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AGENDA
Council Finance & Audit Committee
May 18, 2020
10:00 am - noon
Zoom Meeting <https://zoom.us/j/8140111859>

Approval of Minutes from the April 20, 2020 Council Finance Committee meeting.

- | | | |
|--|----------|---------------|
| 1. 2020-2021 Budget & Financial Update | 30 mins. | T. Storin |
| 2. MMOF Grant – W. Elizabeth Design | 20 mins. | N. Currell |
| 3. City Give Governance & Process | 20 mins. | N. Bodenhamer |

Council Finance Committee
Agenda Planning Calendar 2020
 RVSD 05/12/20 ck

May 18th			
	2020-2021 Budget and Financial Review Update	30 min	T. Storin
	MMOF Grant - W. Elizabeth Design	20 min	N. Currell
	City Give Governance & Process		N. Bodenhamer

June 15th			
	2020-2021 Budget and Financial Review Update	30 min	T. Storin
	B-Dam Alternatives and Recommendation	30 min	T. Connor
	Streets Generator	10 min	
	Parking Fund	30 min	N. Currell
	Impacts of Wayfair Court Decision / Opportunities to City	30 min	J. Poznanovic

July 20th			
	2020-2021 Budget and Financial Review Update	30 min	T. Storin
	BFO Assumption Review		L. Pollack
	Code Revisions for Self-Insurance Fund	15 min	T. Storin J. Duval

Aug. 17th			

Sept. 21st			

Oct. 19th			
	Utility Rebate Consolidation	20 min	J. Poznanovic

Future Council Finance Committee Topics:

- Park/Median Design Standards & Maintenance Costs – TBD
- Metro District Policy Update – TBD 2020
- Annual Adjustment Ordinance – Sep 2020



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Finance Committee Meeting Minutes

April 20, 2020

10 am - noon

Zoom Meeting

Council Attendees: Mayor Wade Troxell, Ross Cunniff, Ken Summers

Staff: Darin Atteberry, Jeff Mihelich, Kelly DiMartino, Travis Storin, Carrie Daggett, John Duval, Josh Birks, Caryn Champine, Noelle Currell, Ken Mannon, Larry Schneider, Brian Hergott, Adam Bromley, Blake Visser, Andrew Brooks, Lucinda Smith, Joe Olson, Kevin Gertig, Tim McCollough, Chad Crager, Lawrence Pollack, Lindsay Ex, Claire Turney, Dean Klingner, Jennifer Poznanovic, Jackie Thiel, Dave Lenz, Zack Mozer, Beth Rosen, Wendy Bircher, Victoria Shaw, Kevin Gertig, Carolyn Koontz

Others: Kevin Jones, Chamber of Commerce

Meeting called to order at 10:04 am

Approval of Minutes from the March 16, 2020 Council Finance Committee Meeting. Ross Cunniff moved for approval of the minutes as presented. Ken Summers seconded the motion. Minutes were approved unanimously.

A. COVID-19 Financial Response

2020-2021 Budget & Federal /State Updates

Travis Storin, Interim CFO

Josh Birks, Economic Health & Redevelopment Director

SUBJECT FOR DISCUSSION

COVID-19 Financial Update

EXECUTIVE SUMMARY

The City of Fort Collins leadership team is currently addressing the economic and financial impacts of the COVID-19 pandemic. The City's top priority is the public health and safety of the Fort Collins Community members, but the City must also take proactive steps to support a timely economic recovery. Work is currently underway in all City departments to assess the impacts to both revenues and expenses for 2020 and 2021.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Does Council Finance Committee support the guiding principles?

Does Council Finance Committee support the workstreams being developed?

BACKGROUND/DISCUSSION

The City is currently working with numerous entities to estimate the changes in revenues by revenue stream due to the State's stay-at-home order. The key factors in forecasting the impact are the depth of the revenue drop and the length of the recovery. The City's expectations mirror national forecasts, i.e., we expect a significant drop in Q2 2020 revenues, with smaller drops in Q3 and Q4 of 2020, compared to our budget. The forecast for 2021 will follow from the revised 2020 forecast.

Forecasts will be updated continually in the meantime based on March, April and May revenues and expense reductions agreed to by the City's leadership team. The City will avail itself of all federal and state relief funds currently available for which it qualifies.

As senior leadership has met to start addressing the factors facing the City six workstreams have emerged that will be occurring simultaneously:

- Analysis and Forecasting
- Cost Initiatives / Service Adjustments
- Workforce Alternatives
- Budget Process
- Federal and State Aid
- Communications

Each of these workstreams will play an integral role in taking proactive steps to support the economic recovery of the City. The six workstreams will each have a lead and support from different areas of the organization. The teams will make recommendations through a sub-group of the Executive Leadership Team made up of Kelly DiMartino (Deputy City Manager), Jeff Mihelich (Deputy City Manager), Travis Storin (Interim CFO), and Teresa Roche (CHRO).

These recommendations will be the basis for decisions being made by leadership team and ultimately presented to Council.

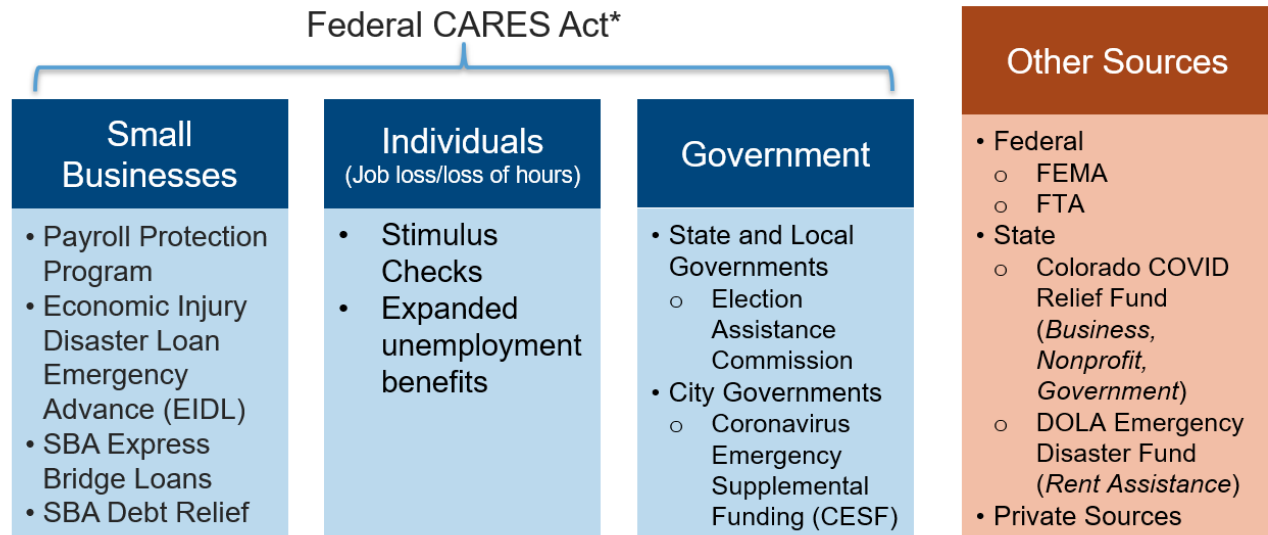


Governance & Workstreams

Workstream	Lead	Support
Analysis & Forecasting	David Lenz	Extended FP&A community
Cost Initiatives / Service Adjustments	Jo Cech	ELT, Budget & FP&A
Workforce Alternatives	Karen Burke	HR, CMO, CAO, Finance, Operational departments
Budget Process	Lawrence Pollack	Budget Team
Federal & State Aid	Economic Health Financial Services	All
Communications	Amanda King	All

ELT sub-group to co-sponsor: Kelly, Jeff, Teresa, Travis

COVID Response Funding Sources



*Many funding sources contained within CARES Act

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Potential Direction of Federal Funds

- CDBG (\$649K) – Propose prioritizing eligible costs not covered by other sources
 - City incurred sheltering & response costs
 - Other shelter operation costs
 - Emergency assistance for rent, food & utilities
 - Other non-profit eligible direct program & response costs
- FTA (\$8.7M)
 - Fixed route operating expenses
 - Some or all of paratransit operating expenses
 - Operation and maintenance of Transfort's fleets and facilities
 - Administrative leave
- FAA (~\$17M)
 - Directed at terminal, hangers, and other capital improvements

- April 28 Work Session
 - Landscape assessment
 - Local, national, and global insights
 - Overview of response to date
 - Proposed Direction for Funding
 - Principles for and Approaches to Recovery
- Overall
 - Informing State and Federal Funding opportunities

DISCUSSION / NEXT STEPS;

Charter - we must present a balanced budget - we cannot deficit spend
Lagging indicators - revenue deficit could be anywhere from \$14M - \$50M

Ross Cunniff; is there a time limit for the availability of the FTA funds?

Drew Brooks; no time limit at this time on the CARES funding and our plan it to use this funding first so we can give back to the General Fund.

Darin Atteberry; to Ross – I don't believe there is are sunset constraints from the FAA on the airport and funding can be used for operations or capital on or off airport property - flexibility - if we use it for operations (virtual tower) the expectation is that when the funding is exhausted - there is no commitment to backfill – it is a one-time grant.

Josh Birks; we will plan to continue to talk about what we know and what we don't know -
Summarize existing social and economic responses – there are a number of gaps and concerns about Phase I – we are engaging on that as well.

Mayor Troxell; regarding our state and federal delegation - Darin and I had a call last week with the Governor – where we expressed our concerns regarding CARES 1.0 and the disbursements that came to the state.
On-going discussions with CO Municipal League - actively in conversations with DOLA regarding CARES 1.0 and the allocation is at state level which is one of the structural challenges that came with CARES 1.0. Chris and I on a call with Rep. Joe Neguse – he is an involved sponsor of CARES 2.0 which calls out support for municipalities directly - but didn't address northern Colorado and Fort Collins in particular.

Financial Impacts for all communities of all sizes, Conference of Mayors, National League of Cities
Rep. Neguse's district includes CU Boulder and CSU - students not being in community is a big hit in our city - lack of revenues - higher education number of employees in comparison to the airline industry - CARES 1.0 dealt more with airline industry and not higher ed. We are a company town. Rep. Neguse also introduced funding to address impacts of homelessness during this time. CARES 2.0 is being negotiated right now.

Darin Atteberry; the airline industry employs 750K whereas higher ed employs 2.3M - \$25B going to airlines – and higher ed was half of that amount. CSU is actively doing work in the Covid space now; helping to certify labs, research, helping with ventilator testing, equipment – all of which is currently unfunded.

Josh Birks; today is the first day that the Colorado Dept. of Labor and Employment is accepting applications from independent contractor, self-employed and gig workers - they will receive Covid related benefits which can be backdated to the week of February 15th.

Travis Storin; I hope the range begins to narrow a bit by end of April - proposed strategy on funding Plan is to provide updates to this committee at the May / June / July meetings.
CFC updates by June meeting we will have latest forecast and at the July 20th meeting, we plan to deliver a balanced 2020 budget.

Ken Summers; undesignated reserves available to us - \$38M - Does the \$33M include TABOR reserves?

Travis Storin; It does include TABOR reserves - \$33M GF emergency reserves available to use
We maintain a city policy to keep a 60-day operating fund available - Designations
\$5M could be added in the magnitude of another \$15M – so up to \$20M somewhat flexible – would be some pain in freeing those funds up

Ross Cunniff; thank you for all of the work. Assume we can make some back of the envelope projections based on knowing the city businesses that are closed or restricted. Our program where certain businesses can be exempt from late fees and interest – are we examining how long that program will be in place? I believe that most of these businesses aren't going to be in a position to come out in 60-90 days and be able to pay current and back taxes. What do we have planned along those lines?

Travis Storin; the offering we have around the deferral of April and May payments to June 20th due but have not currently contemplated an extension of that date.

Ross Cunniff; could be resource - scale - options on our side - maybe we could start creating some structure around potential repayment plans and give business a sense of auto deferral

Travis Storin; even if the businesses don't qualify today for this automatic deferral - we have set up repayment plans with any size business who reaches out to Sales Tax.

Ken Summers; taking a broader 30,00 foot perspective as we look at short term / long term – will be interesting to see how we assess this current crisis - What is the balance between maintaining essential services as a city - but when we look at the use of reserves - look at business activity provides revenue for city to operate on via sales tax – if the city succeeds but the businesses fail - at what point beyond what is available from the federal government do we look at offering additional assistance from the city to help our small local viable businesses? Challenging question – maybe there is a space for us to provide assistance – no idea what that would look like – if we lose a good portion of our economic base -

Darin Atteberry; one thing that is important is that we need to make sure that our business units stay solvent I described it as a big giant funnel - open end and narrows down - the further we collect data we are going to know more and more and further refine. The work that Travis, Dave, Lawrence and others have done around scenario development is so important. We have some significant reduction efforts to help support those various scenarios which impact work force and service levels. As Teresa Roche says, 'the more curious we stay, the better off we will be right now'. Local businesses are asking the city to provide resources to help them stay afloat – local organizations are asking – durable partners - within the community. We need to be confident in their financial viability, service offerings - some will come to the Mayor and Council. If we end up having to reduce \$50M in our operating budget – there is no question that we will have a different service offering. I was talking with Tom Gendron, CEO of Woodward who has a great macro level perspective around the globe. Tom shared that when investors look at public companies and they are hoarding cash - that is a big problem – businesses build these rainy-day funds – this is not a rainy day - this is a hurricane. Look at what role your reserves are going to play in helping to bridge the gap versus long term recovery. As I have shared with Ken, Ross and Wade - in past incidents I have not been inclined to use reserves, but in this case, I think it is appropriate. Think it would be irresponsible not to, but using reserves is not the only fix - I think we are going to be looking at pretty significant structural changes. Toms advise was; if you are going to significantly reduce your reserves – you have to have a plan in place to replenish them over the next 2-3 years or they become viewed as a grant and they never come back.

Ross Cuniff; we need to appropriately scale our service levels in order to replenish our reserves.

Ken Summers; I appreciate you sharing Tom's assessment - It is going to be a step by step process - looking at budget, leveraging federal funding, what is a level of comfort in utilizing our reserves. I agree with Tom's analogy; this is not a rainy day - this is a hurricane.

Mayor Troxell; I appreciate this conversation. I have been referring to this as the Covid lag - we haven't even begun to feel the economic impact that we will be feeling- it will impact the city and that is what Travis and Josh are presenting. Right now, we are in the response phase for Covid. We should be just as intentional about how we approach and engage with the recovery phase – we are doing this with a grass roots approach now – a lot of innovation coming from our businesses – some who are still open and they have had to pivot their business model. As we begin the step down - I think we should create / build a mechanism / framework through the Chamber using innovation 'how do we actively recover? ...some of the CSU response has included creating new solutions (testing, new vaccine research). How do we impact and leverage in ways that make the big difference at the end of the day? With the Covid lag and heading into recovery, how do we best do this? Major issue is and will be cashflow as we are heading into - I also want to complement Josh and NoCo Recovers - a big part of this is working with our neighboring communities in this recovery aspect. A more intentional way to think about recovery and how do we do it in a way – similar to how we have messaged 'neighbor helping neighbor' helping our businesses as best they can, those that serve us directly – regional, large businesses that serve on a national / international scale - how do we support them? Thinking about our community as a whole and how we recover

GENERAL DIRECTION SOUGHT

Does Council Finance Committee support the guiding principles and the sort the workstreams being developed?

Results:

Mayor Troxell; I support the guiding principles and also think that what Travis and Josh have outlined is right on track

Ken Summers; looks good - we are all on the same page and you are doing a great job.

