

**GRAND JUNCTION CITY COUNCIL
ADDITIONAL WORKSHOP
MONDAY, OCTOBER 16, 2006, 11:30 A.M.
ADMINISTRATION CONFERENCE ROOM
2ND FLOOR CITY HALL
250 N. 5TH STREET**

11:30 a.m. **TAX INCREMENT FINANCING:** Proposal to issue additional TIF bonds for major capital projects in the downtown area.

[Attach 1](#)

ADJOURN

Proposed New TIF Bonds

CITY OF GRAND JUNCTION

CITY COUNCIL AGENDA						
Subject		Proposed New TIF Bonds				
Meeting Date		October 16, 2006				
Date Prepared		September 27, 2006				
Author		Ron Lappi		Administrative Services Director		
Presenter Name		Ron Lappi		Administrative Services Director		
Report results back to Council			No	X	Yes	When November 1, 2006
Citizen Presentation		X	Yes		No	Name DDA Board
X	Workshop		Formal Agenda			Consent
						Individual Consideration

Summary: A request for City Council support to issue \$2,180,000 in additional Tax Increment Financing (TIF) bonds in 2006 for major capital projects in the downtown area. This amount fully utilizes the remaining capacity in the original 1982 \$10 million authorization for debt, until the additional bond capacity is added by an April, 2007 election.

Budget:

Sufficient resources are available in the TIF Revenue Fund to repay this bond in December, 2007 with interest for an estimated amount of \$2.3 million.

Action Requested/Recommendation: Direct staff to prepare the bond ordinance for City Council consideration on November 1, 2006 with final reading after a public hearing on November 15, 2006. Also, secure bids from local banks to buy this bond at closing on December 23, 2006.

Attachments:

Proposed Exhibit A to the Bond Ordinance
 Financial Projection for the TIF Capital Fund
 TIF Revenue Fund Long Range Financial Analysis

Background Information: Issuance of additional TIF bonds for projects underway has been requested and contemplated for 2006 and 2007. While there are projects in various planning stages for the next six years through 2012, long term bonds cannot be issued until the technical problem with the TIF extension election is corrected in April 2007. It is expected after that election, the City will issue additional significant bonds, up to as much as \$7 million in January 2008. It is much more cost effective to issue these small TIF bonds directly to local banks, as

underwriting costs can be avoided and issue a small number of annual jumbo bonds, instead of the normal \$5,000 increments sold at retail. In early 2007 the City of Grand Junction will be borrowing the remainder of the authorized Riverside Parkway Bonds of \$23 million, and any year the City issues more than \$10 million in bonds, the bonds lose their bank qualification that year. Therefore, the City should wait until January of 2008 to issue this large and perhaps final TIF bond. A working capital advance from the City's cash and investment program would pick up the slack to the extent needed to get the TIF Capital Fund to January 2008.

Attached to this report are several important schedules and spreadsheets that are relative to this bond issue and future projections. The first attachment is the proposed Exhibit A to the bond resolution and ordinance; which identifies the projects that these specific bond proceeds will be used for. It includes the parking garage downtown and the 7th Street Project. Other planned projects will be funded with the next issue in January 2008. A projection of the TIF Capital Fund shows that the City will still be spending approximately \$8.3 million on projects through 2009; which is the same amount originally planned before the extension problem was discovered. The City and DDA will therefore be able to meet the original project commitments. The last attachment shows the TIF Revenue Fund projections through the end of the extended TIF of 2011, with final revenues coming in 2012 for this fund.

Exhibit A
(Description of the Project)

New Downtown Parking Garage	\$1,180,000*
Streetscape Project: 7 th Street (Grand to Pitkin)	<u>1,000,000*</u>
<i>Total</i>	\$2,180,000

* Estimate

TIF CIP Fund #203

Financial Projection

	2006	2007	2008	2009	TOTALS
SOURCES					
<u>OUTSIDE FUNDING</u>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	35,000	50,000	100,000	134,121	319,121
Donations & Other	-	-	-	-	-
Capital Proceeds	-	-	-	-	-
-Sales of Building	-	-	-	-	-
-Line Of Credit	-	2,350,000	-	-	2,350,000
-Bond Proceeds	2,180,000	-	7,000,000	-	9,180,000
Subtotal: Outside Funding	2,215,000	2,400,000	7,100,000	134,121	11,849,121
<u>TRANSFERS-IN</u>					
Fund 103	-	-	-	-	-
Fund 109	-	-	-	-	-
Other Funds	-	-	-	-	-
Subtotal: Transfers-In	-	-	-	-	-
Total Sources	\$ 2,215,000	\$ 2,400,000	\$ 7,100,000	\$ 134,121	\$ 11,849,121
USES					
<u>EXPENSES</u>					
Labor	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Personnel Operating	-	-	-	-	-
Project Specific [* = Actual Expenditures]	-	-	-	-	-
*640 Colorado	57,486	-	-	-	57,486
*Main Street Breezeway	250,110	-	-	-	250,110
-Snap Photo Purchase	127,628	-	-	-	127,628
-7th Street Project (Xfer-Out to Fund 2011)	500,000	2,200,000	-	-	2,700,000
-Downtown Parking Garage (Xfer-Out to Fund 308)	500,000	1,630,000	-	-	2,130,000
*Sculpture Purchases	48,425	100,000	50,000	50,000	248,425
-Main Street Lighting (Xfer-Out to Fund 2011)	-	-	-	400,000	400,000
-Colorado Avenue (Xfer-Out to Fund 2011)	-	100,000	800,000	900,000	1,800,000
-Downtown Housing Project	-	500,000	-	-	500,000
-Property Acquisitions	-	-	100,000	-	100,000
-Avalon Theater	-	-	100,000	-	100,000
-Repair, Restoration and Renovation of Downtown Properties	-	-	-	100,000	100,000
*Misc.	464	-	-	-	464
Subtotal: Expense	1,484,113	4,530,000	1,050,000	1,450,000	8,514,113
<u>TRANSFERS-OUT</u>					
-Repay L.O.C.	-	-	2,350,000	-	2,350,000
-	-	-	-	-	-
Subtotal: Transfers-Out	-	-	2,350,000	-	2,350,000
Total Uses	\$ 1,484,113	\$ 4,530,000	\$ 3,400,000	\$ 1,450,000	\$ 10,864,113
NET SOURCE (USE)	\$ 730,887	\$ (2,130,000)	\$ 3,700,000	\$ (1,315,879)	\$ 985,008
BEGINNING FUNDS AVAILABLE	\$ 1,404,588				
ENDING FUNDS AVAILABLE	\$ 2,135,475	\$ 5,475	\$ 3,705,475	\$ 2,389,596	\$ 2,389,596

