



CITY MANAGER

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- AGENDA ITEM:** 12
- MEETING DATE:** October 16, 2007
- DEPARTMENT:** City Manager's Office
- DESCRIPTION:** Public hearing and first reading of an ordinance enacting a supplementary budget and appropriation number 14 for the City of Loveland, Colorado to the purchase property at 1452 South County Road 7, Loveland, Colorado.
- SUMMARY:** The purchase of roughly 97 acres on South County Road 7 is deemed to be important to provide for the orderly urban planning and development of land under the City's comprehensive land use master plan and other development standards, to preserve and facilitate the orderly development of the City's entryway transportation corridors, and to facilitate economic development within the 402 highway corridor.
- The City will internally finance the 402 property purchase. The city council capital reserve will provide \$1.6 million upfront and the money will be advanced from the accumulated capital expansion fees for fire (\$3.2 million) and recreation (\$2 million). The city council capital reserve will repay the capital expansion fees at the average interest rate being earned on the City's investment portfolio for the preceding twelve months, adjusted annually. The City is using the same interest criteria prescribed by the City Charter Section 13-3 (b) for inter-fund loans from the utility funds. The loan is structured with a ten year term, loading the principal repayment in the last five years of the repayment schedule. Two spreadsheets are attached: one that demonstrates the structure of the loan and one that demonstrates expected fund balances with projects in the capital improvement plan and the inter-fund loan repayment. These documents are illustrations of how the repayment of the loan would work given the assumptions in interest rates. The Fire and Recreation CEF were selected as the lending sources because the money is being accumulated for projects toward the end of the ten year planning horizon and the ending balances are sufficient to retain flexibility to address capital needs associated with growth that could arise in any particular year during the term of the loan. There is no risk to those funds because the money will be earning the same interest rate as it would in the investment portfolio.

COUNCIL ACTION RECOMMENDED:

1. Approve the ordinance on first reading.
2. Adopt the following motion:

That the City Clerk shall cause to be published in a newspaper of general circulation within the City the following notice:

Public notice is hereby given that at 6:30 p.m. on November 6, 2007 in the City Council Chambers, City Hall, 500 East Third Street, Loveland, Colorado, the Loveland City Council will consider on second reading an Ordinance Enacting Supplementary Budget and Appropriation No. 14 for the City of Loveland, Colorado. A public hearing shall be held prior to said consideration. The proposed supplementary budget and appropriation is available for inspection by the public at the City Clerk's Office. Any interested elector of the City of Loveland may file any objections to the proposed supplementary budget and appropriation at any time prior to the final adoption of the supplementary budget and appropriation by the City Council.

**REVIEWED BY
CITY MANAGER:**

