



Finance Administration
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Council Finance Committee Hybrid Meeting
September 7, 2023
CIC Room – City Hall / Via Zoom

Council Attendees: Shirley Peel, Emily Francis, Kelly Ohlson

Members Absent: Julie Pignataro

Staff: Kelly DiMartino, Tyler Marr, Rupa Venkatesh, Denzel Maxwell, Travis Storin, John Duval, Ginny Sawyer, Nina Bodenhamer, Josh Birks, Dean Klingner, Blaine Dunn, Jo Cech, Randy Bailey, Adam Halvorson, Trevor Nash, Lawrence Pollack, Dave Lenz, Sheena Freve, Gerry Paul, Drew Brooks, Brad Buckman, Mallory Gallegos, Peggy Streeter, Paul Sizemore, Jacob Castillo, SeonAh Kendall, Jancie Saeger, Mike Calhoon, Scott Phelps, Kendra Boot, Kristin Flower, Monica Martinez, Rachel Rogers, James Reed, Judge Hueser, Patty Netherton, Kendall Minor, Lance Smith, Teresa Roche, Kelley Vodden, Erik Martin, Carolyn Koontz

Others: Kevin Jones, Chamber

Meeting called to order at 4:00 pm

Approval of minutes from August 3, 2023, Council Finance Committee Meeting and the Special Council Finance Committee Meeting held on August 16, 2023. Kelly Ohlson _ moved for approval of the minutes as presented. Emily Francis seconded the motion. The minutes were approved unanimously via roll call by; Shirley Peel, Emily Francis, and Kelly Ohlson

A. Annual Adjustment Ordinance

Lawrence Pollack, Accounting Director

SUBJECT FOR DISCUSSION

First Reading of Ordinance No., 2023, Making Supplemental Appropriations in Various City Funds.
First Reading of Ordinance No., 2023, Appropriating Prior Year Reserves in Various City Funds.

EXECUTIVE SUMMARY

The purpose of these Annual Adjustment Ordinances is to combine dedicated and unanticipated revenues or reserves that need to be appropriated before the end of the year to cover the related expenses that were not anticipated and therefore, not included in the 2023 annual budget appropriation. The unanticipated revenue is primarily from fees, charges, rents, contributions and grants that have been paid to City departments to offset specific expenses.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

- What questions or feedback does the Council Finance Committee have on the 2023 Annual Adjustment Ordinance?
- Does the Council Finance Committee support moving forward with bringing the 2023 Annual Adjustment Ordinance to the full City Council on the Consent Agenda?

BACKGROUND/DISCUSSION

These Ordinances appropriate unanticipated revenue and prior year reserves in various City funds and authorizes the transfer of appropriated amounts between funds and/or projects. The City Charter permits the City Council to appropriate unanticipated revenue received as a result of rate or fee increases or new revenue sources, such as grants and reimbursements. The City Charter also permits the City Council to provide, by ordinance, for payment of any expense from prior year reserves. Additionally, it authorizes the City Council to transfer any unexpended appropriated amounts from one fund to another upon recommendation of the City Manager, provided that the purpose for which the transferred funds are to be expended remains unchanged; the purpose for which they were initially appropriated no longer exists; or the proposed transfer is from a fund or capital project account in which the amount appropriated exceeds the amount needed to accomplish the purpose specified in the appropriation ordinance.

If these appropriations are not approved, the City will have to reduce expenditures even though revenue and reimbursements have been received to cover those expenditures.

The table below is a summary of the expenses in each fund that make up the increase in requested appropriations. Also included are transfers between funds and/or projects which do not increase net appropriations, but per the City Charter, require City Council approval to make the transfer. A table with the specific use of prior year reserves appears at the end of the AIS.

Funding	Additional Revenue	Prior Year Reserves	Transfers	TOTAL
General Fund	\$750,530	\$625,017	\$0	\$1,375,547
Transportation Services Fund	1,164,250	0	0	1,164,250
Capital Projects Fund	988,168	0	0	988,168
Transportation CEF Fund	0	200,000	0	200,000
Recreation Fund	0	112,183	0	112,183
Golf Fund	14,600	138,915	0	153,515
Perpetual Care Fund	0	39,064	0	39,064
GRAND TOTAL	\$2,917,548	\$1,115,179	\$0	\$4,032,727

A. GENERAL FUND

1. Fort Collins Police Services (FCPS) has received revenue from various sources.

A listing of these items follows:

- a. \$18,000 – 2023/2024 BATTLE Grant (Beat Auto Theft Through Law Enforcement): Police Services was awarded a grant from the Colorado State Patrol to help prevent auto theft in Colorado.
- b. \$34,000 – 2022/2023 BATTLE Grant Supplemental (Beat Auto Theft Through Law Enforcement): 'The Property Crimes division of Police Services has been awarded an additional \$34,000 on top of the original \$36,516 grant to fund additional overtime to help investigate auto theft in Northern Colorado.

