



WORK SESSION AGENDA ITEM SUMMARY

City Council

STAFF

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SUBJECT FOR DISCUSSION

East Mulberry Plan Update and Potential Annexation Approach.

EXECUTIVE SUMMARY

The purpose of this item is to seek Council insight into the East Mulberry Plan update and potential annexation considerations related to the plan update. Staff will share a potential approach to annexation for Council to consider based on a concept referred to as 'tipping points'. Staff will also share and seek Council input on options pertaining to how staff should proceed with updating the East Mulberry Plan.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does Council have feedback on a potential annexation approach based on tipping points?
2. Does Council prefer a more targeted update or a full update of the East Mulberry Plan?

BACKGROUND / DISCUSSION

Staff has been modeling financial scenarios related to potential future annexation of the East Mulberry enclave with an outside consultant, Economic Planning Systems, since late 2020. Staff has also been working towards an update to the East Mulberry Plan, including extensive community engagement, since early 2021. Recent Council discussions on this topic include:

- March 2021: Work session focused on the plan update, strategic approach to plan-making and annexation evaluation.
- April 2022: City Council and County Commissioner discussion of potential future annexation and the existing Intergovernmental Agreement for Growth Management.
- April 2022: Work session focused on overall community approach to annexation and growth management, including implications for the East Mulberry Enclave area.
- August 2022: Staff presented a financial analysis framework for five subarea designations within a 20-year timeframe separated into 5-year increments.
- October 2022: Staff presented Opportunities and Tradeoffs by Character Area and received feedback to provide ranges of costs to inform future discussions at the November 8th full Council Work Session

Financial Summary

Several financial scenarios were presented at the August 1, 2022 Council Finance Committee meeting. Five phased approaches were analyzed, looking at a twenty-year evaluation timeframe. Each of these scenarios emphasized a different prioritization schema, resulting in alternative timing and ordering of the full annexation area. However, the financial model can be modified to accommodate other assumptions and priorities depending on future direction from Council. The financial impacts of these scenarios are presented below, which includes both the ongoing operating revenues and expenses, as well as one-time development/impact fees and capital expenditures:

Governmental: 20-year View		
(\$M)	Range	Avg. / Yr.
Revenue	\$80 - \$210	\$4 - \$10
Expense	(\$115) – (\$265)	(\$6) – (\$13)
Margin	(\$35) – (\$55)	(\$2) – (\$3)

Utilities: 20-year View		
(\$M)	Range	Avg. / Yr.
Revenue*	\$75 - \$240	\$4 - \$12
Expense	(\$200) – (\$325)	(\$10) – (\$16)
Margin	(\$85) – (\$125)	(\$4) – (\$6)

* Note: Utility Revenues reflect current rate structures and don't include rate adjustments to cover added costs of potential acquisition.

Primary expenditure drivers are highlighted below:

- **Police Services:** Analysis of existing activity in the annexation area suggests that up to 35 additional FTE (23 sworn officers; 12 professional support) would be required at an annual cost of in excess of \$6 million.
- **Streets/Traffic:** The annexation area encompasses nearly 46 miles of roadways, of which approximately 30 miles would likely come under City maintenance and upkeep. Annual estimate of maintaining is around \$750,000. Potential additions of up to 14 miles of roadway w/ new developments would increase this figure.
- **Light & Power:** Capital expenditure estimate for connectivity and sub-station buildout requirements is \$90 - \$100 million.
- **Stormwater:** Capital improvements primarily related to the Cooper Slough and Dry Creek/Lincoln channel areas is approximately \$40 million.

Additionally, the scenarios above were also evaluated by accelerating or de-accelerating the potential annexation timeframes. While the annual, average bottom line impacts are not much different than the above estimates, accelerating the timeframes does increase risks by committing to larger expenditure outlays upfront (police, street maintenance, L&P infrastructure) with revenues dependent on development activity and increased revenue generation to come.