Ross Cuniff; like wise

B. Streets & Traffic Backup Generators

Brian Hergott, Sr. Facilities Project Manager
Larry Schneider, Director, Transportation Operations
Noelle Currell, Manager, FP&A PDT

EXECUTIVE SUMMARY

During the 2019/2020 Budgeting for Outcomes process, offers 35.9 and 35.10 were appropriated to complete the design, purchase and installation of new emergency backup generators to support both the Traffic and Streets facilities. The original budget for the project was \$340,000. The generators themselves have been procured and work has started on installation (\$240,000 has been spent); however, several unknowns have arisen, and modifications are needed to complete the project. In order to complete installation, staff needs an additional \$310,000 in funds. At completion the total project cost will be \$550,000.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Is the Council Finance Committee supportive of a \$310,000 supplemental appropriation to finish installation of emergency generators at the Streets/Traffic facility?

BACKGROUND/DISCUSSION

The original budget of \$340,000 for three new standby generators at the Street Operations building, Streets Operations De-icing Command Center and the Traffic Operations building did not factor in several items that are necessary to complete the project. At the time of the original budget request, these items were not known issues. The most significant of the impacts follow:

- At the Streets Main building the generator was intended to replace the existing generator that no longer works. After hiring a design firm and having their electrical engineers assess the electrical system it was revealed that there would be significantly more work than originally budgeted: this included rework of the ageing electrical 1600-amp gear and adding components to allow the generator to function properly.
- At the Traffic Operations building the location of Traffic Operations transformer and the space available for the generator required demolition and replacement existing exterior hardscapes.
- The original plan/replacement of diesel generators were switched to natural gas. The added diesel stored on site would have required additional permitting and reporting at the State level which the City does not currently have at this co-located facility. Due to this change, there is also an additional cost for natural gas plumbing.

By October 2019, \$240,000 of the original \$340,000 budget were encumbered. The electrical estimates exceeded the remaining budget. Due to the known additional budget need, \$100,000 of the original budget lapsed. By allowing the funds to lapse, Staff is coming back to request only a single additional appropriation to complete the project; the amount to not exceed \$310,000.

Waiting until later in 2020 or allowing the project to be put on hold will put the City at further risk should a power outage occur. Staff is seeking funds now for several reasons:

- To tie the generators to the buildings, electrical needs to be shut down for as much as 2 days. The summer months and on a weekend is the best time to coordinate these activities.
- The currently contracted vendors may request to revise their contract amount for exceeding the current 2020 completion date.
- The already procured generators would sit for an extended amount of time and may require additional maintenance.

- Streets and Traffic Operations will continue through another year/winter without standby generators until the Summer of 2021 or later.

Should Council approve the additional funds needed to complete the project, the next step would be an RFP for the electrical scope and final work during the Summer of 2020.

DISCUSSION / NEXT STEPS;

Streets has been without generators for 6 years – we were not able to open garage door due to power outage during snowstorm

Original project budget \$340K in previous BFO offer- Revised project budget \$550K
Today requesting approval for \$310K from Transportation Fund Reserves

Mayor Troxell; directing comments to Darin and Jeff - I think we are missing an opportunity
How is Utilities been involved in this? How are we thinking about our energy future as it relates to backup power generation? Does this fit with our go forward strategy? This is being presented as business as usual - This location is close to the Energy Institute lab where there is close to 5 MW of distributed energy including back up generation - can outflow - a resource that can be utilized - don't need back up that sits idle except for monthly test. We need to think about this in terms of our grid strategy - I am reluctant but not saying these are not critical facilities – they are but there are other ways of doing this instead of buying equipment that is only dedicated to this building. Another neighboring resource we could pay is New Belgium Brewing - they have a lot of resources that could be utilized and provide that energy at the right time - their Methane recovery powering their backup generators could provide generation for our facility. How is the utility involved and how does this fit with our go forward strategy for distributed energy resources?

Jeff Mihelich; flexibility – we are committed to – this is something to follow up on regarding this specific application – more importantly, how close are we to doing the types of collaboration we are talking about.

Tim McCollough; we have not been involved in this specific project but we can certainly explore these other possibilities - you are correct, there are generation opportunities available - we can certainly explore those possibilities with our colleagues at Operations Services –to participate in an active grid management system – there is usually higher cost of entry for these type of opportunities but we know it is possible – FortZED project is a similar scenario -

Darin Atteberry; point of clarification from the AIS, we actually already have these generators in our possession. Can someone speak to that?

Brian Hergott; when we started going through the design, we went out for an RFP/ pricing for 3 generators - we did procure those – they are currently at a facility in Firestone and are awaiting delivery - 3 units total approximately \$140K

ACTION ITEM

Ross Cunniff; would be interesting to know – part of the utility engagement – what is the expected 1 Sigma duration for power outage events? What is the expected kW consumed during those power outage events? Compare with an option of having natural gas generator which could run continually versus a combination of that and battery storage which could be used when we are not experience an outage event – during summer – peak shedding - integrated network as the Mayor spoke to - would be interesting to have some rough analysis along those lines to help us make this decision.

Assuming we return the generators since they are not delivered – maybe with some kind of penalty – which would be part of the analysis too. Back of the envelope median price of battery storage suggests that for \$310K we could get approximately 1500 Kw hours of storage. If our expected usage falls within those parameters - I don't know what is actually available on the market but based on some preliminary analysis - could be used in during peak times in summer

Mayor Troxell; I was on a call with the Department of Energy - a workshop regarding a funding opportunity for connected community – communication within buildings across jurisdictional lines. The purpose is to show the value proposition of having this integrated distributed energy resources across various kinds of buildings - will be coming out shortly - \$42M from the Department of Energy and the awards will be in the range of \$7M which would be roughly the same as a FortZED with cost share which can come from various different resources. We had a meeting with Intel –available funding for integration while we have a willing partner with Intel if not others. This is why we have to be engaged in the conversations on how we meet our energy future. This is a perfect opportunity on how we meet this need and there will be some expenses, but I would rather that the \$310K be spent toward our future and not on a chunk of iron sitting idle most of the time.

Darin Atteberry; Mayor, you bring up excellent points and I would suggest that we put this one on hold and we take a quick look at what our other opportunities might be. Was this something that was addressed but wasn't included in the presentation today or was this really a miss and is there an opportunity? I just wanted you to be aware that the generators have been purchased and are waiting to be delivered – but you are correct, there are generation opportunities. Some excellent discussion but I am not ready to go forward based on the conversation on the last 15 minutes.

Ross Cuniff; I agree - something between 0 and 100% that would be the sweet spot

Darin Atteberry; unless there is a critical need to act right now - I am strongly inclined to say we hold off

Ken Mannon; one of the things that drove up the cost was that the install was at the Streets facility
- We need to switch out the electrical switch gear that drove price up \$200K -we had the same kind issue as we had at EPIC - \$200K of \$310K is the switch gear piece - the electrical is a big critical piece

Ross Cuniff; I would suggest breaking out the electrical work (rewiring)- that would be needed regardless of what backup strategy we have – so maybe separate the \$200K out of the \$540K – some of which we could recoup if we are able to sell the generators back

Ken Mannon; we could for sure - we actually looked at trying to do some solar out at Larry's site about 2 years ago - we had a structural engineer come and look at the roof so we could put some solar up there - but due to the building age and design - part of that is still the old sugar beet factory and mobile home manufacturer who were in there. The day we couldn't get the doors open - panic mode - during a snowstorm we don't really have 20 minutes to 1 hour to sit and wait for power to come back on – that is what makes this critical

Darin Atteberry; Let me propose – sounds like a portion or all of the supplemental appropriation ought to come forward. Between now and then, let's get real answers to questions that Wade is asking - not a surprise – something we have been driving for a few years now. As Ross suggested, let's break it out into 2 appropriations; one being the electrical upgrade that we need to do and then let's get clarity on other issue

Travis Storin; I want to look into the status of this procurement - what is our flexibility?

Darin Atteberry; to the team who is going to be working on this - 2 things to address; it is clear that this is something we have been trying to do as a city organization – there were reasons why this didn't work - let's be clear about that - let's say that and not continue down a path that is different than where we are headed - let's explore it – I think Wade brings up excellent points – if we can change course midpoint - then let's do it and make sure what we bring forward a little more intentional on this question.

Mayor Troxell; let's view it in a positive go forward learning opportunity to get better perspective
Example of why solar alone doesn't solve it either because timing may not work - provide the load – power generation – may need other infrastructure – powering motors is different from turning on lights because of the reactive power- generators provides motor power – when we think about the future and we actually have energy resources - needs to be the right kind of switch gear – the outcomes you are trying to achieve as a neighborhood and not just a building – thought about in an active management perspective -
Great opportunity - great way to think about going forward – great facility for opportunities for integration
For energy future - when we begin to integrate more distributed resources our reliability can go up and our costs can go down if we architect it right - we are going to be providing one way or the other so might as well be on a more robust and distributed system – get desirable outcomes in addition to the energy to open the doors at the right time.

ACTION ITEM:

Address questions by providing a memo outlining proposed resolution / stated path.

Darin Atteberry; stated path or stay the course – we will articulate – supplemental appropriation or state that – give a timeline or provide compelling business reasons not to - let's be clear to the Council as to why.

C. Wood St. SCO /NOC Renovation

Adam Bromley, Director, Operations & Technology

Tim McCollough, Deputy Director, Utilities

Lance Smith, Director, Financial Planning & Analysis

SUBJECT FOR DISCUSSION

Light & Power Supplemental Appropriation for 2020 Wood Street Remodel

EXECUTIVE SUMMARY

Staff recommends bringing forward an off-cycle appropriation package to City Council in May 2020 to fund a budget gap that exists between budgeted money in 2020 and estimated costs of the 700 Wood Street remodel project.

This package will provide the funds necessary to complete the joint control room and associated 700 Wood Street remodel project between Connexion and Light & Power (L&P). L&P will need to appropriate \$0.9 M from reserves, which has already been included in the Utilities' financial rate strategy informed by the 2019 Capital Improvement Plan (CIP). In addition to the appropriation from reserves, L&P intends to re-appropriate funds from other capital accounts to obtain the remaining funds necessary to complete the 700 Wood Street remodel project.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Does Council Finance Committee support staff's recommendation to bring forward an off-cycle supplemental appropriation from L&P reserves to complete a joint control room facility with Connexion?

BACKGROUND/DISCUSSION

In 2018, Light & Power included a budget offer for the 2019-2020 BFO process to update the Supervisory Control Operations (SCO) center; that offer was approved as part of the council approved 19/20 budget. SCO is the control room for the electric distribution center; electric system operators direct switching operations in the field and monitor substation and distribution equipment status to maintain safe, reliable operations of the electric system. SCO is the only area within 700 Wood Street that was not within the project scope during the remodel in 2016-17.

The 19/20 approved offer's budget is \$950,000 and the scope of work included the following:

- New electric operator consoles replacing existing consoles that are 30+ years old
- A video display system that integrates with the new enterprise level software systems to display operational system maps, manage outages, perform advanced distribution management and that replaces the existing paper wall map
- Replacement of existing raised floor at the end of life
- Upgraded lighting and acoustics
- Asbestos remediation

In 2019, it was determined that several functional groups within the Connexion department (at least 20 employees) would need to be located at 700 Wood Street. Light & Power had already moved some employees around and out of the building to accommodate the Outside Plant employees for Connexion; as such, there is little space remaining for additional personnel. Therefore, Connexion and L&P began discussions to obtain a conceptual design for a remodel within 700 Wood Street that met the following criteria:

- Integrates the network operations (Connexion) and electric system operations (L&P) groups into a transparent joint control room facility
- Maintain or exceed the existing level of conference room space
- Accommodates the network engineering staff from Connexion
- Provides office/cubicle space for existing L&P staff that are or will be displaced by incoming Connexion personnel or the new remodel design

Connexion and L&P spent many hours working with Operations Services, the contracted architect, the control room design consultant, and general contractor to agree on the proposed conceptual design (shown in the presentation) for the joint control room and associated remodel of 700 Wood Street. This conceptual design multiplies the affected square footage of the original approved budget item by more than 5 (original – 1,823 ft² proposed – 9,829 ft²). It also includes the following changes not originally included:

- Reconfiguration (moving walls) of SCO including moving the kitchen, break room, and existing bathroom to create two bathrooms.
- Elimination of existing Poudre, Energy, Horsetooth, and Jetson conference spaces
- Addition of six new conference spaces
- Reconfiguration and displacement of L&P employee workspaces
- Incorporation of network engineering and operations employees and workspaces
- Addition of Connexion lab space

Due to the greatly expanded scope of the project, the estimated cost has grown considerably. The total estimated cost for the project is \$4.37 M; current estimates for each department's share is \$1.75 M for Connexion and \$2.62 M for Light & Power. Staff is currently at about 50% design with a 20% contingency budget included and we expect to refine these estimates as we get closer to an 80% design with 20% contingency. Staff has already reduced the total cost by over \$0.4 M by value engineering line items including an additional coffee station and the reconfiguration of a small bathroom/locker room. Staff is in process to identify other areas for potential value engineering and cost reductions.

L&P has \$0.95 M already appropriated for this work through the 2019/2020 BFO process; the recommended approach to obtain the funds necessary to complete the remodel project as described above and to meet the necessary requirements for Connexion and L&P is to:

- appropriate a portion (\$900K) from L&P reserves in an off-cycle appropriation and
- obtain the remainder of the funds (\$770K) from other capital accounts within L&P.

The off-cycle appropriation amount is included in L&P's current rate strategy as it was planned for in the 2019 Capital Improvement Plan (CIP).

L&P provides proposed capital expenditures for each budget cycle to the Utilities finance department in order to inform electric rates strategy and future increases. As part of the 2019 Capital Improvement Plan (CIP) for L&P, staff anticipated a budget shortfall once discussions with Connexion began and attempted to include the additional funds necessary through an appropriation to complete the remodel project. This would allow for the appropriation to be funded directly through electric rate revenues. The line item included in the CIP for this appropriation was \$0.9 M, which is also short of where the current estimates are. However, this action demonstrates that more than half of the money needed in the appropriation is already included in existing electric rate strategy and projections and that only an additional \$0.77 M is needed to what is currently planned.

One option for the additional funds is to re-appropriate unused capital dollars in our Substation parent account; with all of the capital work currently planned for in the Substations area, it appears that the parent account would be able to accommodate this re-appropriation. Another option is for City Council to redirect the approach on annexation projects planned for the next two years. If those projects were delayed, a portion of the money appropriated from reserves in January 2020 could be re-appropriated for the completion of this project.

One alternative to the recommended approach above includes an off-cycle appropriation for the entire \$1.7 M funding gap from L&P reserves. This option would be the easiest, but it would not follow the general direction from the finance department for staff to explore capital projects that could be delayed in order to help match expected revenue shortcomings. Other options that staff has explored include:

- submit a 2021 budget offer for the remaining funds – this option delays the project about six months and also poses the risk for cost escalation
- extreme value engineer to reduce overall cost of the remodel – this option decreases quality, functionality, and efficiency of workspace
- reduce scope to original approved 2020 BFO offer to include SCO only – this option eliminates the synergy of creating a joint control room for Connexion and L&P and does not accommodate any of the Connexion personnel that need permanent space.

Not funding the appropriation results in the delay of a permanent working space for Connexion network operations and engineering personnel and limiting the full value of the upgraded enterprise software systems (Advanced Distribution Management System and SCADA system) in L&P. L&P staff realizes that the timing of this request is unfortunate given the current financial unpredictability. However, staff is mindful of the potential for

revenues to be below budgeted levels, we don't anticipate the need for additional off-cycle appropriations in 2020, and as such staff is confident in the recommendation for this off-cycle appropriation.