- c. \$12,000 - 2023 Click it or Ticket Grant: Police Services was awarded a Click it or Ticket Grant from the Colorado Department of Transportation to pay for officers to work overtime to conduct enforcement activities.
- d. \$201,363 - Police Information Services encountered an issue with the 9-11 dispatch servers that ran the system. Because of this, it was discovered that the server licenses needed to be upgraded. This appropriation is equal to Larimer County and Loveland's contribution for the upgrade.
- e. \$16,000 - 2023/2024 High Visibility Enforcement (HVE) Grant: Police Services was awarded a grant from the Law Enforcement Assistance Fund to pay for overtime for DUI enforcement.
- f. \$11,445 – 2022-23 ICAC Grant (Internet Crimes Against Children): Police Services was awarded the ICAC grant to help fund training and equipment to investigate internet crimes targeted at children.
- g. \$31,291 – 2019 JAG Grant: Police Services was awarded \$31,291 for a grant to help fund overtime to investigate illegal drug use and sales. This grant has been spent and the grant period is now closed, however after an extensive audit it was determined that the appropriations were never completed. This is to retroactively appropriate the funds and then close the account.
- h. \$110,484 - Police Miscellaneous Revenue: Police Services receives revenue from the sale of Police reports along with other miscellaneous revenue, like restitution payments, evidence revenue and SWAT training.
- i. \$202,799 - Police Reimbursable Overtime: Police Services help schedule security and traffic control for large events. Since these events are staffed by officers outside of their normal duties, officers are paid overtime. The organization who requested officer presence is then billed for the cost of the officers' overtime. Fort Collins Police Services (FCPS) partners with Larimer County to staff events at The Ranch. Police receives reimbursement from Larimer County for officers' hours worked at Ranch events.
- j. \$40,591 - School Resource Officers: Police Services have a contract with Poudre School District to provide officers on location at a majority of the schools for safety and support. The school district pays Police Services based on a predetermined contract amount and also partially reimbursing for overtime incurred. This request is for the previously billed overtime and anticipated overtime for the remaining year.
- k. \$8,732 - DUI Enforcement: Proceeds that have been received for DUI enforcement from Larimer County.
- l. \$32,339 – 2023/2024 Black Market Marijuana Grant: Police Services was awarded the Marijuana grant to support the investigation and prosecution of black market or illegal marijuana cultivation and distribution in the city.

TOTAL APPROPRIATION

FROM:	Unanticipated Revenue (2023/2024 BATTLE Grant)	\$18,000
FROM:	Unanticipated Revenue (2022/2023 BATTLE Grant supplemental)	\$34,000
FROM:	Unanticipated Revenue (2023 Click it or Ticket Grant)	\$12,000
FROM:	Unanticipated Revenue (Partner Agency Contributions for SQL Server upgrades)	\$201,363
FROM:	Unanticipated Revenue (2023/2024 HVE Grant)	\$16,000

FROM:	Unanticipated Revenue (2022/2023 ICAC Grant)	\$11,445
FROM:	Unanticipated Revenue (2019 JAG Grant)	\$31,291
FROM:	Unanticipated Revenue (Police Miscellaneous Revenue)	\$100,484
FROM:	Unanticipated Revenue (Police Reimbursable Overtime)	\$202,799
FROM:	Unanticipated Revenue (School Resource Officers)	\$40,591
FROM:	Unanticipated Revenue (DUI Enforcement)	\$8,732
FROM:	Unanticipated Revenue (2023/2024 Black Market Marijuana Grant)	<u>\$32,339</u>
Total:		\$719,044

FOR:	Help prevent auto theft	\$52,000
FOR:	Overtime for Seat Belt enforcement	\$12,000
FOR:	911 Dispatch server licenses upgrade	\$201,363
FOR:	Overtime for DUI enforcement	\$16,000
FOR:	Help prevent Internet Crimes Against Children	\$11,445
FOR:	Investigate illegal drug use and sales	\$31,291
FOR:	Police Miscellaneous Revenue	\$100,484
FOR:	Police Reimbursable Overtime for events	\$202,799
FOR:	Overtime for School Resource Officers	\$40,591
FOR:	DUI enforcement	\$8,732
FOR:	Support the investigation of illegal marijuana cultivation	<u>\$32,339</u>
Total:		\$719,044

2. Manufacturing Equipment Use Tax Rebate

Finance requests the appropriation of \$61,000 to cover the amount due for the 2022 Manufacturing Equipment Use Tax Rebate program as established in Chapter 25, Article II, Division 5, of the Municipal Code. The rebate program was established to encourage investment in new manufacturing equipment by ~~ba~~ firms. Vendors have until December 31st of the following year to file for the rebate. This item appropriates the use tax funds to cover the payment of the rebates.

