses, both the North College and Prospect South plan areas would generate excess revenues. Staff forecasts \$4.6 million in available cash in the North College plan area and \$1.4 million in available cash in the Prospect South plan area by the end of 2023.

STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

BACKGROUND / DISCUSSION

The Urban Renewal Authority (URA) participates in the City's biennial Budgeting For Outcomes (BFO) process when establishing its budget. The URA follows a process that incorporates the feedback of all URA Board members while still participating in the BFO process. Staff submitted initial budget offers as part of BFO in April. Staff provided a preview of the budget via memo on September 23 and presented the budget to the Finance Committee on October 13. The Finance Committee supported the budget as presented.

Overview of Budget Offers

The budget offer consists of two elements: operational costs and debt service. Both elements are ongoing budget offers, meaning they are essential to running the day-to-day operations of the URA. Operational costs cover the costs of staffing, insurance, and retaining legal counsel, amongst other costs. The debt service budget offer covers payments of all outstanding debt for all plan areas. The table below summarizes the amount of money staff seeks for appropriation to fund these budget offers and a comparison to the 2022 budget:

Table 1
2023 URA Budget Overview

Offer Name	2023 Budget Request	2022 Budget
Offer 66.1 – URA Core Offer	\$665,216	\$575,148
Offer 66.2 – URA Debt Service	\$5,340,153	\$5,224,766
Total	\$6,005,369	\$5,799,914

An itemized list of expenses for each budget offer is attached. The 2023 URA budget contains changes compared to the 2022 budget. Changes in the 2023 URA budget compared to the 2022 budget include:

- North College URA TIF increase of 14% over 2022 budget. Other URAs remain flat to 2022.
- Foothills Mall Sales Tax Increment and associated developer payment budget higher in 2023 based on 2022 actuals.
- Foothills Mall Property Tax Increment and associated developer payment budget lower in 2023 based on updated assessment.
- Interest income increase based on rate hikes.
- Operating expenses budgeted higher in 2023 than 2022 due to increase in personnel costs, increases in consulting and legal services.

Both the North College and Prospect South plan areas will generate excess revenues with the current proposed budget. By the end of 2023, North College is anticipated to have \$4.6 million in cash available while Prospect South will have \$1.4 million in cash available. The Foothills Mall plan area passes TIF revenues to the Foothills Metro District, leaving the URA with no excess revenues to invest in other priorities.

Expense Type	North College	Prospect South
Cash Inflows 2023	\$3,061,364	\$700,382
Cash Outflows 2023	(\$1,708,075)	(\$460,294)
Net Change in Cash 2023	\$1,353,289	\$240,088
Projected Ending Cash Balance 2022	\$4,231,976	\$1,530,837
Projected Ending Cash Balance 2023	\$5,585,265	\$1,770,925
Restricted Cash Balance 2023	(\$946,163)	(\$370,194)
Net Available Cash Balance Ending 2023	\$4,639,102	\$1,400,731

CITY FINANCIAL IMPACTS

Not applicable.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

URA Finance discussed the 2023 budget on October 13. The Finance Committee supported the budget as presented. Members of the Finance Committee had questions about how staff develops its revenue forecast in light of recent legislation reducing the assessment rates of multi-family and hotel properties for 2022 and 2023. Finance Committee members were curious how these assessment rates change the URA's revenue outlook since this legislation has resulted in a 10% reduction in tax collections for other taxing entities. Staff have not received a response from the Assessor's Office by the time of publishing agenda materials. Staff will provide an update at the budget hearing to aid with the Board's deliberations on the budget.

PUBLIC OUTREACH

Not applicable.

ATTACHMENTS

1. Resolution for Consideration
2. Resolution Exhibit A
3. Resolution Exhibit B
4. Resolution Exhibit C
5. Resolution Exhibit D
6. Budget Offers
7. TIF Revenue Summary Year To Date
8. Presentation