DISCUSSION / NEXT STEPS;

L&P share is the gap in available funding - hybrid approach in how we would like to ask for / appropriate this money- requesting \$900K off cycle appropriation from L&P reserves - this amount is in CIP and was included in our rate strategy and structure. We would like to get the remaining \$760K allocated from other L&P accounts – Substations parent- potentially delays other capital sub work or from Annexations which requires a change in Council direction. Continue with current schedule to complete the project in mid-2021.

Ross Cunniff: confirming that this project is to accommodate joint shared space between Connexion and L&P

Tim McCollough; two factors that triggered this; we planned to remodel this space anyway and the cost has escalated with the joint control room facility- we intended to move forward with this to complete our technology investments with the physical space necessary for our new software systems and yes, it is in line with Connexion. The increase in square footage is a primary driver in the cost increase – the original scope was 1800 sq. feet and we are now 5000 sq. feet of L&P dedicated space that we are funding it from - the moving of additional walls, lots of hard construction and increase in square footage – major drivers in increased costs. This happened because we are looking at the joint facility with Connexion.

Ross Cunniff; L&P portion – until we figure out what can be deferred in the CEP - specifically, I believe that nothing in the CEP is probably optional but some of it could possibly be delayed without impacting the integrity of the utility – I want to avoid putting projects in here that are going to lead to us needing to expand our rates for recovery of these reserves - that timing would be particularly unfortunate - I don't want to add additional costs to our utility customers if we can find a way to avoid it – that is the specific ask I have for the CIP We really need to make sure it is something we can sustain over multiple years (\$770K) however we structure it in a way that doesn't not end up with a rate payer impact.

Jeff Mihelich; I can say with confidence that we can absorb the substation appropriation of moving dollars will have no impact on our ability to sustain our technology investments or reliability – the reason for posing the question is more about an alternative to slowing down on some of the annexations to our service territory and taking over from Xcel and Poudre Valley REA – we could easily take it out of the substation account with no impact or we could un appropriate some dollars and delay growing into those annexed areas - they would stay with REA or Xcel and it would also limit Connexion's ability to service customers in those areas as well.

Ross Cunniff; I am not in support of that particular option. Requesting a brief memo summarizing what that means to any timelines on the substation project list unless you can say it is zero now.

Jeff Mihelich; I can say it is zero now - we have a buffer of reserve in that capital account and we already have projects in the queue. If Council Finance supports, we could update the AIS to include funding the gap entirely from the substation account.

Ross Cunniff; reserves available – it that after considering what we know now about construction inflation and the future projects - part of the overage - inflation - the reserves we are projecting from the Substation account - does that account for higher than originally projected costs in those Substation capital projects list?

Jeff Mihelich; it does - we account for inflationary growth in all of our capital accounts and our 10-year CIP – accounts for the potential delaying of projects and escalation of costs

Ross Cunniff; based on construction inflation amounts not just Denver / Boulder CPI

Jeff Mihelich; our projects in the substation and the electric utility are more aligned with commodity prices – typically aluminum and copper – we typically don't see general inflationary measures follow our projects.

ACTION ITEM:

Ross Cunniff; I can be supportive but would like a brief SAR style follow-up with the substation capital project list and the amounts projected in the reserves.

Darin Atteberry; Tim - let me go even further as that is a predictable question for capital projects – how does that effect the rest of the capital? Is Council comfortable with our numbers? I would go beyond the SAR and Include that information in the AIS going forward to Council. Saying that this question came up in Council Finance and the attachments that go along with that. Tim, I appreciate your response very much and you answered the question very satisfactorily, but I think the rest of the Council ought to have the same visibility into that. Those are the exact questions our rate payers are going to ask when we think about increasing rates.

Mayor Troxell; in terms of this and combining Connexion and L&P into the same NOC is exactly the right kind of thinking of how these become synergistic and leveraging and important to our future - the distribution utility will become a bigger player in part because it will be actively managing the distribution grid. Now with fiber – flow and integration of vehicles – it will be much more complex. I will mention again, possible funding opportunity with the Department of Energy for connected communities. Some of the cost on this project that would be reimbursable. That might be another source but I don't think it aligns time wise so I don't mean to push something that doesn't make sense – there is other revenue that might be available that would be right in line with what we are talking about here.

Ken Summers; good discussion and questions - whatever we do will need to be well laid out and justified – it will generate a lot of questions in our current environment and timing is going to be critical. The synergy between L&P and Connexion will be important moving forward.

Mayor Troxell; thank you for the presentation – I think there is clear direction

Other Business;

A procedural 6-page letter from our auditor BKD is included in the packet.
Mandated that they send this to us as part of the standard operating procedures.

Meeting adjourned 12:01 pm

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Travis Storin

Date: May 18, 2020

SUBJECT FOR DISCUSSION: 2020-2021 Budget and Financial Review

EXECUTIVE SUMMARY

The purpose of this agenda item is to review:

- The early known financial impacts of the COVID-19 pandemic
- The projected 2020-2021 financial scenarios
- Staff governance of the associated recovery work
- Staff recommendations on use of reserves
- Progress against the financial scenarios and remaining shortfall

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

- Does the Committee have specific comments or questions for staff?
- Does the Committee have guidance or input regarding the use of reserves?

BACKGROUND/DISCUSSION

April Tax Collections

As discussed with Finance Committee early in the pandemic, staff anticipates that the general economic impacts of the COVID-19 pandemic to have a severe impact to City revenues. While those impacts are still difficult to quantify, April financial results represented the first firm data point for gaining this understanding. The below table summarizes April sales and use tax (collections in April on March taxable sales):

APRIL SUMMARY OVER PRIOR YEAR

	Month	Year to Date
Net Sales Tax Collected:	-7.7%	1.0%
Net Use Tax Collected:	-28.4%	-19.6%
Net Sales and Use Tax Collected:	-11.3%	-2.5%

Year to date, sales and use tax collections excluding rebates are down 2.5% and total \$45.3M.

APRIL SUMMARY OVER BUDGET

	Month	Year to Date
Net Sales Tax Collected:	-10.0%	-0.5%
Net Use Tax Collected:	-14.7%	-6.0%
Net Sales and Use Tax Collected:	-10.7%	-1.3%

Year to date, the City has collected 1.3% less sales and use tax revenue, totaling \$586K under budget.

Given that the stay-at-home orders and general economic halt did not take hold until mid-to-late March, an 11% contraction of sales/use tax collections in April indicates a potential 20+% contraction for May.

Staff Response Plan

Staff has laid out the below multi-point budget recovery plan across six workstreams:

Workstream	Lead	Status
Analysis & Forecasting	David Lenz	Reported to ELT 5/6
Cost Initiatives / Service Adjustments	Jo Cech	5/14 BLT Session
Workforce Alternatives	Karen Burke	5/14 BLT Session
Budget Process	Lawrence Pollack	Sellers kick-off 5/11
Federal & State Aid	SeonAh Kendall Blaine Dunn	Reported to 4/15; Sponsor update on 5/19
Communications	Amanda King	Multi-part Coloradoan series began 5/17

Current shortfall projections

As part of the Analysis & Forecasting workstream, staff has developed a revenue forecasting model that allows for individual risk adjustment of approximately 200 different revenue streams across multiple scenarios. The below table represents the four scenarios staff has developed:

Item	Scenario A	Scenario B	Scenario C	Scenario D
2Q Economic Downturn	(10%)	(15%)	(20%)	(25%)
Downturn months	3	4	5	5
Recovery months	4	4	6	9
Recovery level (% of base)	95%	95%	92.5%	90%
Sales Tax 2020 (% change)	(11%)	(15%)	(19%)	(22%)
Use Tax 2020 (% change)	(11%)	(16%)	(22%)	(25%)
2020 Revenue Shortfall	(\$25 M)	(\$34 M)	(\$46 M)	(\$53 M)
2021 Revenue Shortfall	(\$13 M)	(\$14 M)	(\$21 M)	(\$30 M)

Considering continued uncertainty, staff is maintaining all four scenarios are possible. May results, reported in early June, will heavily inform which scenario is most probable. For purposes of the current contingency planning work, staff is focused on Scenario C based on April results and because it will lead scalable recovery options applicable across multiple scenarios.

Use of reserves

Industry best practices are heavily focused on prescriptive or formulaic maintenance of minimum reserve balances. However, those best practices are generally silent on advising use of those reserves. As a result, staff has established a set of judgmental operating principles. The three possible reserve options are:

- Match staff-identified budget cuts
- Backfill our one-time losses vs. the ongoing shortfall
- Backfill the 3-month deficit experienced during Q2 from reserves; balance the 2020 budget for July-December.

For each option, it's a core operating principle to draw only an amount that can be reasonably repaid within a 3-5 year window starting in 2022.

2020 Scenario Progress

In the weeks since this work has begun, staff has identified \$19M in backfill for the 2020 shortfall prior to the use of reserves. Focusing on Scenario C and the use of \$10.4M in reserves, there is an estimated remaining revenue gap of \$16.9M.

	Scenario A	Scenario B	Scenario C	Scenario D
2020 Revenue Shortfall*	\$25M	\$34M	\$46M	\$53M
Federal and State COVID-19 Funding	\$6.5M	\$6.5M	\$6.5M	\$6.5M
Spending Reductions: Non-Personnel (Tier 1)	\$8.7M	\$8.7M	\$8.7M	\$8.7M
Furloughs and Hiring Freezes	\$3.5M	\$3.5M	\$3.5M	\$3.5M
Use of Reserve Funding	\$6.3M	\$10.4M	\$10.4M	\$10.4M
Program and Service Adjustments				
Organization-wide Personnel Impacts				
Subtotal	\$25.0M	\$29.1M	\$29.1M	\$29.1M
Remaining Gap	--	\$4.9M	\$16.9M	\$23.9M

Staff is transitioning its efforts toward budget adjustments that may have a service level or program impact. The remainder of May will be spent on establishing a portfolio of options that over-solve for the gap by a multiple of 2, so that multiple options/configurations can be considered in how to make up the remaining \$17M.

Next steps

The trigger points for executing on budget cuts with a significant impact to services, employees, or the community are in June at the earliest. In the meantime, staff is carefully putting together its contingency plan for each of the four scenarios. The Budget Lead Team is meeting for 2-hour work sessions throughout May and June and is driving toward a balanced 2020-2021 by July so as to satisfy the Charter-required City Manager's Recommended Budget in time for Labor Day.

ATTACHMENTS

PowerPoint Presentation (Attachment 1)



COVID-19: Financial Update

May 18, 2020

- Review April sales tax collections
- Projected revenue shortfall
- Financial contingencies identified to-date:
 - Use of reserves determination
 - Citywide guidance/directives
 - Tier 1 cuts
- Staff next steps

April Sales Tax Results

April Sales & Use Tax Collections

APRIL SUMMARY OVER PRIOR YEAR

	Month	Year to Date
Net Sales Tax Collected:	-7.7%	1.0%
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Net Sales and Use Tax Collected:	-10.7%	-1.3%

Year to date, the City has collected 1.3% less sales and use tax revenue, totaling \$586K under budget.

*Sales and Use Tax collected in April for economic activity that occurred in March

April Sales & Use Tax Collections Analysis

Category	% Change*	Amount
Grocery, Convenience, Liquor	29%	\$370k
Pharmacy, Salon and Laundry	12%	\$56k
Miscellaneous Retailers	5%	\$41k
Vehicle Sales, Parts and Repair	-25%	-\$176k
Sporting, Hobby, Book, Music	-30%	\$116k
Restaurants, Caterers and Bars	-39%	-\$618k
Clothing and Accessories	-49%	-\$175k
Lodging	-61%	-\$139k

*Compared to April 2019

Contingency Plan Status & Revenue Projections

Workstream	Lead	Status
Analysis & Forecasting	David Lenz	Reported to ELT 5/6
Cost Initiatives / Service Adjustments	Jo Cech	5/14 BLT Session
Workforce Alternatives	Karen Burke	5/14 BLT Session
Budget Process	Lawrence Pollack	Sellers kick-off 5/11
Federal & State Aid	SeonAh Kendall Blaine Dunn	Reported to 4/15; Sponsor update on 5/19
Communications	Amanda King	Multi-part Coloradoan series began 5/17

- Includes modeling of all Governmental Revenue impacts
- Estimates of impact in relation to macroeconomic conditions
- Retail Sales Tax segmentation:
 - 18 reporting categories, risk adjusted
- Use tax segmentation:
 - Autos, building permits, returns tax
- City Specific Facilities – Recreation, Cultural Services, Transportation
 - Accounting for shutdowns and reduced service levels
- Property Tax – valuation for 2020/2021 established – potential collections issue
- Grants – limited impacts expected
- Licenses/Fees/Fines – will reduce with overall economic decline

Revenue Scenario Details

Item	Scenario A	Scenario B	Scenario C	Scenario D
2Q Economic Downturn	(10%)	(15%)	(20%)	(25%)
Downturn months	3	4	5	5
Recovery months	4	4	6	9
Recovery level (% of base)	95%	95%	92.5%	90%
Sales Tax 2020 (% change)	(11%)	(15%)	(19%)	(22%)
Use Tax 2020 (% change)	(11%)	(16%)	(22%)	(25%)
2020 Revenue Shortfall	(\$25 M)	(\$34 M)	(\$46 M)	(\$53 M)
2021 Revenue Shortfall	(\$13 M)	(\$14 M)	(\$21 M)	(\$30 M)

2019 Fund Balances and Use of Reserves

All Governmental Funds

	2018	2019	Appropriated, Min. Policy, or Scheduled	Available but with some Constraints	Available for Nearly Any Purpose
General Fund non-emergency	\$ 33.3	\$ 38.1	\$ 24.9	\$ 2.6	\$ 10.6
General Fund emergency	33.0	33.7	33.7	-	-
Capital Expansion Fund	19.5	22.9	1.5	21.4	-
Sales & Use Tax Fund	0.8	0.8	0.8	-	-
GID #1 Fund	0.7	0.9	-	0.9	-
Keep Fort Collins Great Fund	9.8	8.5	5.5	3.0	-
Community Capital Imprvmt Plan	12.7	11.5	7.8	3.7	-
Neighborhood Parkland Fund	10.1	9.2	5.4	3.8	-
Conservation Trust Fund	2.3	2.8	0.9	1.9	-
Natural Areas Fund	18.6	19.5	9.2	10.3	-
Cultural Services Fund	2.2	2.3	0.5	0.9	0.9
Recreation Fund	2.5	2.6	0.7	1.9	-
Cemeteries Fund	0.8	0.5	0.5	-	-
Perpetual Care Fund	2.0	2.0	-	2.0	-
Museum Fund	0.7	0.7	0.1	0.6	-
Transportation Capital Expansion	24.9	24.2	9.4	14.8	-
Transportation	14.6	13.5	4.2	1.4	7.9
Parking Fund	1.5	1.5	0.3	1.2	-
Capital Projects Fund	12.0	24.7	22.2	2.5	-
Equipment Fund	3.6	2.9	1.6	1.3	-
Self Insurance Fund	2.7	1.7	2.2	(0.5)	-
Data & Communications Fund	3.4	3.1	0.7	0.8	1.6
Benefits Fund	11.7	15.3	7.2	8.1	-
TOTAL	\$ 224.1	\$ 243.6	\$ 139.6	\$ 83.0	\$ 21.0

65.0 Available for shortfall, subject to source constraints

2.8 Researching -- could be \$2.8M or more available here (was to be used for Vine/Lemay)

- Aim to replenish reserves within 5-year window (starting from 1/1/2022)
 - i.e., don't draw more than can be reasonably paid back (~\$5M/year)
- Lower boundary: match our staff-identified cuts
- Mid-range: Backfill our one-time loss vs. ongoing gap
- Upper boundary: 3-month revenue deficit we're experiencing Apr-Jun