DDA / Tax Increment Financing Long-Range Financial Analysis

1999 Actual	2000 Actual	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006	2007	2008	2009	2010	2011	2012
\$ 411,612	\$ 636,835	\$ 753,096	\$ 934,337	\$ 1,209,471	\$ 229,647	\$ 602,158	\$ 1,126,049	\$ 893,008	\$ 99,375	\$ 1,560,195	\$ 1,318,886	\$ 1,227,562	\$ 1,232,932
\$ 367,721	\$ 455,554	\$ 497,848	\$ 579,759	\$ 868,175	\$ 866,514	\$ 1,008,615	\$ 1,086,068	\$ 1,172,641	\$ 1,303,891	\$ 1,392,510	\$ 1,523,760	\$ 1,613,454	\$ 1,744,704
54,835	69,041	82,337	100,410	146,735	150,687	168,800	173,800	178,800	183,800	188,800	193,800	198,800	203,800
84,415	95,808	111,232	131,258	129,970	117,389	148,886	163,775	174,420	185,757	197,831	210,691	224,385	238,970
45,438	63,550	66,852	58,445	43,624	31,114	41,918	50,000	40,185	4,472	70,209	59,350	55,240	55,482
\$ 552,410	\$ 683,954	\$ 758,268	\$ 869,872	\$ 1,188,504	\$ 1,165,704	\$ 1,368,219	\$ 1,473,642	\$ 1,566,046	\$ 1,677,920	\$ 1,849,350	\$ 1,987,601	\$ 2,091,879	\$ 2,242,956
\$ 140,000	\$ 150,000	\$ 160,000	\$ 165,000	\$ 795,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	200,000	225,000	250,000	1,325,000	-	-	-	-	-	-	-	-	-
76,340	69,480	61,830	53,430	62,135	-	-	-	-	-	-	-	-	-
35,649	75,050	67,650	59,325	70,025	-	-	-	-	-	-	-	-	-
					690,000	730,000	1,575,000	-	-	-	-	-	-
					60,863	52,238	39,463	-	-	-	-	-	-
								2,180,000	-	-	-	-	-
								115,540	-	-	-	-	-
									186,050	1,600,000	1,700,000	1,800,000	1,900,000
500	500	500	500	800	-	-	500	500	500	500	1,000	1,000	1,000
11,336	-	-	-	-	-	-	20,000	-	-	20,000	-	-	-
				(142,971)									
-	-	(8,000)	-	-	-	-	-	-	-	-	-	-	-
263,825	495,030	506,980	528,255	2,109,989	750,863	782,238	1,634,963	2,296,040	186,550	1,992,600	1,989,100	1,999,000	2,003,600
7,388	9,112	9,970	11,607	17,388	17,334	20,172	21,721	23,453	26,078	27,850	30,475	32,269	34,894
55,974	63,550	60,077	54,877	40,950	24,996	41,918	50,000	40,185	4,472	70,209	59,350	55,240	55,482
\$ 327,187	\$ 567,692	\$ 577,027	\$ 594,739	\$ 2,168,328	\$ 793,193	\$ 844,328	\$ 1,706,684	\$ 2,359,678	\$ 217,100	\$ 2,090,659	\$ 2,078,925	\$ 2,086,509	\$ 2,093,976
\$ 225,223	\$ 116,262	\$ 181,241	\$ 275,133	\$ (979,824)	\$ 372,511	\$ 523,891	\$ (233,042)	\$ (793,632)	\$ 1,460,820	\$ (241,309)	\$ (91,325)	\$ 5,370	\$ 148,980
\$ 636,835	\$ 753,096	\$ 934,337	\$ 1,209,471	\$ 229,647	\$ 602,158	\$ 1,126,049	\$ 893,008	\$ 99,375	\$ 1,560,195	\$ 1,318,886	\$ 1,227,562	\$ 1,232,932	\$ 1,381,912
\$ 3,270,000	\$ 2,920,000	\$ 2,535,000	\$ 2,120,000	\$ 3,000,000	\$ 2,305,000	\$ 1,575,000	\$ 2,180,000	\$ -	\$ 7,000,000	\$ 5,400,000	\$ 3,700,000	\$ 1,900,000	\$ -

