

# AGENDA ITEM SUMMARY

Urban Renewal Authority



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## STAFF

Josh Birks, Acting Executive Director

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## SUBJECT

**Public Hearing and Resolution No. 129 Adopting the 2024 Budget for the Fort Collins Urban Renewal Authority.**

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## EXECUTIVE SUMMARY

The purpose of this item is to consider adoption of the 2024 budget for the Fort Collins Urban Renewal Authority. Staff submitted two budget offers for the Urban Renewal Authority (URA) as part of the City's biennial Budgeting for Outcomes (BFO) process in 2022. Since the City produces a two-year budget as part of BFO, staff prepared a two-year budget for the URA for 2023 and 2024. The 2024 budget as presented mirrors the information presented to the Board in 2022 and contains updated revenue and expense forecasts based on the County Assessor's most recent property reassessment and 2023 expenditures to date.

The first budget 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 original appropriation for the 2024 URA budget would be \$6,121,898. After these expenses, both the North College and Prospect South plan areas would generate excess revenues. Staff forecasts nearly \$7.6 million in available cash in the North College plan area and \$1.7 million in available cash in the Prospect South plan area by the end of 2024. Public notice of this public hearing was published in the Coloradoan Newspaper on Sunday, November 12, 2023.

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## STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

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## 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, 2022. Staff provided a preview of the budget via memo on September 23, 2022 and presented the budget to the Finance Committee on October 13, 2022. The Finance Committee supported the budget as presented. The URA Board then adopted the 2023 budget on October 27, 2022. Staff presented forecasts and budget offers for 2024 as part of the 2023 budget adoption. The 2024 budget as presented mirrors the information presented to the Board in 2022 and contains updated revenue and expense forecasts based on the County Assessor's most recent property reassessment and 2023 expenditures to date.

## 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 2023 budget:

Offer Name	2023 Budget	2024 Budget Request
Offer 66.1 – URA Core Offer	\$665,216	\$682,345
Offer 66.2 – URA Debt Service	\$5,340,153	\$5,439,553
<b>Total</b>	<b>\$6,005,369</b>	<b>\$6,121,898</b>

Changes in the 2024 URA budget compared to the 2023 budget include:

- Reduced property tax, Tax Increment Financing (TIF), revenue and developer repayment for Foothills Mall based on preliminary August 2023 report.
- Small increases in operating costs and debt service including hourly personnel support and small incremental increases for personnel and anticipated inflationary costs over 2023 budget amounts.
- TIF increases for North College and Prospect South due to increased property values.
- 2024 Property Tax was based originally on the 2022 TIF Warrant with an inflation value applied. Revenue Increment was increased in cash flow forecasts to reflect the preliminary values in the August 2023 Warrant report.

Both the North College and Prospect South plan areas will generate excess revenues with the current proposed budget. By the end of 2024, North College is anticipated to have nearly \$7.6 million in cash available while Prospect South will have close to \$1.7 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 2024	\$4,389,941	\$883,849
Cash Outflows 2024	(\$1,735,693)	(\$458,794)
Net Change in Cash 2024	\$2,654,248	\$425,055
Projected Ending Cash Balance 2023	\$5,885,838	\$1,677,150
Projected Ending Cash Balance 2024	\$8,540,086	\$2,102,205
Restricted Cash Balance 2024	(\$946,363)	(\$370,194)
<b>Net Available Cash Balance Ending 2024</b>	<b>\$7,593,723</b>	<b>\$1,732,011</b>

Collections of TIF revenue are on track and/or above estimates for 2023. With the County Assessor reassessing property values in 2021-2023 and the URA collecting property taxes a year in arrears, staff expect stable revenues through 2023-2024.

## COMMITTEE RECOMMENDATION

URA staff was scheduled to present the proposed 2024 budget to the URA Finance Committee on October 12, 2023. The Finance Committee was unable to achieve a quorum and as a result, did not provide a recommendation.

## **AUTHORITY FINANCIAL IMPACTS**

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None.

## **PUBLIC OUTREACH**

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None.

## **ATTACHMENTS**

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1. Resolution for Consideration
2. Exhibit A to Resolution
3. Exhibit B to Resolution
4. Exhibit C to Resolution
5. Exhibit D to Resolution
6. URA Budget Offers from BART
7. 2024 Revenue Forecast
8. Tax Increment Financing Revenue Year to Date
9. Presentation