Status of Shortfall

2020 Scenario Progress w/ Reserves

	Scenario A	Scenario B	Scenario C	Scenario D
2020 Revenue Shortfall*	\$25M	\$34M	\$46M	\$53M
Federal and State COVID-19 Funding	\$6.5M	\$6.5M	\$6.5M	\$6.5M
Spending Reductions: Non-Personnel	\$8.7M	\$8.7M	\$8.7M	\$8.7M
Spending Reductions: Personnel	\$3.5M	\$3.5M	\$3.5M	\$3.5M
Use of Reserve Funding	\$6.3M	\$10.4M ~ \$15.3M	\$10.4M ~ \$19.4M	\$10.4M ~ \$20.6M
Subtotal	\$25.0M	\$29.1M ~ \$34.0M	\$29.1M ~ \$38.1M	\$29.1M ~ \$39.3M
Remaining Gap	--	\$0 ~ \$4.9M	\$7.9M ~ \$16.9M	\$13.7M ~ \$23.9M

	Scenario A	Scenario B	Scenario C	Scenario D
Use of Reserve Funding	\$6.3M	\$10.4M ~ \$15.3M	\$10.4M ~ \$19.4M	\$10.4M ~ \$20.6M
Remaining Gap	--	\$0 ~ \$4.9M	\$7.9M ~ \$16.9M	\$13.7M ~ \$23.9M

Within Scenario C:

- If \$10.4M reserves used in 2020, \$3M in 2021. City solves remainder with ongoing cuts:
 - Payback period of **2.5 years** after 2021
- If \$19.4M reserves used in 2020, \$12M in 2021. City solves remainder with ongoing cuts:
 - Payback period of **~5 years** after 2021

Citywide initiatives (in flight)

- Suspend City picnic and employee recognition week
- Suspend use of DBA giftcards
- All non-essential, non-accreditation-based travel and training
- All non-travel food, including Boards and Commissions (Council??)
- Overtime only for police and public works emergencies – all other OT subject to SA Director advance approval with preference to offset
- Any price increase on a contract renewal subject to Purchasing Director and CFO review

Tier 1 Non-personnel Submissions

Tier 1 Reductions	2020 Non-Personnel Budget	% of overall non-Personnel Budget	Cuts in Governmental Funds	Cuts in Non-Governmental Funds	Total Cuts	% of SA Budget Cut
Police Services	8,839,211	7.4%	509,854	-	509,854	5.8%
Financial Services	1,063,415	0.9%	23,701	70,405	94,106	8.8%
Community Services	29,641,929	24.9%	337,631	5,113	342,744	1.2%
Planning, Development, & Transportation	53,578,002	44.9%	15,404,383	283,410	15,687,793	29.3%
Executive Services	1,003,206	0.8%	211,454	-	211,454	21.1%
Judicial Services	337,972	0.3%	9,913	-	9,913	2.9%
Legal Services	287,041	0.2%	19,924	-	19,924	6.9%
Information/Employee Services	15,431,579	12.9%	194,770	174,368	369,138	2.4%
Sustainability Services	2,548,335	2.1%	175,804	1,800	177,604	7.0%
Other	6,498,466	5.5%	-	-	-	0.0%
Total Governmental	119,229,155	100.0%	16,887,434	535,096	17,422,530	14.6%
Utility Services, excl. Purch Power	70,582,878	100%	0	1,068,167	1,068,167	1.5%

Tier 1 Non-personnel Submissions

- \$5.3M adjustment to Street Maintenance Program budget
- \$9.5M capital project deferrals:
 - \$3.3M Linden St.
 - \$3.0M Lemay/Vine
 - \$1.3M other TCEF funding (Sharp Point, Harmony/Strauss Cabin, Power Trail Grade Sep)
- \$1.4M Discretionary: Travel/training/consulting
- \$460K Supplies

- Expense gap of \$17M to solve
 - Based on Scenario C and \$13-14M use of reserves in 2020-2021
 - Plan must be identified ASAP, but the trigger points are in June at earliest
- BLT to convene starting 5/14 for 2-hour sessions throughout May/June
 - Toolset include 2019 contingency plans, T2/3 non-personnel items, and 2020 BFO Drilling Platform
- Driving towards a balanced 2020-2021 by July, CM-recommended Budget by Labor Day

- Discussion:
 - Does the Finance Committee have any questions/input to share regarding staff's status and timeline
 - Is there a desired update cadence/forum in addition Finance Committee?

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Drew Brooks, Transfort & Parking Director
Noelle Currell, Planning Development & Transportation Finance Manager

Date: May 18, 2020

SUBJECT FOR DISCUSSION

West Elizabeth Enhanced Travel Corridor Multi-Modal Options Funding Grant Appropriation

EXECUTIVE SUMMARY

The West Elizabeth travel corridor is currently the highest priority pedestrian/alternative mode area for improvement in the City and was highlighted in City Plan and the Transit Master Plan. The City was awarded a \$750,000 Multi-Modal Options Funding (MMOF) grant from the North Front Range Metropolitan Planning Organization (NFRMPO) to help complete 30% design of the project. Colorado State University (CSU) has appropriated \$375,000 to help fulfill the grant match requirements. The City will be required to bring \$375,000 in local funds to fulfill the total match and complete the \$1.5M design.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Is Council Finance supportive of an out of cycle supplemental appropriation for the Multi-Modal Options Fund (MMOF) and required local match to complete 30% design for West Elizabeth Enhanced Travel Corridor?

BACKGROUND/DISCUSSION

MMOF Background

In December 2019, the NFRMPO did a call for projects for the MMOF grants. The City was awarded all 4 projects for which is applied.

Projects include:

- West Elizabeth 30% Design – Award \$750,000
- Transfort Compressed Natural Gas Bus Replacements - \$908,091
- Siphon Overpass - \$500,000
- Laporte Avenue - \$250,000

Both the Siphon Overpass and the Laporte Avenue Grant Appropriations and related Intergovernmental Agreements (IGA) will be brought forward for review in Spring 2021. The bus replacement IGA and corresponding appropriation will be brought forward on consent as no additional matching funds are required.

West Elizabeth Corridor Background

The West Elizabeth Corridor is currently the most productive transit area and one of the highest pedestrian use areas within the City.

- It has more passengers per revenue hour than Max and there are often times where “trailer” buses are required in order to accommodate all the passengers.
- Most passengers are going to/from CSU. This includes CSU’s foothills campus which is harder for Transit to access due to the limited ability to turn buses around at Overland Trail.
- Current bike/ped count data show extremely high usage and potential for modal conflict at the major intersection of W. Elizabeth and City Park Ave (see Attachment 2 for August 2019 traffic pattern and bike/ped data).

Design along this corridor is expected to allow for safer travel for all modes and a more direct route for buses which will include a turn around at the end of Elizabeth which could help lead to some route consolidation.

Due to the many factors and current condition of this corridor, it is one of the top priority areas for improvement within the City and has specifically been highlighted in the Transit Master Plan as the highest priority project.

Staff is recommending doing the appropriation currently for several reasons:

- There is an extremely long lead time between 30% Design and final project completion.
- 30% Design completion will enable the City to submit for the Federal Transit Authority (FTA) Small Starts grant program; historically, projects have not been able to request this grant without being at 30% design.
- Having this project get to a “shovel ready” status could help boost the local economy as it comes out of the COVID recession.
- The project funds are highly leveraged in that CSU is contributing \$375,000 to the project
- Transit Reserves which will be utilized for the local match are healthy and due to Federal CARES funding are not expected to take an impact like other City funds.

ATTACHMENTS

1. Council Finance PowerPoint Presentation
2. August 2019 Traffic Data from Intersection of W. Elizabeth and City Park Ave.



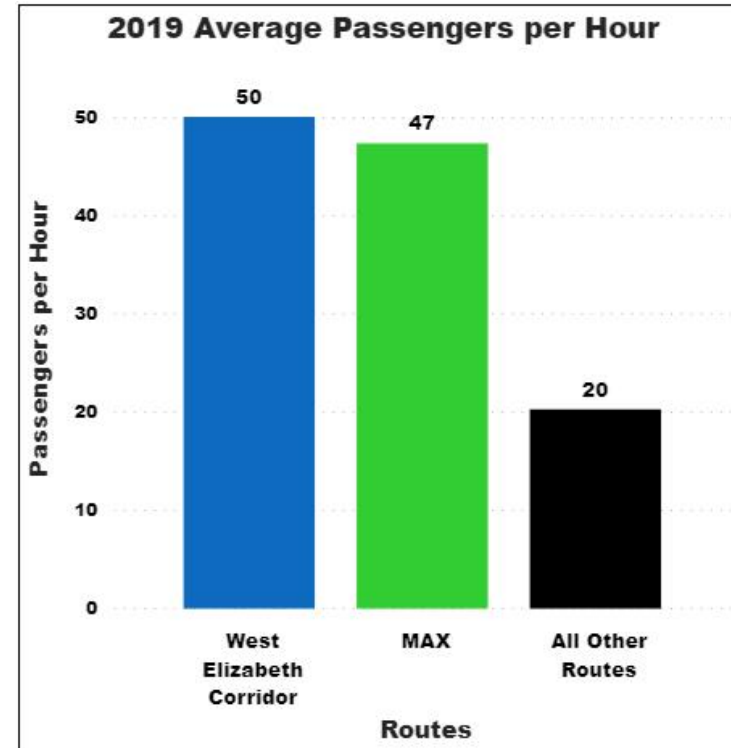
Multi-Modal Options Fund Grant Appropriation
Drew Brooks, Noelle Currell – May 18, 2020

Is Council Finance supportive of an out of cycle supplemental appropriation for the Multi-Modal Options Fund (MMOF) and required local match to complete 30% design for West Elizabeth Enhanced Travel Corridor?

- State Grant administered through North Front Range Metropolitan Planning Organization
- Call for projects in December 2019
- City of Fort Collins awarded all 4 projects which were submitted (final notification of award on April 2, 2020)
 - Speaking specifically to only 1 project today
- Grant requires 50% local match
- All funds must be expended by June 2023
- Signed IGAs must be in place by December 2021

W. Elizabeth Corridor History

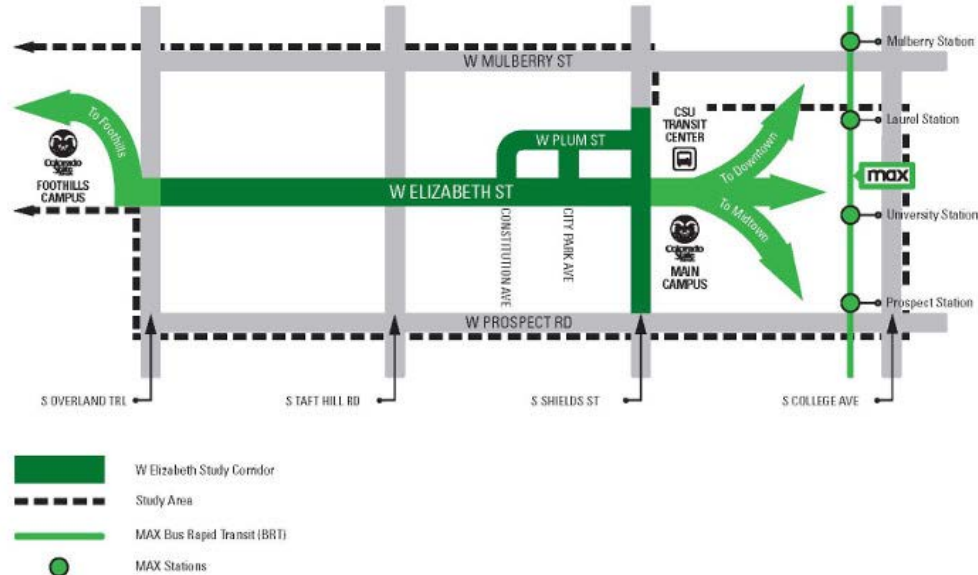
- Highest Ridership Corridor
- High Priority Enhanced Travel Corridor
 - Council Priority
 - Transit Master Plan Priority
- Substantial Multi-Modal Improvement Recommendations



West Elizabeth Corridor Design Project

- Funding will complete 30% Design
- Allows for project to be eligible for FTA Small Starts Grant Funding (same grant that was utilized for MAX)
- Leveraged funds/partnership - CSU contributing \$375k

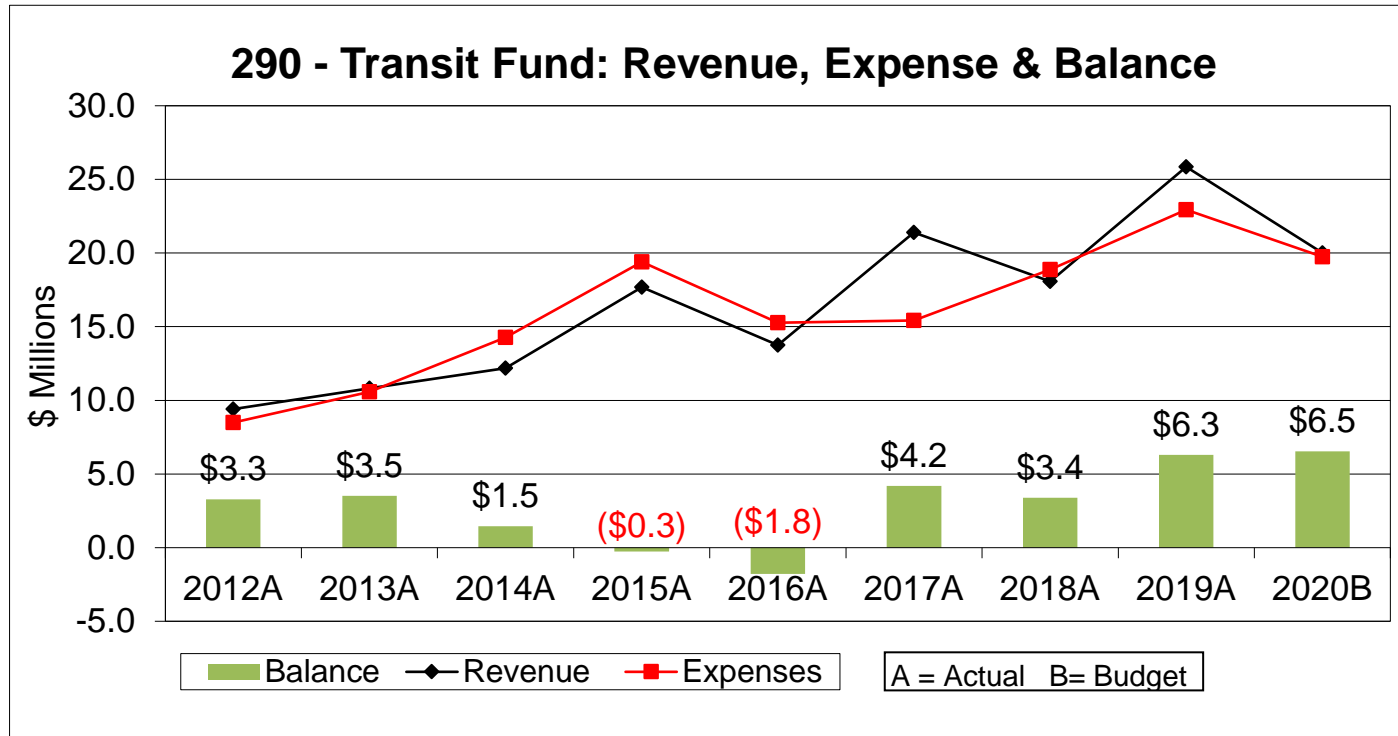
MMOF Grant	\$ 750,000
Transit Reserves	\$ 375,000
CSU Funds	\$ 375,000
Total Project Cost	\$ 1,500,000



Is Council Finance supportive of an out of cycle supplemental appropriation for the Multi-Modal Options Fund (MMOF) and required local match to complete 30% design for West Elizabeth Enhanced Travel Corridor?

