



## AGENDA ITEM SUMMARY

City Council

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### STAFF

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Travis Storin, Chief Financial Officer,  
Jason Licon, Northern Colorado Regional Airport Director  
Ryan Malarky, Legal

### SUBJECT

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**First Reading of Ordinance No. 031, 2023 Appropriating Prior Year Reserves for a Conditional Capital Contribution of \$1,000,000 for Construction of a New Public Terminal Facility at the Northern Colorado Regional Airport.**

### EXECUTIVE SUMMARY

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The purpose of this item is for Council to consider a public position of support by appropriating an anticipated \$1,000,000 conditional capital contribution for the construction of a new public terminal facility (Project) at the Northern Colorado Regional Airport (Airport). Total Project costs are estimated to be \$25,000,000, and this Ordinance's adoption by the end of February helps to secure the anticipated \$21,000,000 of federal funding. At the suggestion of the Council Finance Committee, staff has developed a series of performance indicators to use as terms and conditions of the City contribution.

### STAFF RECOMMENDATION

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Staff recommends adoption of the Ordinance on First Reading.

### BACKGROUND / DISCUSSION

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The Airport, which is jointly owned by the Cities of Fort Collins and Loveland, is seeking additional funding to complete the total need for the \$25M Project. This new terminal will replace the inadequate, temporary facilities used for growing multi-modal transportation segment, charters, and future airline services. The new terminal will include two airline gates, Denver International Airport (DIA) transportation, and transit access.

The current terminal was constructed in 1989 for 19 passenger aircraft. This facility does not meet current or future capacity needs nor accessibility standards. The existing building will be repurposed for TSA, airline, and Airport office space and the modular structure will be decommissioned. The new 19,400 square foot terminal would support two airline gates, transportation to and from DIA, transit and Transportation Network Company (rideshare) access, and future expansion. The facility is being designed to a LEED Silver level of sustainability.

The total cost of the Project is being funded by Federal Funds (\$21M), Airport Capital Reserves (\$2M), City of Loveland contribution (\$1M), and this request for a City of Fort Collins Contribution of (\$1M). This will give the Project the total needed to complete the work.

The current Airport Master Plan was adopted by both Cities in 2020. Beginning in January 2021, the Airport conducted public design charrettes and other outreach regarding the Project. Phase 1 of the Project was an expansion of the aircraft parking apron for \$3M, which was 100% federally funded and completed in October 2021. Due to funding shortfalls, a major design change of the Project was completed in October 2022 to reduce the overall cost burden.

Current phase 2 estimates construction costs of \$18.5M and terminal facility soft costs of \$3.5M. Design is anticipated to be completed in April 2023, followed by contractor bidding concluding in May 2023. Construction is scheduled to start in June 2023 and conclude in October 2024.

A portion of the federal funding associated with the Project is contingent on the contributions from the Cities of Loveland and Fort Collins, combined with Airport reserves, to meet the local match obligation of \$4M and trigger the release of federal funds. This federal funding associated with the Project is time-limited to be spent by July 2024, which the Project schedule accommodates.

At the recommendation of Council Finance Committee. City and Airport staff collaboratively developed a series of performance indicators to be used as conditions for the City’s capital contribution. This team recommends inclusion of the following:

Condition	Baseline / Current State	Target State	Timeline
1) Leadership in Energy and Environmental Design (LEED) Silver building certification	N/A	Yes	1Q 2025
2) Public art commitment at 1% of non-federal contributions	No	Yes	1Q 2025
3) Carbon Footprint of Building	236 MTCO2e	198 MTCO2e	1Q 2025
4) Number of annual outbound passengers served (bus and air)	18,000	33,000	YE 2028
5) Enhanced accessibility	Partial	Fully	1Q 2025

\*Loveland and Fort Collins each pay \$183,395 per year on a ground lease of Airport property for use by the Northern Colorado Law Enforcement Training Center, and each City carries insurance coverage for the property and liabilities of the Airport.

Staff recommends adoption of this Ordinance on the basis of strategic objectives 3.1 and 6.4, which read: Collaborate with local and regional partners to achieve economic resilience in Northern Colorado; and Support and invest in regional transportation connections.

Should the Council adopt this Ordinance, Staff will negotiate and execute an intergovernmental agreement (IGA) with the City of Loveland for this capital contribution and to include in the IGA the proposed performance indicators and any others Council may request as milestones when some or all of the contribution would be repaid by Loveland to the City if the performance indicators are not met.

As proposed in the Ordinance, the IGA with Loveland would provide:

- (1) if either of the performance indicators for Silver LEED, and building carbon foot-print are not achieved by March 31, 2025, the City shall be repaid \$150,000 of the capital contribution for each performance indicator not achieved within the agreed timeframe;
- (2) if the Airport's annual outbound passengers served by air and bus utilizing the new facility are not 33,000 or more passengers for the calendar year 2028, the City shall be repaid \$200,000.

As written above, if none of the performance indicators are satisfied, the City would receive total repayments of \$500,000. There is no payback amount specifically assigned to achievement of the public art commitment and the enhanced accessibility performance indicators, but their timely achievement will be required in the IGA.

The Ordinance authorizes the City Manager to sign the IGA without further action by the City Council. It also authorizes the City Manager to agree in the IGA, in consultation with the City Attorney, to modification of the repayment and credit conditions so long as such modifications do not remove or significantly change any of the performance indicators and they do not substantially change the timing or amounts of the credit and repayment obligations. In addition, the Ordinance provides that the City Manager may agree to such other terms and conditions in the IGA as she determines, in consultation with the City Attorney, are necessary or appropriate to protect the interests of the City.

It also needs to be noted that because of TABOR, Loveland's financial obligations under the IGA will be subject to annual appropriation by Loveland's City Council of the needed funds.

### **CITY FINANCIAL IMPACTS**

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The proposed contribution would come from General Fund reserves. While year-end financial statements are still in a draft stage and have yet to undergo the external audit, preliminary figures show an increase in General Fund reserves of approximately \$9M. These funds are available for any municipal purpose through supplemental appropriations, the 2024 budget revision cycle (to be conducted in late summer 2023), and the 2025-2026 BFO cycle.

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

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Council Finance Committee did not reach a recommendation to the Council, instead directing staff to bring the item for discussion with the full Council.

### **PUBLIC OUTREACH**

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None.

### **ATTACHMENTS**

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1. Ordinance for Consideration
2. Presentation