FROM:	Prior Year Reserves (Manufacturing Use Tax Rebate Assign)	\$61,000
FOR:	Manufacturing Use Tax Rebates	\$61,000

3. Mobile Home Park Backflow Preventer Project Larimer County Additional Grant Funds

The Neighborhood Services Department received an American Rescue Plan Act Immediate Needs Grant from Larimer County in the amount of \$132,500 for the purpose of funding backflow preventer projects in mobile home parks. The City contracted with Top Notch Plumbing, who conducted this work in May and June of 2023 at Nueva Vida and Hickory Village Mobile Home Parks. The total project cost was \$147,880, which exceeds our grant by \$15,380. On July 19, 2023, the Board of County Commissioners unanimously agreed to fund the full project cost. All agreements have been approved and signed, and payment from the County to the City via check is in process.

FROM:	Unanticipated Revenue (ARPA Grant through Larimer County)	\$15,380
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FOR: Mobile Home Park Backflow Preventer Project \$15,380

4. Land Bank Operational Expenses

This request is intended to cover expenses related to the land bank property maintenance needs for 2023. Since expenses vary from year to year, funding is requested annually mid-year to cover these costs. Expenses in 2023 include general maintenance of properties, raw water and sewer expenses, electricity, repairs, and other as applicable.

FROM:	Prior Year Reserves (Land Bank reserve)	\$3,600
FOR:	Land Bank Expenses	\$3,600

5. Radon Kits

Environmental Services sells radon test kits at cost as part of its program to reduce lung-cancer risk from in-home radon exposure. This appropriation would recover kit sales for the purpose of restocking radon test kits.

FROM:	Unanticipated Revenue (radon kit sales)	\$1,986
FOR:	Radon test kit purchase	\$1,986

6. Transfer of remaining Gardens Reserve from General Fund to Cultural Services Fund (refer to item B1)

Gardens on Spring Creek was moved from the General Fund to the Cultural Services Fund. This transfers the residual assigned balance in the General Fund to Cultural Services

FROM:	Prior Year Reserves (Gardens on Spring Creek Reserve within the General Fund)	\$560,417
FOR:	Transfer to the Cultural Services Fund	\$560,417

7. Forestry Additional Revenue

Forestry had unanticipated revenue earned in 2023 and is requesting an adjustment to the budget to utilize revenues related to Payments in Lieu and Work for Others.

From 1/1/23 to 8/18/23, forestry has performed \$6,905 worth of work for others and has received \$7,215 for payments in lieu.

FROM:	Unanticipated Revenue (Payments in Lieu and Work for Others)	\$14,120
FOR:	Forestry operations	\$14,120

B. TRANSPORTATION SERVICES FUND

1. Streets Work for Others

The Planning, Development and Transportation Work for Others program is a self-supported program for all "Work for Others" activities within Streets. Expenses are tracked and billed out to other City departments, Poudre School District, CSU, CDOT, Larimer County, developers and other public agencies. The original budget of \$3.1M was an estimate based on prior years budget. Due to unanticipated projects and equipment/parts needs, and higher cost of materials, additional funding of \$1.2M is requested to cover projects through the end

of 2023. Revenue for performing the work will offset the expense (expense will not be incurred if revenue is not received).

FROM:	Unanticipated Revenue (reimbursement for work done)	\$1,150,000
FOR:	Work for Others program	\$1,150,000

2. FC Moves: Open Streets Vendor Fees

Open Streets is a bi-annual FC Moves event that promotes active modes of transportation and invites folks to experience a street without cars. At Open Streets, participants can expect 1-2 miles of car-free, family-friendly streets. Participants are encouraged to Ride the Route and explore areas called “Activity Hubs” - temporary clusters of activity provided by local businesses and organizations. Vendors for Open Streets are charged \$50 if they are a non-profit, \$100 if they are a private business. For spring 2023 we had 33 private businesses, and 19 non-profits join as vendors.

FROM:	Unanticipated Revenue	\$4,250
FOR:	Open Streets Program	\$4,250

3. FC Moves: SPIN Annual Payment

Per the contract between the City and Spin, Spin pays an annual fee in addition to permitting fees. These funds can be used at the City's discretion, and typically are used for projects related to the Spin program, such as E-Bikes and the Shift Your Ride TDM program. The funds have already been received.

FROM:	Unanticipated Revenue (Vendor payment (SPIN))	\$10,000
FOR:	Shift Your Ride TDM Program	\$10,000

C. CAPITAL PROJECTS FUND

1. Country Club Reserve Payment-In-Lieu (Highway 1 Douglas Rd)

The City received a payment from Developer (Country Club Reserve) for payment in lieu of construction of required intersection improvements of the HWY1 and Douglas Road intersection per their development agreement.