The governmental sector will require additional funding to pursue any potential annexation option. No specific identified source of funding is currently available and council priorities and existing needs will help inform the extent to which funding may become available. The recent Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA) may provide some opportunity for federal funding assistance. On the utility side, mechanisms are in place to pay for additional requirements brought on by potential annexations, subject to impacts to existing projects and funding requirements, and the resulting impact to ratepayers.

Opportunities and Trade-Offs: Character Area Analysis

During the October 20, 2022 Council Finance Committee, staff presented a series of opportunities and trade-offs based on designated “character areas” within the East Mulberry Plan area. Slides and supplemental content presented during that session are included as attachments. The opportunities and trade-offs were developed through engagement efforts both with City staff and through community conversations held with residents and business-owners within the East Mulberry Plan area over the past two years. These opportunities and trade-offs will be used to create the basis for analysis and policy recommendations within the East Mulberry Plan update.

East Mulberry Corridor Plan (2002)

The East Mulberry Corridor Plan was jointly adopted by the Fort Collins City Council and Larimer County in 2002. One of the primary plan objectives was to implement the 1997 City Plan guidance to the East Mulberry Corridor. Additional objectives included addressing key issues such as:

- Provision and maintenance of public facilities and services
- Annexation
- Costs of improvements
- Redevelopment
- Streetscape Design

In the 2002 East Mulberry Plan introduction, community members and residents expressed concerns about traffic congestion, safety, and infrastructure decline. Continued growth and change without mechanisms for addressing these issues may impact the quality of life in the area.

Fort Collins Subarea Plans: Position and Purpose

Subarea plans like the East Mulberry Plan are important tools for implementing geography-specific implementation strategies of broader city policy and goals. Subarea plans can achieve the following:

- Address important issues and opportunities unique to a given area
- Offer context-sensitive implementation and funding strategies that are actionable
- Provide land use guidance that supersedes the City Plan Structure Plan
- Guide policy considerations related to large potential annexations

East Mulberry Plan Update: Why Update? Why Now?

Much has changed since the East Mulberry Corridor Plan was created in 2002. In the 20 years since the plan was adopted, conditions have changed both in the East Mulberry Plan area and across the broader Fort Collins community. A plan update should be pursued for the following reasons:

- The East Mulberry Enclave was created in 2018 and became eligible for annexation in 2021. Since the adoption of the 2002 plan predated these conditions, the East Mulberry Plan did not address this specifically through policy recommendations or other elements of the plan.

- Many comprehensive citywide documents have been updated since the East Mulberry Plan was adopted. This includes City Plan, the City's Land Development Code (formerly Land Use Code), key outcome areas of the City's Strategic Plan, amongst others. An East Mulberry Plan update could ensure alignment with these documents.
- Substantial development activity is occurring in the East Mulberry Plan area. Specifically, the Bloom and Mosaic communities may be catalysts for additional development proposals in this area. A plan update could address known future development and proactively address the remaining undeveloped areas of the East Mulberry Plan area.
- Market conditions have also changed, creating a need to analyze current zoning designations and explore application of policies that could serve to protect and preserve existing land uses while creating opportunity for new development.

Potential Plan Policy and Strategy

Throughout the past year, staff have shared a range of potential annexation approaches and their associated advantages and tradeoffs for Council consideration. Two of these potential annexation approaches include:

- Voluntary annexation: annexing individual properties as they develop or redevelop. This option represents the current status quo.
- Annexing portions of the East Mulberry Enclave in phases, like the Southwest Enclave Annexation.