Backup

Transit Fund Reserves Trend



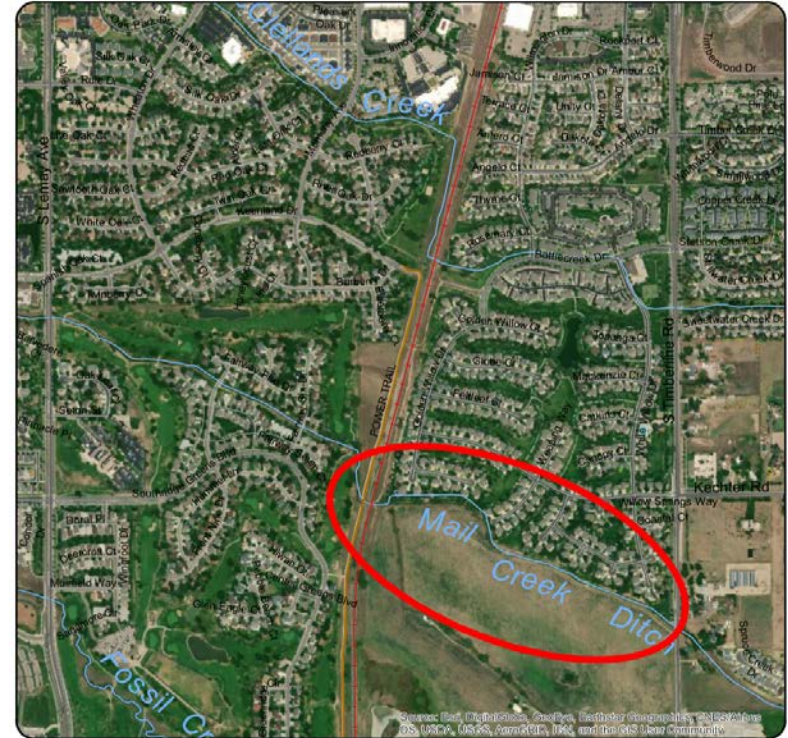
Additional MMOF Grants Awarded

	Laporte (Fishback to Sunset)	Siphon Overpass	Transfort Buses
Project Description	Bike/Ped improvements to connect high school sidewalks	Pedestrian overpass over Union Pacific Railroad	Purchase of 3 CNG buses
Total Project Budget	\$3.2M	\$3.4M	\$1.9M
MMOF Grant / Local Match	\$250k / \$250k	\$500k / \$500k	\$910k / \$0
Anticipated Appropriation Request	Spring 2021	Spring 2021	ASAP (on consent)

Siphon Overpass of Union Pacific Railway

- Currently a 2-mile gap between at-grade railroad crossings (Harmony Road and Trilby Road)
- Many people crossing railroad tracks at unauthorized locations
- Construction of pedestrian/bicycle overpass of Union Pacific Railroad
- Connection of Power Trail to Timberline Road

MMOF Grant	\$ 500,000
Grant Match	\$ 500,000
Bike/Ped Grade Separated Crossing CCIP	\$ 1,600,000
Park Planning Conservation Trust Funds	\$ 500,000
Pending BFO Request	\$ 300,000
Total Project Cost	\$ 3,400,000

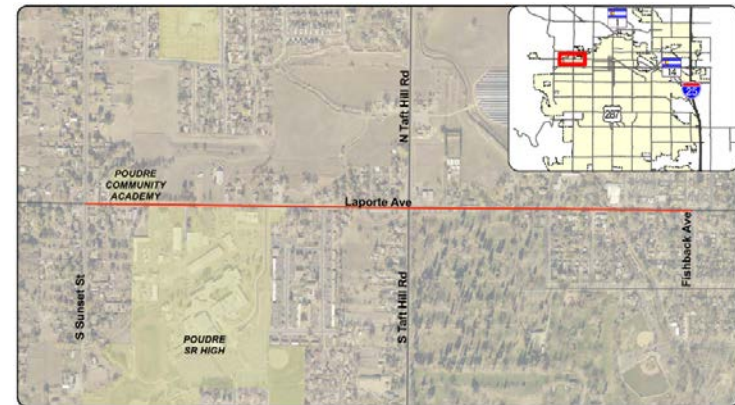


Laporte Avenue (Fishback to Sunset)

- 1-mile corridor with substantial gaps in sidewalk and bike lanes
- Significant multi-modal use due to adjacent residential and Poudre High School
- Project will construct sidewalk, curb and gutter, protected and on-street bike lanes, and multi-use paths in various segments throughout corridor
- Separate locally funded project will replace two deficient bridges on Laporte near Grandview Cemetery



MMOF Grant	\$ 250,000
Pending BFO Request	\$ 1,100,000
TAP Grant	\$ 750,000
Grant Matches	\$ 437,000
Bike/Ped CCIP	\$ 650,000
Total Project Cost	\$ 3,187,500



New Buses for Transfort

- In 2016 Transfort was awarded \$950,000 in FY21 Congestion Mitigation and Air Quality funding for the purchase of two Compressed Natural Gas buses.
- MMOF funds will allow Transfort to purchase an additional vehicle, for a total of three (3) buses
- MMOF projects must be completed, invoiced and reimbursed by June 2023
- No local match is needed

MMOF Grant	\$	908,091
CMAQ	\$	950,000
Transit Reserves	\$	1,909
Total Project Cost	\$	1,860,000



Overview of Projects

<u>Project</u>	<u>Total Budget</u>	<u>MMOF Funds</u>	<u>TAP Funds</u>	<u>CSU Funds</u>	<u>CMAQ Funds</u>	<u>Total COFC Funds</u>	<u>Grant Match (COFC Funds)</u>	<u>Other COFC Funds</u>	Additional Notes/COFC Funds:
Laporte (Fishback to Sunset) - Non-bridge portion	3,187,500	250,000	750,000			2,187,500	437,500	1,750,000	- \$2.2M of Bridge funds previously approved (separate project not included here) - \$1.1M 2021 BFO request (option for value Engineering) - \$437k grant match (\$250k MMOF, \$187.5k TAP) - \$400k CCIP Ped Program Funds - \$250k CCIP Bike Program
Siphon Overpass	3,400,000	500,000				2,900,000	500,000	2,400,000	- \$1.6M of CCIP Bike/Ped Grade Separated Crossing - \$500k of MMOF Grant Match - \$500k of Park Planning Conservation Trust Funds - \$300k Other (Bike, SRTS, other grants?)
W. Elizabeth Corridor	1,500,000	750,000		375,000		375,000	375,000		
Transfort Buses	1,860,000	910,000			950,000	-			*Also applied for \$1,198,129 in Low-No funds, IF we win we'll need local match in the amount of \$469,310. If we don't win we'll just buy CNG buses with the CMAQ + MMOF and will not need any additional local funds. And that's for the 2021 bus purchase. If we get Low-No then we get 3 electric buses and charging infrastructure needed.
Total	9,947,500	2,410,000	750,000	375,000	950,000	5,462,500	1,312,500	4,150,000	
									*outstanding funding needs in blue

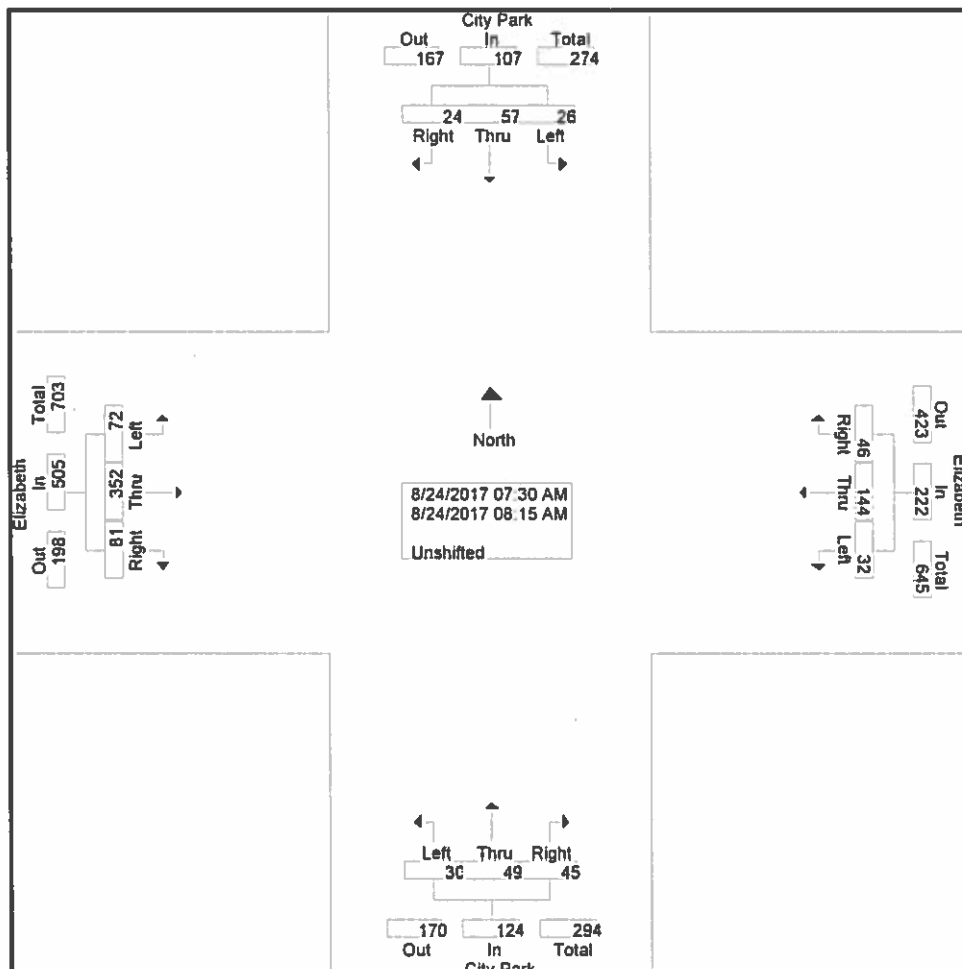
City of Fort Collins Traffic Operations
 626 Linden Street, PO Box 580
 Fort Collins, CO 80522-0580
Peak Hour Turning Movement Study

North/South Street: City Park
 East/West Street: Elizabeth
 Time: AM
 ICU Number: 114

File Name : City Park & Elizabeth 8-24-17
 Site Code : 00000114
 Start Date : 8/24/2017
 Page No : 1

Groups Printed- Unshifted

	City Park Southbound				Elizabeth Westbound				City Park Northbound				Elizabeth Eastbound				
Start Time	Right	Thru	Left	App Total	Right	Thru	Left	App Total	Right	Thru	Left	App Total	Right	Thru	Left	App Total	Int Total
07:30 AM	6	15	8	29	12	25	10	47	11	7	5	23	28	99	22	149	248
07:45 AM	6	17	8	31	10	43	7	60	13	19	8	40	16	99	21	136	267
Total	12	32	16	60	22	68	17	107	24	26	13	63	44	198	43	285	515
08:00 AM	7	10	4	21	10	36	4	50	10	13	9	32	15	64	15	94	197
08:15 AM	5	15	6	26	14	40	11	65	11	10	8	29	22	90	14	126	246
Grand Total	24	57	26	107	46	144	32	222	45	49	30	124	81	352	72	505	958
Apprch %	22.4	53.3	24.3		20.7	64.9	14.4		36.3	39.5	24.2		16	69.7	14.3		
Total %	2.5	5.9	2.7	11.2	4.8	15	3.3	23.2	4.7	5.1	3.1	12.9	8.5	36.7	7.5	52.7	



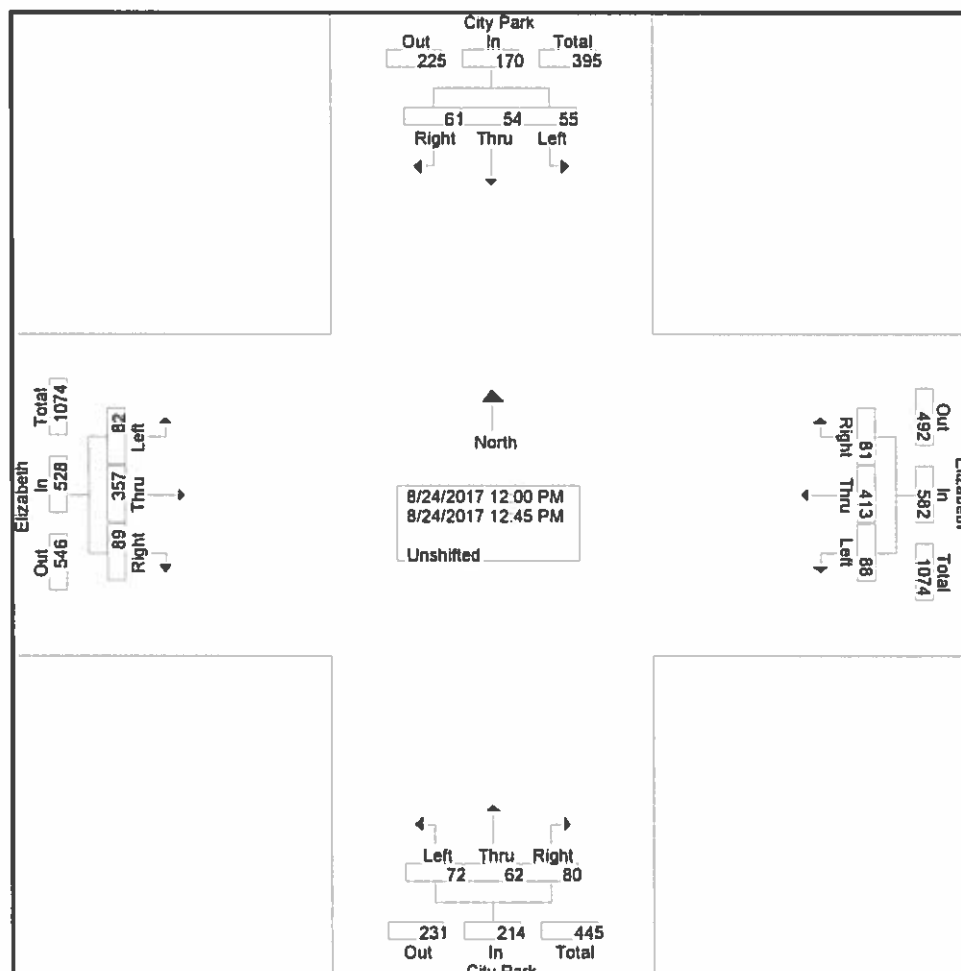
City of Fort Collins Traffic Operations
626 Linden Street, PO Box 580
Fort Collins, CO 80522-0580
Peak Hour Turning Movement Study

North/South Street: City Park
East/West Street: Elizabeth
Time: NN
ICU Number: 114

File Name : City Park & Elizabeth 8-24-17
Site Code : 00000114
Start Date : 8/24/2017
Page No : 1

Groups Printed- Unshifted

	City Park Southbound				Elizabeth Westbound				City Park Northbound				Elizabeth Eastbound				
Start Time	Right	Thru	Left	App Total	Right	Thru	Left	App Total	Right	Thru	Left	App Total	Right	Thru	Left	App Total	Int Total
12:00 PM	16	8	18	42	25	112	18	155	19	18	16	53	28	114	21	163	413
12:15 PM	24	11	18	53	23	119	16	158	23	17	20	60	24	97	20	141	412
12:30 PM	12	19	9	40	16	94	25	135	14	17	11	42	17	62	20	99	316
12:45 PM	9	16	10	35	17	88	29	134	24	10	25	59	20	84	21	125	353
Total	61	54	55	170	81	413	88	582	80	62	72	214	89	357	82	528	1494
Grand Total	61	54	55	170	81	413	88	582	80	62	72	214	89	357	82	528	1494
Apprch %	35.9	31.8	32.4		13.9	71	15.1		37.4	29	33.6		16.9	67.6	15.5		
Total %	4.1	3.6	3.7	11.4	5.4	27.6	5.9	39	5.4	4.1	4.8	14.3	6	23.9	5.5	35.3	