FROM:	Unanticipated Revenue (Payment in lieu)	\$28,000
FOR:	Intersection improvements	\$28,000

2. Waterfield 4th Payment-In-Lieu (Timberline and Vine) Outfall Channel Improvements

The City received a payment in lieu of construction from the Developer (Waterfield) for outfall channel required for drainage in the amount of \$25,389.

FROM:	Unanticipated Revenue (Payment in lieu)	\$25,389
FOR:	Construction of outfall channel	\$25,389

3. Vine & Timberline Payment-In-Lieu (Waterfield 4th)

The City received a payment in lieu of construction from the Waterfield Developer for Timberline/Vine intersection improvements.

FROM:	Unanticipated Revenue (Payment in lieu)	\$254,545
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FOR:	Intersection improvements	\$254,545
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4. Waters Edge 2nd Payment-In-Lieu (Timberline and Vine Intersection)

The City received a payment in lieu of construction from Developer (Waters Edge 2nd filing) for the intersection of Vine and Timberline for \$250,000 in November 2020.

FROM:	Unanticipated Revenue (Payment in lieu)	\$250,000
FOR:	Intersection improvements	\$250,000

5. Vine & Timberline Overpass Payment-in-Lieu

The City received a payment-in-lieu of construction from the Developer (Waterfield - Filing 4) in July 2023 for \$58,466 specifically to be used for the Timberline Road Realignment and Overpass Project.

FROM:	Unanticipated Revenue (Payment in lieu)	\$58,466
FOR:	Timberline Road Realignment and Overpass Project	\$58,466

6. Laporte Bridges - Salud Local Portion Payment

The Laporte Bridges capital project completed the frontage for the Salud development. The "local portion payment" from the Salud development for 215.03' of frontage at \$264/LF came to a total of \$56,768. Engineering received this payment and completed the work using prior project funding.

FROM:	Unanticipated Revenue (Payment in lieu)	\$56,768
FOR:	Laporte Bridges project	\$56,768

7. Bloom 1st Payment-In-Lieu (Timberline and Vine Intersection)

The City received a payment in lieu of \$250,000 from the developer (Bloom, Filing 1) for construction at the intersection of Vine and Timberline.

FROM:	Unanticipated Revenue (Payment in lieu)	\$250,000
FOR:	Intersection improvements	\$250,000

8. College and Cherry Railroad Crossing Replacement

The Union Pacific Railroad was mandated by the Federal Railroad Administration to complete the College and Cherry crossing replacement project in 2023 or face fines/penalties, due to a short in the wiring system between the rail and City's traffic signal interconnect. The railroad offered to cover the cost of the crossing itself (\$542k) if the City could provide traffic control and roadway paving/patching work. The total cost of the traffic control and paving was \$86k. Several unscheduled railroad crossing repair projects during 2022 and 2023 had reduced the overall railroad crossing replacement budget, leading to the need for additional funds to complete the College Ave. and Cherry St. replacement project. The difference between the project cost and remaining crossing replacement funds is approximately \$65k.

FROM:	Unanticipated Revenue (Payment in lieu)	\$65,000
FOR:	Railroad crossing replacement	\$65,000

D. TRANSPORTATION CAPITAL EXPANSION FUND

1. Transportation Capital Expansion Fund (TCEF) - Minor Reimbursements

The purpose of this offer is to allocate additional Transportation Capital Expansion Fee (TCEF) funds for the purpose of reimbursing development for the construction of eligible transportation related improvements under the category of Minor Reimbursements (individual reimbursements under \$500,000). The TCEF Program will frequently partner with development to construct arterial and collector level roadways adjacent to the development's frontage. After eligible improvements are accepted by the City, the TCEF program will reimburse the developer for these improvements. The TCEF Program has received an initial request for a minor reimbursement for Country Club Reserve with an initial estimate of \$438,443 for the oversizing of improvements on Turnberry Road and Douglas Road. This appropriation will ensure the TCEF Program's ability to reimburse development for eligible improvements constructed in 2023.

FROM:	Prior Year Reserves	\$200,000
FOR:	Reimbursement for construction of arterial and collector level roadways	\$200,000

E. RECREATION FUND

1. Recreation Facilities Asset Management

Multiple facility maintenance and asset replacement needs have come up that impact operations and customer satisfaction with City facilities. The most urgent items include:

Blinds/shades at the Senior Center that have failed; Umbrella replacement at City Park Pool; Timing system & pads at EPIC Pool for competition practice & events; Structural engineer assessment of City Park Pool slide structure; new office space at EPIC needed due to displacement of staff from elevator project; and re-configuration of front desk/customer area at Northside Aztlan Community Center to address safety and efficiency needs.

