



**Background Paper for Proposed
Resolution**

COUNCIL MEETING DATE: February 28, 2022

TO: Heather Graham and Members of City Council

CC: Mayor Nicholas A. Gradisar

VIA: Marisa Stoller, City Clerk

FROM: Laura Solano, Chief of Staff

SUBJECT: A RESOLUTION AUTHORIZING THE TRANSFER OF \$500,000 TO PROJECT ED0801, LEASE PROCEEDS ESCROW/RMS, PREVIOUSLY ESTABLISHED IN THE 1992 - 2026 SALES AND USE TAX CAPITAL IMPROVEMENTS PROJECTS FUND

SUMMARY:

This Resolution provides additional funding needed for the payment of expenses related to the building known as the Pope Block Building.

PREVIOUS COUNCIL ACTION:

Resolution 11270, March 24, 2008 authorizing \$2,000,000
Resolution 12696, June 10, 2013 authorizing \$500,000
Resolution 13023, July 28, 2014 authorizing \$500,000
Resolution 13332, November 9, 2015 authorizing \$500,000
Resolution 13483, May 23, 2016 authorizing \$500,000
Resolution 13839, December 11, 2017 authorizing \$620,000
Resolution 13958, May 14, 2018 authorizing \$500,000
Resolution 14077, November 12, 2018 authorizing \$500,000
Resolution 14386, March 23, 2020 authorizing \$500,000
Resolution 14614, May 10, 2021 authorizing \$500,000

BACKGROUND

In 1999, an agreement was entered into between the City and PEDCO Foundation to place all rents and other payments received by the Foundation for the lease of the Pope Block Building (317 N. Main St.) into a separate escrow account, known previously as the "1999 Escrow Account". In 2008, the balance in this escrow account was \$2,000,000. At that time, the Receivable Management Services Corporation agreed to modify its lease arrangements with PEDCO Foundation and lease additional space in the Building in order to employ an additional 250 full-time employees; provided, however, that the \$2,000,000 balance in the 1999 Escrow Account (the Lease Proceeds

Balance) be escrowed with the City's Finance Department and pledged for the payment of Net Foundation Operating Expenses as defined under said lease. This arrangement, as well as other terms and conditions, was approved by the Council on March 24, 2008, by Resolution No. 11270. The term of the agreement was January 1, 2008 through March 1, 2013.

In July of 2012, all of the \$2,000,000 escrowed funds had been spent for the reimbursement to Foundation for their Net Operating Expenses as defined in the agreement. Since that time, Foundation has incurred significant additional expenses related to the Building under the lease agreement between Foundation and RMS. In addition, the lease agreement has been extended by those parties. In January of 2015, ownership of the building was transferred to the City of Pueblo. The lease agreement with RMS (now iQor) is still in place, and the City is still responsible to the payment of the expenses incurred under the lease.

Periodically, additional funds are appropriated as needed to continue paying the expenses. During 2022, there are two projects for needed repairs to the building. The 1st project is \$280,000 for repairs to the Fire Protection System and the 2nd project is \$20,000 for an elevator repair. This Resolution will provide funding for both of the above projects and also additional funding for operational expenses

FINANCIAL IMPLICATIONS:

The amount of \$500,000 is available in the 1992 - 2026 Sales and Use Tax Capital Improvement Projects Fund (the economic development half cent tax fund) in the Projects to be Determined account.

BOARD/COMMISSION RECOMMENDATION:

Not applicable.

STAKEHOLDER PROCESS:

Not applicable.

ALTERNATIVES:

If this Resolution is not approved, the City may be in default of the Lease agreement.

RECOMMENDATION:

City staff recommends approval of this Resolution.

ATTACHMENTS:

Proposed Resolution

RESOLUTION NO. 14817

A RESOLUTION AUTHORIZING THE TRANSFER OF \$500,000 TO PROJECT ED0801, LEASE PROCEEDS ESCROW/RMS, PREVIOUSLY ESTABLISHED IN THE 1992 - 2026 SALES AND USE TAX CAPITAL IMPROVEMENTS PROJECTS FUND

WHEREAS, the City of Pueblo is a party to a lease agreement which obligates the City to pay certain net expenses incurred at the Pope Block Building (317 N. Main St.); and

WHEREAS, additional funds are periodically provided, as necessary, for the costs incurred under said lease agreement; NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF PUEBLO, that:

SECTION 1.

The amount of \$500,000 shall be transferred to Project ED0801, Lease Proceeds Escrow/RMS.

SECTION 2.

Said funds shall be made available and transferred from the Projects to be Determined account within the 1992 – 2026 Sales and Use Tax Capital Improvements Project Fund.

SECTION 3.

The officers and staff of the City are authorized to perform any and all acts consistent with this Resolution to implement the transactions described therein.

SECTION 4.

This Resolution shall become effective immediately upon passage and approval.

INTRODUCED February 28, 2022

BY: Dennis Flores
MEMBER OF CITY COUNCIL

APPROVED: 
PRESIDENT OF CITY COUNCIL

ATTESTED BY: 
CITY CLERK