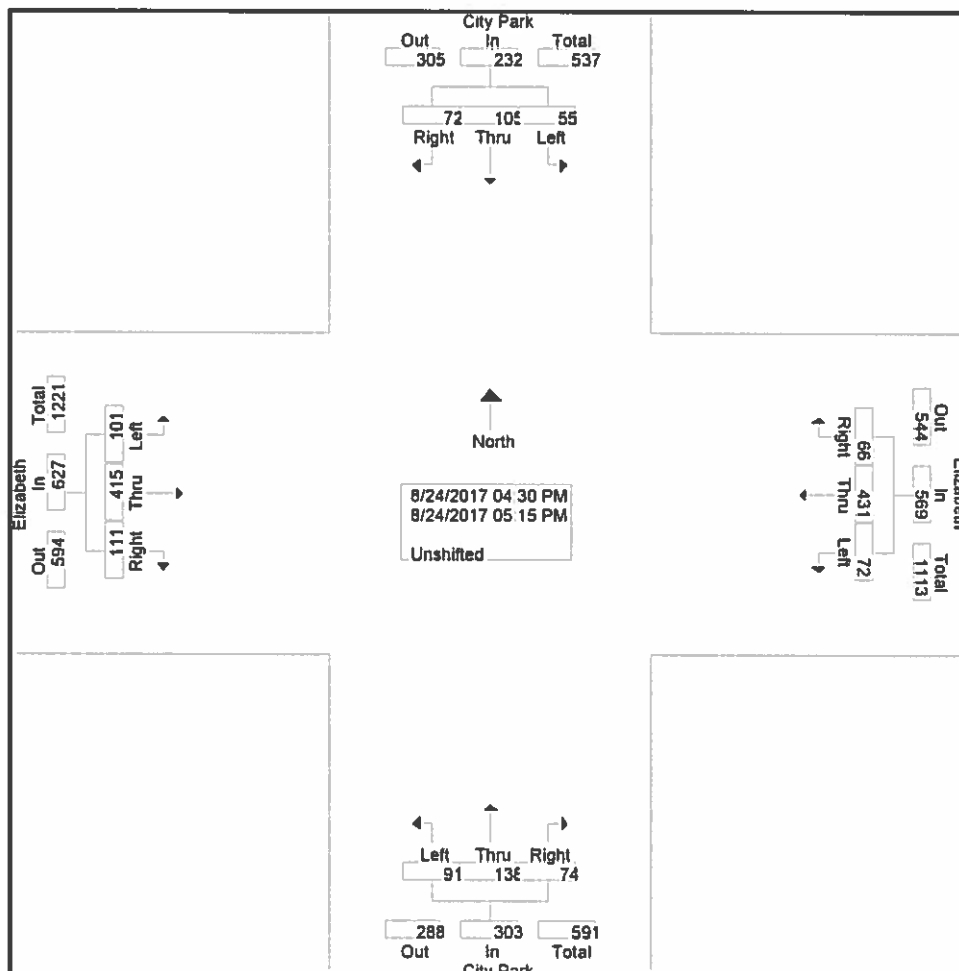
City of Fort Collins Traffic Operations
 626 Linden Street, PO Box 580
 Fort Collins, CO 80522-0580
Peak Hour Turning Movement Study

North/South Street: City Park
 East/West Street: Elizabeth
 Time: PM
 ICU Number: 114

File Name : City Park & Elizabeth 8-24-17
 Site Code : 00000114
 Start Date : 8/24/2017
 Page No : 1

Groups Printed- Unshifted

	City Park Southbound				Elizabeth Westbound				City Park Northbound				Elizabeth Eastbound				
Start Time	Right	Thru	Left	App Total	Right	Thru	Left	App Total	Right	Thru	Left	App Total	Right	Thru	Left	App Total	Int Total
04:30 PM	18	13	11	42	18	84	15	117	16	30	21	67	28	124	24	176	402
04:45 PM	14	22	17	53	14	118	19	151	20	33	21	74	37	101	23	161	439
Total	32	35	28	95	32	202	34	268	36	63	42	141	65	225	47	337	841
05:00 PM	19	38	14	71	18	111	20	149	22	40	28	90	17	94	29	140	450
05:15 PM	21	32	13	66	16	118	18	152	16	35	21	72	29	96	25	150	440
Grand Total	72	105	55	232	66	431	72	569	74	138	91	303	111	415	101	627	1731
Approch %	31	45.3	23.7		11.6	75.7	12.7		24.4	45.5	30		17.7	66.2	16.1		
Total %	4.2	6.1	3.2	13.4	3.8	24.9	4.2	32.9	4.3	8	5.3	17.5	6.4	24	5.8	36.2	






















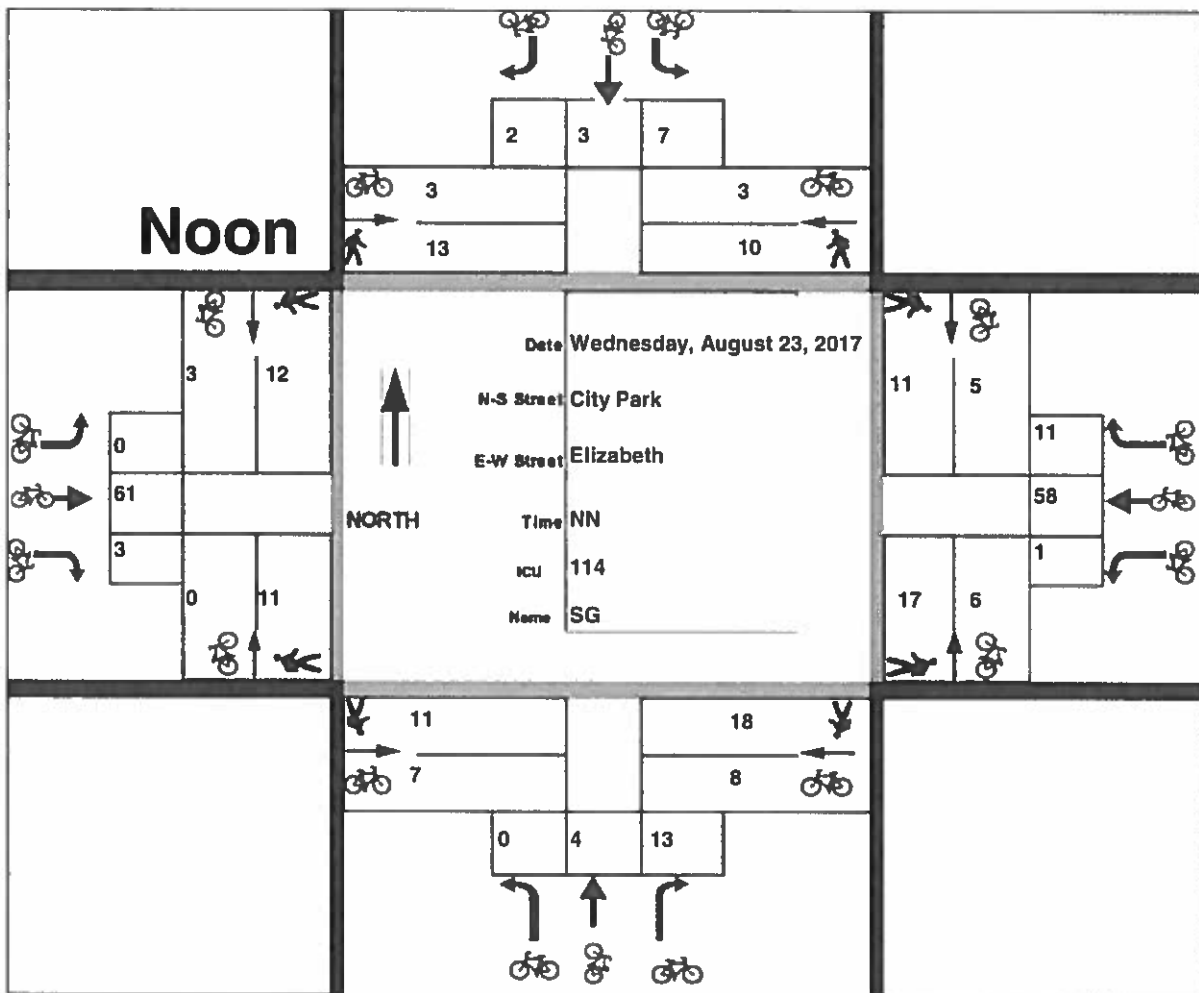
City of Fort Collins Traffic Operations
626 Linden Street, PO Box 580
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Peak Hour Turning Movement Study

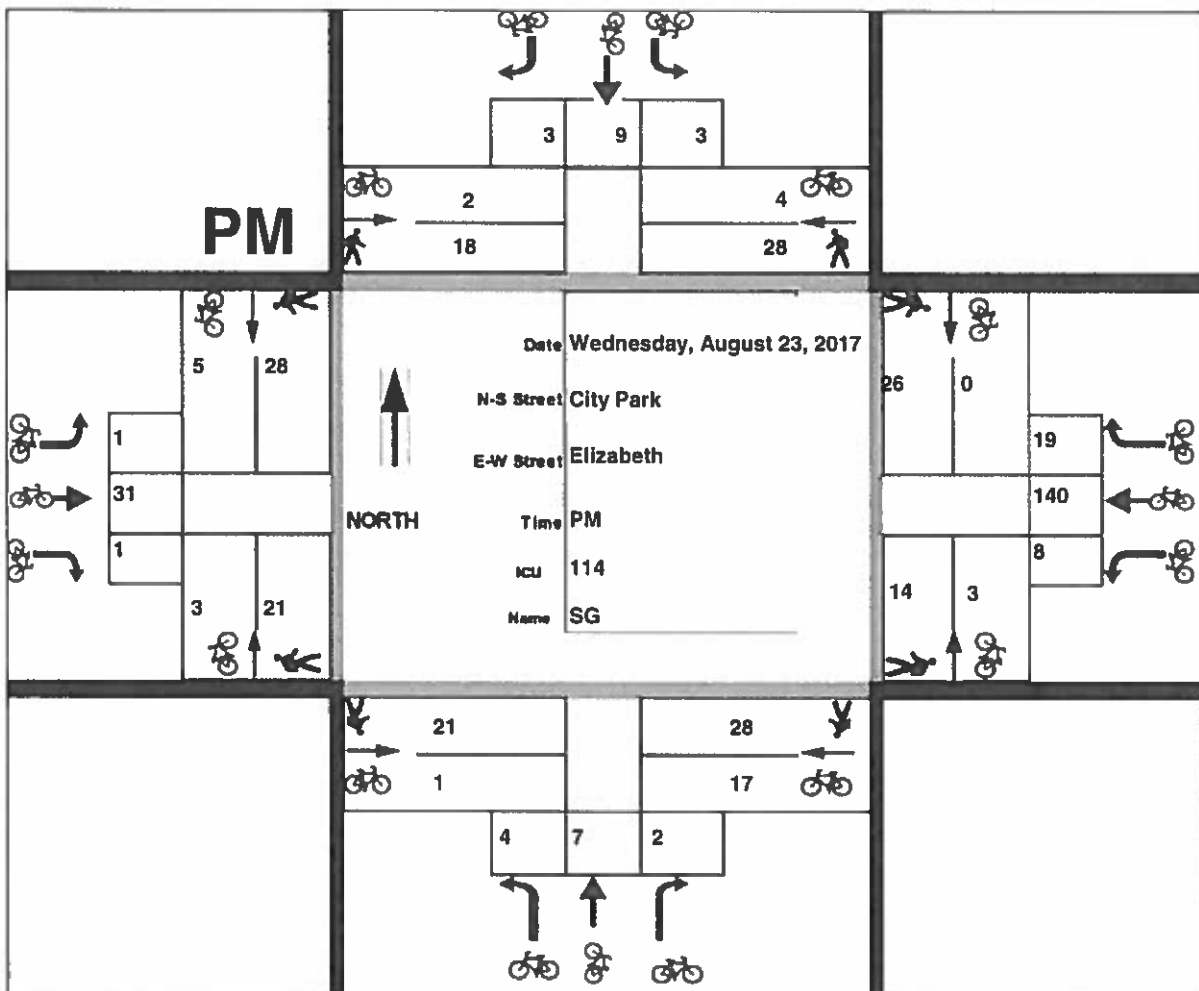
North/South Street: City Park
East/West Street: Elizabeth
Time: PHF
ICU Number: 114

File Name : City Park & Elizabeth 8-24-17
Site Code : 00000114
Start Date : 8/24/2017
Page No : 1

	City Park Southbound				Elizabeth Westbound				City Park Northbound				Elizabeth Eastbound				
Start Time	Right	Thru	Left	App Total	Right	Thru	Left	App Total	Right	Thru	Left	App Total	Right	Thru	Left	App Total	Int Total
Peak Hour Analysis From 07:30 AM to 09:45 AM - Peak 1 of 1																	
Peak Hour for Entire Intersection Begins at 07:30 AM																	
07:30 AM	6	15	8	29	12	25	10	47	11	7	5	23	28	99	22	149	248
07:45 AM	6	17	8	31	10	43	7	60	13	19	8	40	16	99	21	136	267
08:00 AM	7	10	4	21	10	36	4	50	10	13	9	32	15	64	15	94	197
08:15 AM	5	15	6	26	14	40	11	65	11	10	8	29	22	90	14	126	246
Total Volume	24	57	26	107	46	144	32	222	45	49	30	124	81	352	72	505	958
% App Total	22.4	53.3	24.3		20.7	64.9	14.4		36.3	39.5	24.2		16	69.7	14.3		
PHF	857	838	813	863	821	837	727	854	865	645	833	775	723	889	818	847	897
Peak Hour Analysis From 10:00 AM to 01:45 PM - Peak 1 of 1																	
Peak Hour for Entire Intersection Begins at 12:00 PM																	
12:00 PM	16	8	18	42	25	112	18	155	19	18	16	53	28	114	21	163	413
12:15 PM	24	11	18	53	23	119	16	158	23	17	20	60	24	97	20	141	412
12:30 PM	12	19	9	40	16	94	25	135	14	17	11	42	17	62	20	99	316
12:45 PM	9	16	10	35	17	88	29	134	24	10	25	59	20	84	21	125	353
Total Volume	61	54	55	170	81	413	88	582	80	62	72	214	89	357	82	528	1494
% App Total	35.9	31.8	32.4		13.9	71	15.1		37.4	29	33.6		16.9	67.6	15.5		
PHF	635	711	764	802	810	868	759	921	833	861	720	892	795	783	976	810	904
Peak Hour Analysis From 02:00 PM to 05:15 PM - Peak 1 of 1																	
Peak Hour for Entire Intersection Begins at 04:30 PM																	
04:30 PM	18	13	11	42	18	84	15	117	16	30	21	67	28	124	24	176	402
04:45 PM	14	22	17	53	14	118	19	151	20	33	21	74	37	101	23	161	439
05:00 PM	19	38	14	71	18	111	20	149	22	40	28	90	17	94	29	140	450
05:15 PM	21	32	13	66	16	118	18	152	16	35	21	72	29	96	25	150	440
Total Volume	72	105	55	232	66	431	72	569	74	138	91	303	111	415	101	627	1731
% App Total	31	45.3	23.7		11.6	75.7	12.7		24.4	45.5	30		17.7	66.2	16.1		
PHF	857	691	809	817	917	913	900	936	841	863	813	842	750	837	871	891	962

Record Numb 757		  			
AM		 3	1 11 15	0	
		 12		1	
  	0 5 3 179 2 0 6	 NORTH	Date Wednesday, August 23, 2017 N-S Street City Park E-W Street Elizabeth Time AM ICU 114 Name SG	5 1 1 10 0	  
	36 12  6 1 			0 2 37   	





COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Nina Bodenhamer, Director, City Give

Date: May 18, 2020

SUBJECT FOR DISCUSSION City Give: Ensuring the Public's Trust

EXECUTIVE SUMMARY

City Give's transparent, non-partisan operational protocols and governance structure is intended to uphold the public's trust as we marry charitable giving with civic priorities and the City's strategic objectives.