FROM:	Prior Year Reserves	\$112,183
FOR:	Facilities Asset Management	\$112,183

F. GOLF FUND

1. Golf Facilities Maintenance

Golf has faced multiple challenges outside of normal operations this season. Please see our annual adjustment requests below. Total request is \$138,915.

- Collindale has recently experienced an increase in rogue range balls that have crossed our boundaries into other public spaces. They have hired a Range Attendant to monitor the driving range, remind golfers of the rules and prevent accidents. The range would have an attendant for an average of 12 hours per day from May through October. It will be staffed from 8:00 am until sunset. 6 months x 4.3 weeks x 7 days a week x 12 hours a day x \$17.47 per hour (includes overhead)=\$37,861 this year
- Last fall Collindale was having false alarms related to its hydrogen sensors and fire panels. Op services advised to get a new fire panel asap and was going to hold off invoicing until after the first of the year. Approximate cost to replace the panel was \$18k. However, the fire panel was back ordered and has still not arrived. In the interim, the hydrogen sensors which are tied to the fire panel have been alarming and the fire department has come and taken readings showing the whole ventilation system for the carts may be deficient. The fire department has required us to have a new alarm design done and to assess if the ventilation is working properly, adding approximately another \$21,000. In addition, since the fire

department assessment, we have been paying almost \$1400 per week to have someone watch Collindale every night on a fire watch. Requesting cleanup funding to pay for alarm design, new panels and contract labor for 12 weeks \$55,800 (\$18,000+\$21,000+(12*1400))

- In late June 2023 Southridge Golf Course experienced significant flooding in the clubhouse basement. While these repairs will eventually be reimbursed through the SRM department, it will take a significant amount of time and funding will likely not be available to spend in time for year end. Total repairs costs are \$45,254; PO 9231334 - \$15,108 and PO 9231165 - \$30,146

FROM:	Prior Year Reserves	\$138,915
FOR:	Golf Facilities Management	\$138,915

2. Golf Nature in the City Award

Nature in the City Grant was awarded in early 2023 to Southridge Golf Course for their Turf Conversion project. We've received \$11,680 to date and will receive the remaining reimbursement after the project is complete. Total grant is up to \$14,600.

FROM:	Unanticipated Revenue	\$14,600
FOR:	Turf Conversion project	\$14,600

G. PERPETUAL CARE FUND

1. Transfer from Perpetual Care Fund to Cemeteries Fund

Each year there is a budgeted amount for perpetual care to transfer to cemeteries which is entered by accounting on a monthly basis. The last two years the amount received by the perpetual care fund has been higher than budgeted, so not all money was transferred to cemeteries. This clears out the residual balance and accounting will be changing the process in these two funds moving forward.

FROM:	Prior Year Reserves (Perpetual Care Fund)	\$39,064
FOR:	Transfer to the Cemeteries Fund	\$39,064

FINANCIAL / ECONOMIC IMPACTS

This Ordinance increases total City 2023 appropriations by \$4,032,727. Of that amount, this Ordinance increases General Fund 2023 appropriations by \$1,375,547, including use of \$625,017 in prior year reserves. Funding for the total increase to City appropriations is \$2,917,548 from unanticipated revenue and \$1,115,179 from prior year reserves. The following is a summary of the items requesting prior year reserves:

Item #	Fund	Use	Amount
A2	General Fund	Manufacturing Equipment Use Tax Rebate	\$61,000
A4	General Fund	Land Bank Operational Expenses	3,600
A6	General Fund	Transfer of Remaining Gardens Reserve	560,417
E1	Transportation CEF Fund	Transportation Capital Expansion Fund (TCEF) - Minor Reimbursements	200,000
F1	Recreation Fund	Recreation Facilities Asset Management	112,183
G1	Golf Fund	Golf Facilities Maintenance	138,915
H1	Perpetual Care Fund	Transfer from Perpetual Care to Cemeteries	39,064
Total Use of Prior Year Reserves:			\$1,115,179

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

- What questions or feedback does the Council Finance Committee have on the 2023 Annual Adjustment Ordinance?
- Does the Council Finance Committee support moving forward with bringing the 2023 Annual Adjustment Ordinance to the full City Council on the Consent Agenda?

DISCUSSION / NEXT STEPS

Note: We were having audio / visual issues in the CIC Room during this presentation topic.
Here are the questions from the discussion and the requested follow up;

Polic Overtime

Police overtime reimbursable or otherwise is not part of their base pay. Their retirement package is entirely based on base pay.

Railroad Crossing

Brad Buckman; The Union Pacific railroad wanted to do this project this year and they wanted us to pay half. This is typical of a railroad crossing replacement. Because of the urgency and the short and wiring between the traffic signal and the railroad signal interconnect, they offered to pay for the entire crossing and in return we would pay for the paving and the traffic control which is \$86K.