Staff has been exploring an additional potential approach for Council consideration. This approach is based on "tipping points". Tipping points could be defined as catalytic investments or changes in condition that may prompt annexation into the city. When a tipping point is activated, strategic annexation of the area in question and potentially the surrounding parcels could be initiated. Tipping points for consideration could include a combination of predictable or anticipated events, opportunities, and other defined conditions. Specifically, opportunities to achieve city priorities, major development/redevelopment activity, funding opportunities, and infrastructure upgrades. Because tipping points would be initiated when future conditions are met, tipping points and opportunities to consider annexation may be spread across a longer time horizon. Some potential tipping points that staff have begun formulating for evaluation include:

- **Maintaining Logical Boundaries:** Over time, voluntary annexation establishes a smaller island of parcels or area that is essentially surrounded by City of Fort Collins. To create or maintain logical boundaries for enforcement, provision of services (i.e., police services, roadway/sidewalk improvements, and create areas of compatible land uses), annexation of the parcels to form more logical or contiguous boundaries may be a tipping point.
- **Proactive Resource Protection:** Imminent impact to a critical natural resource or buffer. To apply natural resource protection under city codes, this may be considered a tipping point for considering annexation.
- **Redevelopment Risk:** Eventual property sales could pose a risk of redevelopment to existing mobile home parks. Protection of this existing affordable housing stock may be a tipping point to consider annexation.
- **External Funding:** The city is awarded external funding to undertake a major infrastructure project. Implementation of this major infrastructure project could reduce the cost burden of annexing certain areas within the East Mulberry Enclave. Award of external funding opportunities may be tipping points.

The advantages and tradeoffs of the aforementioned annexation approaches are captured in the following table:

Potential Annexation Approach	Advantages	Tradeoffs
Annex individual properties as they develop (voluntary annexation)	<ul style="list-style-type: none"> • The city’s cost burden is more gradual. 	<ul style="list-style-type: none"> • Could lead to a checkerboard pattern of city and county jurisdiction. • Challenging for implementing long-term, large-scale vision. • Regional infrastructure improvements would be difficult to implement. • New development and redevelopment hindered by inadequate or non-existent infrastructure.
Annex portions of enclave in phases (like the Southwest Enclave Annexation)	<ul style="list-style-type: none"> • Costs can be anticipated by annexation phase. • Phases provide structure for an implementation framework. • Predictability for residents and businesses. 	<ul style="list-style-type: none"> • City would still incur significant cost burden as phases are brought into the city.
Annex portions of the enclave at ‘tipping point’ intervals	<ul style="list-style-type: none"> • Council and staff can frequently revisit and consider tipping points. • Proactively allows planning for and accommodation of tipping points without the need to take on a specific potential annexation strategy. • The East Mulberry Plan document can serve as an implementation tool and resource rather than just high-level guidance. 	<ul style="list-style-type: none"> • Open-ended nature of timing could be less predictable for residents and businesses. • May require additional and ongoing coordination with Larimer County.

Options for Consideration: Plan Update

As described earlier in this document, the East Mulberry Plan requires an update for a variety of reasons. The type of plan update that staff will take on is dependent on the potential annexation strategy Council wishes to pursue. Staff have categorized these plan update options for Council consideration as a targeted update or a full update. These options are described further below:

- **Targeted Update of the Existing East Mulberry Corridor Plan**
 - Assumes that voluntary annexation at a parcel-by-parcel level will continue over time.
 - Out-of-date conditions would be updated.
 - Framework Plan and other elements would be updated to align with recent citywide guidance documents, such as City Plan and the most recent Strategic Plan.

- Requires fewer staff resources than anticipated.
- Resulting plan is a policy guidance document, similar to the 2002 East Mulberry Plan.
- **Full Update:**
 - Would provide a more specific annexation and land use strategy assuming potential annexations under a tipping points-based framework.
 - Out-of-date conditions would be updated.
 - Current work plan and staffing resources anticipate a full update.
 - Resulting plan is a tool to guide decision making and investment.

NEXT STEPS

Late Winter/Spring 2023:

1. Work Session to confirm direction and content of East Mulberry Plan update
2. Work Session focused on East Mulberry Plan Update (Draft Plan)
3. Consideration of adoption of the East Mulberry Plan Update

Note: There are currently no scheduled Council actions related to annexation timing or phasing.

ATTACHMENTS

1. East Mulberry Character Areas: Review of Opportunities and Tradeoffs
2. Presentation