City Give's structure reflects a dedicated commitment to transparent governance and builds upon:

- Conversations with donors, residents, community partners, volunteers and business leaders;
- Peer examination, input and collaboration with organizations ranging from our own Community Foundation of Northern Colorado to consistent technical assistance from Bloomberg Philanthropies.
- Tightly intertwined policy and protocol development between philanthropic practices and financial governance;
- And, reliance on time-tested, best-practices for public charities.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Discussion: How does City Give, an operational initiative, safeguard against potential conflicts of interest between charitable giving and the City of Fort Collins?

BACKGROUND/DISCUSSION

Concerns for the influence philanthropy exerts on public institutions have been explored for decades. In response, public institutions have heavily invested in philanthropic governance models, internal fiduciary controls, conflicts of interest policy, and charitable gift management.

These historic models of philanthropy have much to offer as municipalities turn to philanthropy as a viable source of funding public service.

The City of Fort Collins has long been the beneficiary of community giving. However, historically, no uniformed pathway existed for the governance, reporting and accountability of charitable gifts. The establishment of City Give is a pioneering first critical step to address public accountability and transparency related to charitable giving.

To ensure City policy and service delivery remain independent of intentional or unintentional donor influence, City Give has developed a range of operational checks & balances. Including:

- Philanthropic Administrative Policy
- Financial Governance Policy: enterprise-wide protocols for the acceptance, tracking and reporting of charitable gifts.
- Hands-on tools and staff training for donor stewardship, and the legal and fiduciary controls of charitable gifts; and,
- A fundraising portfolio of projects directly aligned with the City's strategic objectives and public good.

ATTACHMENT City Give Questions & Answers, Philanthropic Administrative Policy, Philanthropic Financial Policy

Q&A

The City of Fort Collins has long been the beneficiary of charitable giving: The Senior Center, Inspiration Playground, conservation easements, The Lincoln Center. And, most recently, the Poudre River Whitewater Park and improvements to Eastside Park. And, there are countless ways charitable giving impacts City services: climate action, parks and recreation, performing arts, and the list goes on.

IS A DONATION TO THE CITY OF FORT COLLINS TAX DEDUCTIBLE?

Yes. Per IRS code 26 U.S.C. 170(c)(1), a gift to a local government entity is tax deductible if the gift is for public purpose. All donors receive a charitable tax receipt verifying each gift.

DOES MY DONATION END UP IN THE GENERAL FUND?

No. Charitable gifts to the City can only be used for the intended purpose. Charitable gifts to the City of Fort Collins are delivered directly into the budgets of benefiting projects, and can't be redirected by elected officials or City staff.



CAN I MAKE AN ANONYMOUS GIFT?

The City will work diligently to protect and maintain the confidentiality of a donor's name and privileged information at a donor's request. And, City staff will not disclose privileged or confidential information to unauthorized parties at any time for any purpose. However, the City of Collins as a public institution, may be required legally to provide details of a charitable gift under the Colorado Open Records Act in Title 24, Article 72, Part 2 of the Colorado Revised Statutes (CORA).

DOES CITY GIVE CHARGE A FEE ON CHARITABLE GIFTS?

No. Philanthropic gifts are not charged administrative fees by City Give or the City of Fort Collins. All gifts to the City go fully and directly to the project or program you choose.

IS THERE A RELIABLE PROCESS FOR GIVING TO THE CITY?

Strong oversight of philanthropic gifts is a priority, and the City of Fort Collins has created multiple layers of accountability and transparency for donated funds and the projects receiving donated funds. City Give is subject to the City's policies and regulations, including the City's accounting and conflict of interest policies.



IS THIS A WAY FOR DONORS TO CREATE PET PROJECTS WITH THE CITY?

No, charitable giving is not a political vehicle or beyond the scope and transparency of the public oversight. Charitable gifts must reflect the priorities and needs of the City of Fort Collins, and align with City Plan and the City's strategic objectives.



IS COMMUNITY GIVING A "WORK AROUND" TO FILL GAPS IN THE CITY'S OPERATING BUDGET?

No, however community needs are always deeper than any City's budget. Charitable gifts are a vehicle to expand and enrich City programs and services: from youth recreation to public art, from neighborhood park improvements to urban gardens, from the performing arts to the preservation of open spaces.



HOW DOES CITY GIVE MAKE A DIFFERENCE IN OUR COMMUNITY?

When you donate to City Give, it is an investment in the potential of what our City has to offer. Fort Collins will continue to grow and change, and we want to keep – or even expand – the same level of excellent service and experiences for which we are known.



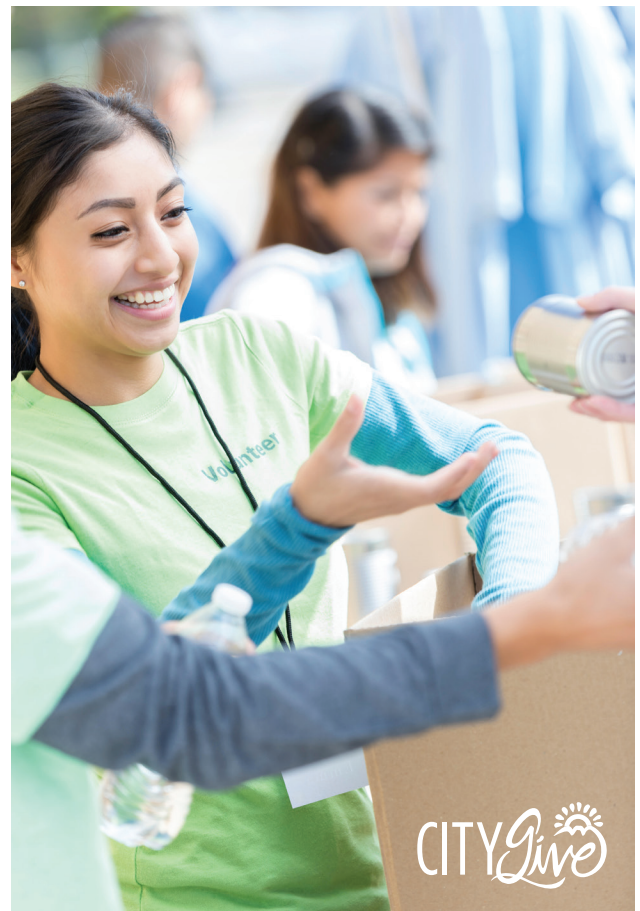
WHAT ARE SOME OF THE CURRENT CITY GIVE PROJECTS?

The City Give portfolio includes a growing range of giving opportunities, including the future 9/11 Memorial Park; Restorative Justice, a juvenile diversion program; and, our parks and trails. City Give also hosts online giving campaigns including, Give to Serve and Share Some Shade.



WHY DID THE CITY OF FORT COLLINS CREATE CITY GIVE?

We heard from residents, colleagues and donors that we needed to "get our charitable house in order" and that is exactly what we did. This new structure to facilitate municipal giving reflects considerable thought and conversations within Fort Collins and with other communities across the country. Our unique model creates an organized, transparent structure for quickly getting charitable gifts directly to the projects that can best benefit from support.



HOW DO I MAKE A GIFT TO THE CITY OF FORT COLLINS?

Checks can be made payable to City of Fort Collins, 300 Laporte Avenue, Fort Collins, CO 80524, Attention: City Give. Or, contact Nina Bodenhamer, City Give Director at 970-221-6687.

1.1 PHILANTHROPIC SUPPORT

The City of Fort Collins (City) will pursue philanthropic support that is consistent with the City's goals and objectives, and in the best interests of Fort Collins residents. The City will always consider the public trust and comply with all applicable laws when accepting philanthropic donations. It reserves the right to decline any charitable gift if, upon review, acceptance of the donation offer is determined in the sole discretion of the City not to be in the best interests of the City.

Existing and future philanthropic activities across departments, programs, and projects within the City will be housed under the umbrella of City Give—an approved and City-initiated program. It is an organizational tool to strengthen, orchestrate, and enhance philanthropic partnerships and charitable giving efforts that benefit Fort Collins. City Give policy applies to all funds and Service Areas of the City, and corresponds, relates and refers to Philanthropic Financial Governance Policy.

The mission of City Give is to advance City of Fort Collins' public initiatives and strategic objectives through charitable and philanthropic giving in a commitment to strengthen and enhance residents' quality of life. City Give is funded and staffed by the City of Fort Collins, and was developed as a unit of CoFC Finance Department in 2019.

A charitable gift is defined as a complete, voluntary transfer of assets from a person, business, or organization to the City, with no goods or services expected, implied, or forthcoming in return to the donor. The following criteria generally identify a charitable gift:

- Gifts are motivated by philanthropic intent;
- Gifts are transfers of assets to the City's control for which the City is not obligated to return any unexpended funds or other transferred assets;
- Gifts are not generally subject to an exchange of consideration or other contractual duties between the City and the donor, although objectives may be stated and funds may be restricted to specific purposes; and
- Funds or other assets received from foundations, family foundations, corporations, and corporate foundations will be classified as gifts unless they require compensation, performance or other consideration that results in funds or other assets being designated as payment for a sponsorship or other benefit to the donor.

Charitable gifts and donations—raised from the philanthropic sector of foundations, corporations, and individuals to support public initiatives of the City of Fort Collins—will be made directly to the City of Fort Collins. Acceptance, stewardship, tracking, and expenditures of all charitable gifts are governed by City Administrative and Finance Governance Policy with great attention to transparency and accountability.

The acceptance of charitable gifts and the development of philanthropic partnerships will comply with the City's Conflicts of Interest provisions in City Charter Article IV, Section 9 and its Ethical Rules of Conduct in City Code Section 2-568.

1.2 SELECTION AND PRIORITIES OF PROGRAMS FOR PHILANTHROPIC SUPPORT

To ensure all fundraising efforts that benefit the City are conducted in a strategic and coordinated manner, the following establishes a process for the selection and prioritization of philanthropic solicitations and fundraising campaigns.

Philanthropic campaigns include all requests to solicit charitable contributions from individuals, foundations, businesses, corporations, and organizations, and will be subject to enterprise-wide coordination and identified for prioritization by the City Manager and Chief Financial Officer.

All projects identified for philanthropic support must serve the best interests of residents and demonstrate effective, efficient use of resources.

All fundraising campaigns will support the City's objectives, policies, and key outcome areas identified through the City's Strategic Plan. Strategic fundraising campaigns will include but not be limited to:

Facilities, Capital Development and Expansion, and Infrastructure

A capital development and/or expansion campaign is a Council-led, organized effort to collect and accumulate substantial funds to finance major needs of the City such as capital development or expansion, infrastructure build, or major facility renovation and/or repair.

All facilities, capital development and expansion, and infrastructure projects identified for philanthropic support will include—at the request of the City Manager—a philanthropic feasibility study to address the following:

- a. Rationale: alignment with City strategic plan and priorities;
- b. Financial goals;
- c. Community capacity, targeted constituents, and projected sources of revenue (i.e., private gifts, grants, etc.);
- d. Timeline and duration of campaign;
- e. Partnerships and parties involved; and
- f. Required resources, including marketing materials.

Strategic Objectives, Short-Term Projects and Departmental Programming

Fundraising for short-term projects and organizational programming priorities will be aligned with strategic objectives and key outcomes, approved by the City Manager, and will include:

- Projects and campaigns identified by senior leadership with feasibility and strategy informed by City Give;
- Proposals and projects developed within City service areas, approved by service area directors, and endorsed by City Give; and
- Proposals developed and approved, in collaboration with City service areas and/or community partners, by City Give.

Special Projects / General Fundraising

There are occasions where fundraising has been approved for an initiative where there is no lead donor or specified timeline. Examples of this include crowdfunding initiatives and ongoing endowment funds. In these circumstances, internal functional fund agreements (FFAs) will be drafted by City Give and approved and signed by the director of the benefiting service area.

The purpose of the FFA is to document the fund's purpose, fundraising requirements and deadlines, alternative uses if required gift minimums are not reached, restrictions on gift designation and/or use, and recognition, as well as any other obligations.

Fundraising priorities will be determined by the City Manager and Chief Financial Officer to ensure philanthropic strategies are aligned with the City's priorities, and must serve the best interests of residents and demonstrate effective, efficient use of resources.

1.3 NAMING & RECOGNITION POLICY **TBD Q2 2020**

1.4 PHILANTHROPIC RELATIONSHIP MANAGEMENT

Philanthropic Relationship Management is the identification, orchestration, and management of relationships with community stakeholders, charitable donors and philanthropic organizations on behalf of the City.

This policy helps ensure that the City's philanthropic relationships are managed in a collaborative and professional manner that will maximize the City's ability to steward charitable donations, fully engage its constituents, and ultimately fulfill the City's mission and the donors' philanthropic goals. Philanthropic relationship management will:

- Align the City's strategic priorities with donor values and giving interests;
- Proactively cultivate and maintain relationships compatible with City priorities;
- Maximize the effectiveness and efficiency of philanthropic activities; and
- Avoid duplicated and/or uncoordinated requests for charitable support.

Because many donors and philanthropic partners have varied and multiple interests, City Give will serve as concierge on behalf of the City for those individuals and organizations identified as Key Organizational Relationships, made up of:

- Individuals, businesses, and/or organizations with a history of municipal and philanthropic engagement;
- Previous, current and prospective charitable donors to the City;
- Local, regional, state and national philanthropic organizations;
- Community stakeholders and individual donors with a vested interest in and/or passion for our community; and
- Regional, family, and corporate foundations, businesses, organizations, and philanthropic partnerships that touch varied and diverse service areas within the City.

All requests of Key Organizational Relationships for charitable gifts, philanthropic partnerships, community engagement (including public endorsements, letters of support), event sponsorships, in-kind support, or philanthropic support will be facilitated through City Give.

1.5 CONFIDENTIALITY AND DOCUMENT CURATION

The City is committed to safeguarding the privacy and confidentiality of charitable donors or prospective donors to the full extent permitted by law, including their names, addresses, telephone numbers, and emails. Protecting the privacy of its beneficiaries is of the utmost concern to the City. However, most of the records in the City's possession are public records subject to public inspection under the Colorado Open Records Act in Title 24, Article 72, Part 2 of the Colorado Revised Statutes (CORA).

Therefore, any information supplied to the City by donors will only be used by the City to fulfill the donors' intent in making the donation unless the City is required under CORA or court order to release such information or the donor has given the City permission to release the information. The actions of collecting, accessing, using, destroying, or disclosing confidential information may only occur within the scope of a City employee's responsibilities.

City Give will document, track, and store all fully executed records of donor relations, gift agreements, and grant awards, including donor's intended use and all defined terms of charitable gifts.

City staff will exercise reasonable effort to secure and protect from inadvertent disclosure any confidential information in hard copy or downloaded to or stored on any type of electronic device (e.g., computer, mobile device, etc.) or peripheral device (e.g., memory card, external hard drive, etc.).

1.5 501(C)(3) PARTNERSHIPS, AND VOLUNTEER AND EXTERNAL FUNDRAISERS

The City values the generosity and passion of community advocates. These entities provide valuable assistance in public outreach, fundraising, and support for the City's mission.