Kelly Ohlson; I would still like to request a follow-up to the work session. It said they were mandated by their own governing body. I believe in being a good partner, but we didn't do anything wrong, so I am still trying to figure out why we are paying the \$86K.

Tyler Marr; some of it relates to railroad right of way and what they are responsible for - often times, I am not sure it is the road, which can be a loophole in federal law.

Kelly Ohlson; traffic control is a whole different thing.

Travis Storin; we will include that for First Reading. We will include language in the AIS regarding rights and obligations for the crossing.

B. 2024 Budget Revisions

Lawrence Pollack, Budget Director

EXECUTIVE SUMMARY

The purpose of this agenda item is to familiarize and seek feedback from the Council Finance Committee on the City Manager's recommended revisions to the 2024 Budget before the recommendations are reviewed and discussed at the Council Work Session scheduled for September 26. Based on direction from Council, the 2024 Budget Revisions will be combined with the previously adopted 2023-24 Biennial Budget. The 2024 Annual Budget Appropriation Ordinance is scheduled for 1st Reading on October 17, follow by 2nd Reading on November 21.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

- What questions or feedback does the Council Finance Committee have on the City Manager's recommended revisions to the 2024 Budget?
- Does the Council Finance Committee support moving forward with bringing the 2024 Budget Revisions to the full City Council for the September 26th work session?

BACKGROUND/DISCUSSION

OVERVIEW:

The mid-cycle Revision Process is different from the biennial Budgeting for Outcomes (BFO) process in that:

- 1) There is no broad request for new and innovative Offers. This is because we are operating within the approved 2023-24 Biennial Budget and these revisions should be exceptions based on information not known at the time the budget was adopted in 2022.
- 2) Likewise, there is no review by BFO Teams or request for public engagement. However, the Executive Leadership Team and City Manager conducted a comprehensive review to determine which requests should be forwarded on for Council's consideration. Revised revenue projections and available fund reserves were carefully considered when making these recommendations.

The 2024 Budget Revisions include offers for Council's consideration based on information that wasn't available at the time the 2023-24 Budget was adopted. The following are key objectives which the Budget Revision process is intended to address:

- Matching appropriations for ongoing expenditures to current ongoing revenue estimates, if declining
- Council priorities
- High-priority projects and other needs not known at the time of the adoption of the 2023-24 Budget.
- Fiduciary responsibilities & fund balance requirements

The recommended 2024 Budget Revisions meet these goals, as applicable. Recommended revisions to the 2024 Budget must also meet one of the following criteria:

- The request is specifically directed by the City Manager or City Council
- The request is related to a previously approved offer where either revenue shortfalls or unforeseen expenses are significantly impacting the delivery of that program or service.

REVENUE: Overall, most significant City revenue sources are coming in at, or above, the 2023 budget. Based on year-to-date actual collections and other information, both Sales Tax and Property Tax forecasts are recommended to be increased for 2024.

Sales Tax collection through July are about \$1.0M over budget. It is estimated that the total 2023 collections will be about \$1.5M over budget, which raises the base of ongoing Sales Tax in 2024 by that same amount. Staff recommends keeping Sales Tax growth on that higher base at the 2.5% growth already included in the adopted 2023-24 Budget. This equates to about \$1.5M of new ongoing revenue for City operations in 2024. Of that amount, about \$1.1M would be available in the General Fund.

Property Tax assessments this year are seeing 25% to 35% growth, or more. This will be realized as increased Property Tax collections in 2024 over the budgeted increase of 13% already included in the 2023-24 Budget. This equates to about \$2.1M of new ongoing revenue for City operations in 2024.

2022 Year-end reserve balances have been finalized and previously shared with the Council Finance Committee. Unassigned fund balances (i.e., reserves) are available in excess of the requested amounts for the 2024 Budget Revisions.

Summary of 2024 Revenue Changes and Available Reserves

Description	General Fund - Ongoing	General Fund - 1-Time	Cultural Services	Light & Power	Water	Stormwater	Broadband	TOTAL
Summary of Revenue Changes & Reserves								
- Increased 2024 Sales Tax forecast for General Fund	\$1,110,390							\$1,110,390
- Increased 2024 Property Tax forecast for General Fund	2,100,000							\$2,100,000
- Increased 2024 Carnegie Center revenue forecast (ongoing)			25,000					\$25,000
- Available Ongoing Revenue from the 2023-24 Budget				3,200,000	360,000	1,200,000	1,159,674	\$5,919,674
- Available Reserves (1-Time, if requested)		8,100,000						\$8,100,000
- Less: 2023 Reappropriation (1-Time)		(602,754)			(52,500)			(\$655,254)
- Less: 2023 Supplemental Approps (ongoing)	(582,000)							(\$582,000)
- Less: 2023 Supplemental Approps (1-Time)		(1,125,100)						(\$1,125,100)
Subtotal of Funding Changes	2,628,390	6,372,146	25,000	3,200,000	307,500	1,200,000	1,159,674	14,892,710

The revenue and reserves above are available to fund the recommended additions to the 2024 Budget. The table below summarizes those proposed additions and Attachment #1 contains the details of those recommended offers.

Summary of 2024 Recommended Additions:

Fund / Revision Requested	FTE	Ongoing \$	One-Time \$	Total
General Fund				
Rental Housing Program with 4.0 FTE	4.00	410,950	78,750	489,700
1.0 FTE Carnegie Center for Creativity Programming	1.00	114,899		114,899
Municipal Court Services - 1.0 FTE Deputy Court Clerk II	1.00	73,000	18,000	91,000
Municipal Court Services - Technology	-	189,201	146,410	335,611
Additional Prosecution Staff	1.00	195,197	19,472	214,669
Waste Contracting Operating Budget plus 2 FTE	2.00	309,014	-	309,014
Bringing the operations of the TRC in-house plus 3 FTE	3.00	299,564	311,476	611,040
Encampment cleaning and prevention additional funds	-	111,000	-	111,000
Expansion of the Enterprise Service Management (ESM) System	-	68,500	87,500	156,000
Household Hazardous Waste	-	-	114,240	114,240
Total General Fund	12.00	\$1,771,325	\$775,848	\$2,547,173
Cultural Services & Facilities				
1.0 FTE Carnegie Center for Creativity Programming	-	25,000	-	25,000
Total Cultural Services & Facilities Fund	0.00	\$25,000	\$0	\$25,000
Light and Power Fund				
Debt service for 2023 Bond Issuance	-	2,954,708	-	2,954,708
Total Light and Power Fund	0.00	2,954,708	0	2,954,708
Water Fund				
Poudre Instream Flows Plan: Early Design and Cost Estimating Phase	-	-	60,000	60,000
Total Water Fund	0.00	0	60,000	60,000
Stormwater Fund				
Encampment cleaning and prevention additional funds	-	64,000	-	64,000
Household Hazardous Waste	-	-	89,760	89,760
Total Stormwater Fund	0.00	\$64,000	\$89,760	\$153,760
Broadband Fund				
Debt service for 2023 Bond Issuance	-	1,159,674	-	1,159,674
Total Broadband Fund	0.00	\$1,159,674	\$0	\$1,159,674
TOTAL ALL FUNDS	12.00	5,974,707	925,608	6,900,315

After netting out the proposed additions, fund balances are still strong and well above minimum fund balance requirements.

Summary of Available Reserves and Revenue after Recommended Additions

Description	General Fund - Ongoing	General Fund - 1-Time	Cultural Services	Light & Power	Water	Stormwater	Broadband	TOTAL
Available Revenue and Reserves	2,628,390	6,372,146	25,000	3,200,000	307,500	1,200,000	1,159,674	14,892,710
2024 Budget Revision Requests								
- Ongoing Requests	(1,771,325)		(25,000)	(2,954,708)		(64,000)	(1,159,674)	(5,974,707)
- One-Time Requests		(775,848)			(60,000)	(89,760)		(925,608)
Total of 2024 Revisions	(1,771,325)	(775,848)	(25,000)	(2,954,708)	(60,000)	(153,760)	(1,159,674)	(6,900,315)
Net Impact (positive = available)	\$857,065	\$5,596,298	\$0	\$245,292	\$247,500	\$1,046,240	\$0	N/A

The 2024 Budget Revisions allow the City to include a small number of additional budget requests to the 2024 Budget, which address Council priorities that benefit our community.

In addition to the recommended budget revisions, there are a few other administrative changes for the 2024 Budget, as follows:

- 1) Modification to 2023-24 Offers 14.4 and 17.1: After the budget was completed, an organizational staffing decision was made to move the Network Engineers from Broadband back to central Information Technology (IT). This removes the need for the transfer of money from IT to Broadband. Instead of being transferred, those funds will now be used to pay the personnel expenses within IT.
 - a. There is no change in expenses for IT
 - b. The removal of the transfer of funds impacts Broadband by reducing the associated transfer revenue and the previously budgeted expenses in the same amount of \$835 for no net financial impact.
- 2) Modification to 2023-24 Offer 15.6: Police District One is located on the first floor of the Civic Center Parking Structure. In April 2022 when the budget offer was submitted, the building was owned by Post Modern Development, with a rent of \$84k for 2024. In December of 2022, the Civic Center Parking Structure was purchased by the City. Now that the City owns the building, there is no longer any rent to be paid for this facility.
 - a. The removal of the transfer of funds impacts Operations Services by reducing the associated transfer revenue and the previously budgeted expenses in the same amount of \$84k for no net financial impact.
- 3) Modification to 2023-24 Offer 1.42: This offer to update the Water Efficiency Plan was approved for \$100k in 2023 and \$150k in 2024. A Colorado Water Conservation Board (CWCB) grant for this effort was awarded and appropriated with Ordinance No. 34, 2023, thus the \$150K in 2024 no longer needs to be appropriated.
 - a. That budgeted amount of \$150k will remain in Water Fund reserves for future use, as approve by City Council

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

- What questions or feedback does the Council Finance Committee have on the City Manager's recommended revisions to the 2024 Budget?
- Does the Council Finance Committee support moving forward with bringing the 2024 Budget Revisions to the full City Council for the September 26th work session?