At the same time, as a public trust and the beneficiary of the funds raised, the City is obligated to require that the funds raised by such entities be adequately managed and properly expended in the same manner as if the funds were raised by the City itself.

In an effort to establish best practices, allocate the resources, and develop effective partnerships, fundraising campaigns and special project funds to benefit the City will be guided by a Memo of Understanding (MOU) to address solicitation protocols, relationship orchestration, potential conflicts of interest, codes of ethics, and donor confidentiality procedures.

- MOU's will be drafted, finalized and recommended for approval by City Give; and
- MOU's will be approved and signed by the City Manager, Director of the benefited service area, and Board Chair of the partnering 501(c)(3) organization or a primary representative of the volunteer or external fundraisers.

All and any charitable gifts to benefit the City generated by 501(c)(3) Partnerships, and Volunteer and External Fundraisers are subject to the Gift Acceptance, Gift Agreement, and Donor Acknowledgement policy outlined in Finance Governance Policy.

PURPOSE:

The purpose of this policy is to establish a process for acceptance and documentation of donations made to the City of Fort Collins. This policy also establishes the standards and duties for City officials and employees regarding the acceptance of philanthropic gifts.

OBJECTIVES:

1. To establish and guide relationships with donors who share the City's commitment to provide a high-quality civic environment; and
2. To responsibly and efficiently manage charitable gifts;

APPLICABILITY:

This City Give policy applies to all funds and Service Areas of the City of Fort Collins

This City Give policy corresponds, relates and refers to City Give Administrative Policy.

52.1 OVERVIEW

- A.** Charitable gifts will only be accepted when they have a purpose consistent with the goals and objectives of the City of Fort Collins (City) and are in the best interest of the City and its residents. The City will always consider the public trust and comply with all applicable laws when accepting donations.
- B.** The City reserves the right to decline any charitable gift if, upon review, acceptance of the donation offer is determined in the sole discretion of the City to be not in the best interests of the City or its residents.
- C.** A "gift" is defined as a complete, voluntary transfer of an asset from a person, entity or an organization to the City where no compensation, goods or services are expected, implied, or forthcoming in return from the City to the donor. Gifts usually take the form of cash, real property, and/or personal property. Charitable gifts may be accepted by the City in the form of cash, real property and/or personal property.
 1. Restricted or designated charitable gifts are donations the donor specifies for a particular City service area, program, or purpose; and
 2. Unrestricted or undesignated charitable gifts are donations given to the City for an unspecified use.
- D.** The following criteria generally identify a charitable gift:
 1. Gifts are motivated by philanthropic intent;
 2. Gifts are transfers of assets to the City's control for which the City is not obliged to return any unexpended funds or other transferred assets;
 3. Charitable gifts are not generally subject to an exchange of consideration or other contractual duties between the City and the donor, although objectives may be stated and funds may be restricted to specific purposes; and
 4. Funds and other assets received from foundations, family foundations, corporations, and corporate foundations will be classified as gifts unless they require compensation, performance or other consideration that result in funds or other assets being designated as a payment for a sponsorship or other benefit to the donor.

- E.** The City will make every effort to accommodate and accept all gifts from donors. However, it will not accept gifts that:
1. Violate a federal, state, or local law;
 2. Are too difficult or expensive to administer;
 3. Could create unacceptable liability or cause the City to incur future unanticipated or anticipated expenses;
 4. Are for purposes that do not further the City's mission;
 5. Could damage the reputation of the City; or
 6. Provide a donor with goods or services of financial value in exchange for the donor's gift, unless such value is fully disclosed in the time and manner as required under federal, state and local laws and regulations.

52.2 ACCEPTANCE OF CHARITABLE GIFTS OF CASH, REAL PROPERTY AND PERSONAL PROPERTY TO BENEFIT THE CITY

- A.** All donations to the City, including offers to employees related to the City, shall immediately be submitted to the City Give Director for consideration of acceptance. Based on the value of the donation offered as outlined below, appropriate City staff or City Council shall review every donation and determine if the benefits to be derived warrant acceptance of it.
- B.** The City reserves the right to decline any charitable gift if, upon review, acceptance of the donation offer is determined, at the sole discretion of the City, not to be in the best interests of the City or its residents.
- C.** Charitable donations of cash, real property or personal property valued at \$5,000 or below may be accepted by the Director of the benefited service area.
- D.** Charitable donations of cash, real property and personal property valued at more than \$5,000 and up to \$1,000,000 may be accepted by the City Manager. The City Manager reserves the right to refer the acceptance of any charitable gift to City Council for acceptance.
- E.** Charitable donations of cash, real property and personal property valued between \$100,000 and \$1,000,000 shall require notification of City Council by the City Manager.
- F.** Donations valued at \$25,000 or more shall be accepted through a written agreement consistent with this Policy.
- G.** For any charitable cash gifts accepted by the City, a Charitable Gift Acceptance Form is to be completed by the receiving service area Director or by the City Manager and submitted to City Give Director.
- H.** Charitable donations do not become the property of the City until accepted by the City consistent with this Policy.
- I.** Offers of donations for gratuitous purposes (e.g. holiday gift baskets, etc.) to any employee, department or the City shall be made available to benefit all employees.

52.3 GIFT AGREEMENTS FOR GIFTS VALUED AT \$25,000 OR MORE

- A.** A Gift Agreement documents the mutual understanding between a donor and the City in relation to the donor's charitable contribution.
- B.** Charitable gifts and/or donations valued at \$25,000 or more to benefit the City shall be accepted through a written Gift Agreement consistent with these guidelines:
 - 1. Gift Agreements will be generated by the City Give Director, in collaboration with the Director of the benefited service area, the City Manager and the City Attorney.
 - 2. The City Manager will have authority to sign all Gift Agreements, except gifts valued at more than \$1,000,000 will be subject to Council approval.
 - 3. A signed award letter from a foundation or corporation is an acceptable form of gift documentation in lieu of a Gift Agreement if it documents restrictions on the gift's designation, use, reporting requirements, giving vehicle, contribution schedule, recognition, and/or other obligations agreed upon by the foundation or corporation and the City.
 - 4. Wills, trusts, or other estate planning documents are acceptable forms of gift documentation. 4.1. However, to help ensure the donor's philanthropic intent is fully realized, City Give will work with the donor to generate a signed gift agreement.
 - 5. Any recognition or naming under consideration shall be fully outlined in the Gift Agreement.

52.4 DONOR ACKNOWLEDGEMENT OF CHARITABLE GIFTS

All charitable gifts received by the City will be acknowledged in writing.

- 1.** Donations of cash, real property and personal property valued at \$5,000 or below will be acknowledged by the Director whose service area receives the charitable gift
- 2.** Donations of cash, real property and personal property valued between \$5,000 and \$1,000,000 will be acknowledged by the Director of the service area benefited by the donation, and the City Manager facilitated by the City Give Director.
- 3.** Donations valued at more than \$1,00,000 will be acknowledged by the City Manager facilitated by the City Give Director only after the gift has been accepted through a written agreement approved by the City Council.

52.5 FINANCIAL ACCOUNTING OF CHARITABLE GIFTS TO BENEFIT THE CITY

- A.** A financial receipt of all charitable gifts accepted by the City will be generated by the benefited service area's Finance Representative.
 - 1. CoFC Charitable Receipts will be mailed to the donor within 30 days of processing.
- B.** Charitable donations received by a Finance Representative without an accompanying Gift Acceptance Form will be forwarded to the appropriate staff for acceptance based on the value of the donation offer as outlined in Sections 1.2 above:
 - 1. Notification of gifts received and valued at \$5,000 or below will be forwarded to the Director of the benefited service area for acceptance.
 - 2. Gifts received and valued at \$5,000 or above will be forwarded to City Give for facilitation for appropriate acceptance: City Manager or City Council.

- C.** Incoming donations should be coded as revenue to object account 473050 – Contribution/ Donation Private Source. The Business Unit is of the benefited service area’s choosing but must be in the Fund intended by the donor per his/her/their specifications.
 - 1. Gifts or donations that meet the below criteria must have a dedicated reserve account set up by the Accounting Department. The receiving service area’s financial coordinator or analyst should email the City Give Gift Acceptance Form, charitable receipt, donor acknowledgement form, and a completed New Object Request Form to Accounting@fcgov.com. The criteria for a reserve account are:
 - i. a contractual restriction to their use; and
 - ii. are anticipated to have a residual balance at year-end.

52.6 CHARITABLE GIFTS VIA NONPROFIT 501(C)3S, SPECIAL PROJECT AND CAMPAIGN PARTNERS

- A.** In a commitment to safeguard the City’s fiscal governance, third-party fundraisers, including support leagues, nonprofit 501(c)s or Special Projects funds, raising money to benefit the City will transfer funds and assets collected to the City within 36 months of receipt.
 - 1. Unless otherwise determined by the terms of an operating memorandum of understanding of which the City is a party.
- B.** Based on the value of the donation offer as outlined in Sections 1.2 through 1.4 above, appropriate City staff will accept and acknowledge charitable gifts awarded to nonprofit 501(c)3s to benefit the City.
 - 1. Charitable donations of cash, real property or personal property valued at \$5,000 or below may be accepted by the Director of the benefited service area.
 - 2. Charitable donations of cash, real property or personal property valued at more than \$5,000 and up to \$100,000 may be accepted by the City Manager.
- C.** Charitable gifts valued at more than \$25,000 made to supporting partners and 501(c)3’s to benefit the City shall be accepted through a written Gift Agreement consistent with this Policy.
 - 1. For donations made to supporting 501(c)3’s to benefit the City, a copy of the signed Gift Agreement will also be forwarded to the Director of the benefited service area and/or to the Board Chair of the 501(c)3.

52.7 ONLINE GIVING

- A.** All online charitable gifts to benefit the City of Fort Collins will be solicited and accepted through the City Give online platform in conjunction with Accounting & Treasury and IT.
 - 1. Departmental requests to develop and launch online campaigns are to be submitted to City Give, and online gifts will be accepted via the City Give Business Unit.
 - 2. Upon transfer of gross funds, receiving departments will be responsible for the Journal Entry, credit card fee reconciliation, and Council appropriation of funds.
- B.** Online fundraising is restricted to City of Fort Collins campaigns, departments and fundraising accounts. The City of Fort Collins may not host or offer digital links to online solicitations or credit card portals of third-party fundraisers or any organization not the sole responsibility of the City of Fort Collins.

How do we safeguard the intersection
of philanthropy & municipal governance?

Pet Projects
Donor Influence
PURCHASED PRIORITY
PAY TO PLAY
Agent of the
Public's Trust

May 18, 2020

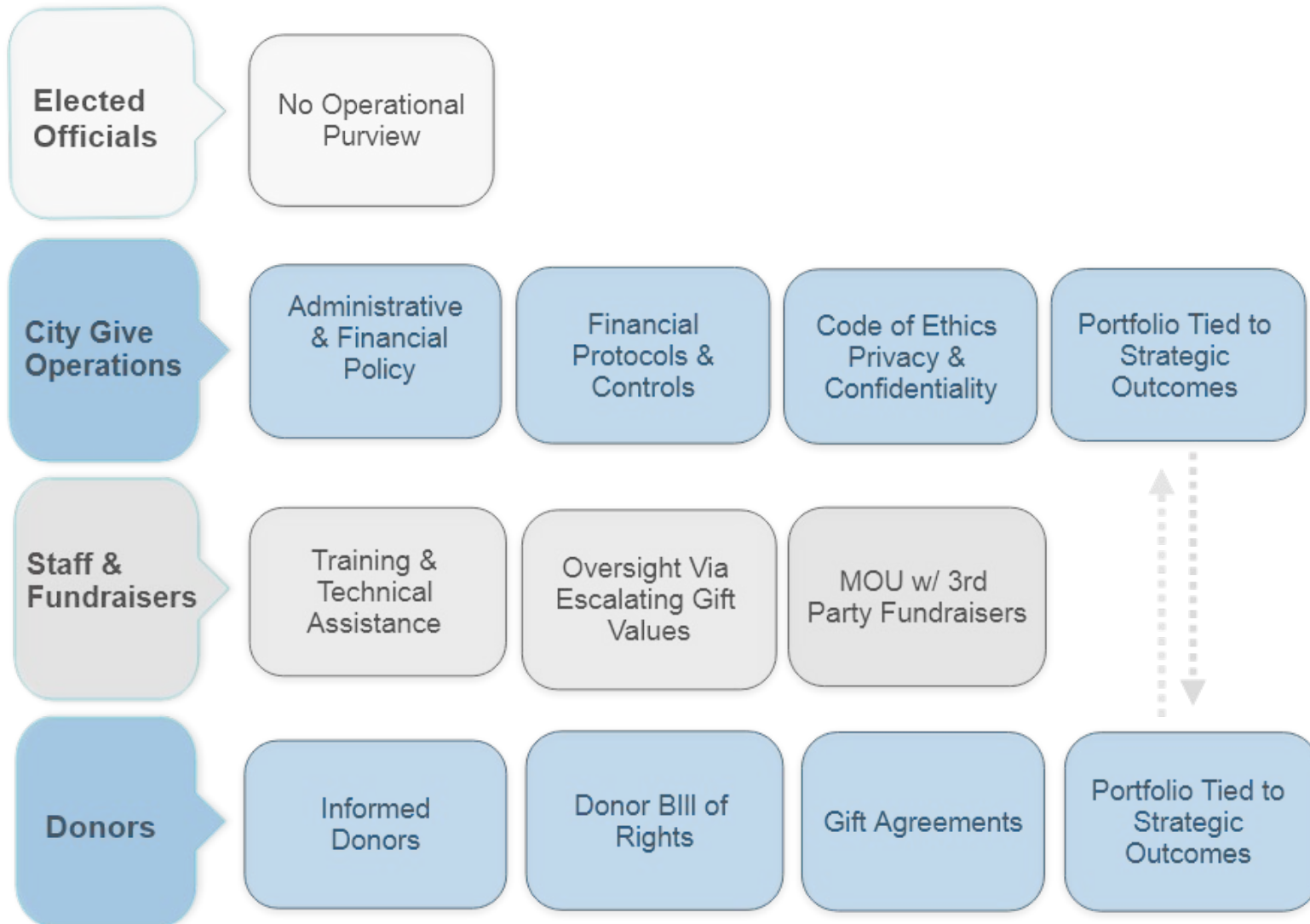


"Can philanthropy be used as a political vehicle or to create pet projects? Are charitable gifts beyond the scope and transparency of public oversight?"



"How does City Give safeguard against the influence of charitable giving within the City of Fort Collins?"

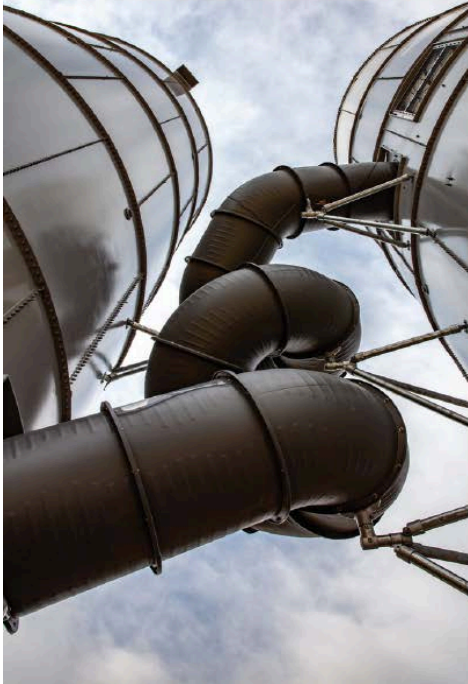
Philanthropic Governance



Questions & Discussion



GIVING
COMMUNITIES
ARE **GREAT**
COMMUNITIES



With Gratitude, Nina

GIVING COMMUNITIES ARE **GREAT** COMMUNITIES