DISCUSSION / NEXT STEPS

Kelly Ohlson; extra property tax going to the city – is that after the Poudre Fire Authority (PFA) share is taken out? They get 2/3 of our property tax, correct?

Lawrence Pollack; the second year of the budget does not have an impact on PFA direct. Yes, they do get 2/3 of our property tax revenue. In the past two revision cycles, where we saw revenues declining, there was no impact to PFA in any way because it was the second year of the budget. The 2nd year changes you are seeing in property tax do not have an impact.

Kelly Ohlson; is the \$2.1M for the city? Does that change in the next two-year cycle?

Travis Storin; they get 2/3 of what was in the original budget for property tax. Any amount over budget in 2024 becomes a one-time windfall for the city. It will reset for the 2025 – 2026 budget to be 2/23 of that newly higher budget. We are well into a project for all internal services provided to PFA by the city. We will be having conversations in the Spring, prior to the next budget cycle around a revised IGA with PFA as a result of the work that is in play.

Kelly Ohlson; so, the \$2.1M is not on-going.

Lawrence Pollack; the total increase we anticipate in property tax in 2024 is \$6M.
\$4M is one time and will end up going to PFA in the future. The ongoing for the city is \$2.1M.

Kelly Ohlson; is the \$2.1M guaranteed regardless of the ballot measure outcome?

Travis Storin; we expect that the ongoing portion we would have even if Proposition HH passes.

Even with the haircut from 40% to 15% increases – it would still be a 15% increase for us.
Proposition HH represents an upside if it doesn't pass.

Kelly Ohlson; So, the \$2.1M isn't going to be impacted by a yes or no vote?

Slide #8



2023 High-Level Financial Summary

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Governmental Revenue

– Sales Tax

- 2023 budgeted at 3.5% growth
- YTD growth through July is over budget ~ \$1.0M
- Forecasting ~ \$1.5M of collections above budget in 2023
- General Fund receives 74% of Sales Tax collections; the four ¼ cent taxes receive the balance
- This equates to about \$1.1M of increased General Fund ongoing revenue in 2024

– Property Tax

- 2023 assessments coming in at 25% to 35% growth, or more
- 2024 Budget included growth of 13%; uncertainty due to Prop HH
- Equates to ~ \$2.1M of increased General Fund ongoing revenue in 2024

Month	Net Sales Tax % over/under budget	YTD \$ over budget
Jan	4.5%	
Feb	-1.2%	
Mar	3.3%	
Apr	1.5%	
May	4.7%	
Jun	-3.0%	
Jul	-2.3%	\$1.0M

Travis Storin; the \$2.1M is not guaranteed as on-going.

Kelly Ohlson; Do we know what it might drop to?

Travis Storin; our partners at the county and at PFA are planning contingencies in their budgets so that if HH passes, their property tax increases will be limited to the 12-15% range rather than 35%. The \$2.1M could drop to \$600K - \$1M.

Kelly Ohlson; that will probably come up at the Work Session

Tyler Marr; some clarity re: Proposition HH. The city's downside in HH results in the reduction in valuation and the relief given from the state in the proposal, the County is not a Home Rule County, so they are actually held to a growth cap on property tax, so they have a double-edged sword on HH. As a Home Rule Municipality, the growth cap on property tax doesn't apply to us but the reduction in valuation would have marginal impact.

Travis Storin; you mean the \$40K exemption?

Tyler Marr; yes

Emily Francis; I had a question on the encampment clean up. Didn't we just pass an appropriation?

Travis Storin; that was a 2023 appropriation, so this essentially would augment the 2024 budget allotment, kind of in kind and parallel to what we just did for 2023.

Kelly DiMartino; we are anticipating that the level of dollars we are using this year is going to need to be close to what we will need next year. Most likely, we will have a new amount we can calibrate to in the 25-26 budget. Bridging the cap with 23, build it into 24 and then we will right size for 25.

Lawrence Pollack; alternatively, we could wait and see what the 2024 expenses are and then bring a supplemental.

Emily Francis; it would have been good to have that information when we did the last appropriation.

Travis Storin; we will proceed to the September 26th Work Session, and we will make sure we are really clear.

Meeting Adjourned at 5:30 pm