

Council Finance Committee & URA Finance Committee
Agenda Planning Calendar 2016
 RVSD 02/16 mnb

Feb 22	TOPIC	TIME	WHO
CFC	Mall Sales Tax Update	30 min	M. Beckstead J. Gaffney
	Pool Safety Appropriation	20 min	K. Bernish K. Mannon
	On-Bill Financing – Update & Future Direction	30 min	J. Phelan
	Annual Re-appropriation Ordinance	15 min	J. Buxman
	Code Change: Waiver of Claims	20 min	T. Smith
URA			

Mar 21	TOPIC	TIME	WHO
CFC	BFO Assumptions - Salary Adjustment, Benefits Cost, Sales Tax Growth	45 min.	J. Miller L. Pollack
	Unclaimed Financial Asset Policy	15 min	J. Voss
URA			

Apr 18	TOPIC	TIME	WHO
CFC	Utility Water CIP & LTFP Review	60 min	L. Smith
	Parking Garage Financing	30 min	J. Voss
	Capital Expansion Fee - Revision	30 min	T. Smith
URA			

May 16	TOPIC	TIME	WHO
CFC	Revenue Diversification Recommendations	45 min	T. Smith
	Downtown Parking	30 min	K. Ravenschlag
URA			

Future Council Finance Committee Topics:
 CAP Financing Strategies
 2015 Year End Fund Balances - June
 2015 Year End Financial Summary - July

Future URA Committee Topics:



Finance Administration
215 N. Mason
2nd Floor
PO Box 580
Fort Collins, CO 80522
970.221.6788
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AGENDA

Council Finance & Audit Committee
February 22, 2016
9:30 - 11:30 a.m.
CIC Room - City Hall

Approval of the Minutes from the January 25, 2016 meeting

- | | | |
|---|------------|----------------------------|
| 1. Mall Sales Tax Update | 30 minutes | M. Beckstead
J. Gaffney |
| 2. Pool Safety Appropriation | 20 minutes | K. Bernish
K. Mannon |
| 3. On-Bill Financing: Update & Future Direction | 30 minutes | J. Phelan
L. Rosintoski |
| 4. Annual Re-appropriation Ordinance | 15 minutes | J. Buxman |
| 5. Code Change: Waiver of Claims | 20 minutes | T. Smith |

OTHER BUSINESS:

Projected General Fund Available Balance - Update



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Council Audit & Finance Committee
Minutes
01/25/16
9:30 – 11:30 p.m.
CIC Room

Council Attendees: Mayor Wade Troxell, Gerry Horak, Ross Cunniff

Staff: Darin Atteberry, Jeff Mihelich, Tylar Marr, Mike Beckstead, John Duvall, Carrie Daggett, Judy Schmidt, Tiana Smith, John Voss, Nancy James, Kevin Gertig, Lisa Rosintoski, Pete lengo, Randy Reuscher, Travis Paige

Others: Kevin Jones – Chamber of Commerce, Dale Adamy - Citizen

Absent:

APPROVAL OF MINUTES

Gerry Horak made a motion to approve the December 21, 2015 Council Finance Committee minutes. Wade Troxell made a second to the motion. The minutes were approved unanimously.

UTILITIES LOW INCOME ASSISTANCE PROGRAM EVALUATION RECOMMENDATIONS

Lisa Rosintoski presented the Low-Income Assistance Program evaluation, the data driven recommendations, and the proposed implementation strategy. Staff is asking if CFC supports the concept of an Income-Qualified Rate as presented, and are there any concerns that staff has not addressed.

In 2014 a comprehensive low-income program review was completed resulting in a scenario recommendation that would guide implementation efforts. In 2015, a project team was formed to examine the recommendations and develop an implementation plan. The 2015 team has incorporated elements of energy efficiency, education, income qualification, convenience and accessibility, internal and local non-profit collaboration, and creative funding into the proposed solutions.

In consideration of the 2014 recommendations and subsequent planning and development, staff recommends two priority improvements that require City Council approval to drive the successful implementation of an integrated low-income assistance program:

1. **Income Qualified Rate (IQR)** – Propose Utilities qualify customers based on income to receive a discounted Utilities rate. Remaining on IQR will require a once per year requalification process that will be managed with an extensive customer outreach campaign.
2. **Medical Assistance Program** – Discontinue the medical assistance program rate in a phased manner, since data supports the majority of participants will qualify for the greater benefits allocated through IQR.

Lisa presented to CFC the purpose of the program and the evaluation of the program, which included the following:

- 2004 Payment Assistance Fund Established
- 2012 Medical Assistance Program
- 2014 Comprehensive Review of Low-Income Assistance
- 2015 Implementation Strategy of Low-Income Assistance Program
- 2016 Implement Low-Income Assistance Program Portfolio with Income Qualified Rate

Further, Lisa described Utilities' role; to develop the income-qualified rate, and to enhance the Payment Assistance Fund.

The Low-Income Assistance Rate would work on an integrated approach, with ongoing assistance, temporary assistance; both being managed by a project team with processes in place and identified outreach.

Temporary support would include:

- Enhance PAF funding through partnerships
- Enhance PAF funding through donations
- Manage due diligence for unclaimed funds

Ongoing support would include:

- Rate Ordinance to implement Income-Qualified Rate (IQR) effective Jan. 1, 2017
- Ordinance phasing out Medical Assistance Program rate

Customers identified at 165% of Federal Poverty Level (FPL) would receive a 35% discount for Electric, 45% discount for Water and a 50% discount for Wastewater. The total potential dollar impact by fund at a .03% rate increase would be \$504,295 (25%), .06% rate increase - \$1,008,590 (50%), 0.9% rate increase - \$1,512,885 (75%), and a 1.2% rate increase - \$2,017,180 (100%).

After discussion, Council's comments and concerns were:

- How can these funds be leveraged to make a bigger impact in our community
- Should look at energy deficiencies in low-income housing units, and general residential units
- Look at other communities around the Country in an effort to get the largest participation
- Marketing – partner with other organizations in our community to leverage grants, etc.
- Work with FCHA to provide the model of what they are currently doing for energy efficiencies in their units, and provide this information at the Council Worksession

CITY LOW-INCOME REBATE PROGRAM REVIEW

Nancy James presented the rebate program year-end report for 2015. The Finance Department currently administers three rebate programs for low income, senior and disabled residents. The rebates are for Property Tax, Utilities and Sales Tax on Food, rebates that were created in 1972, 1975 and 1985 respectively.

History

Property Tax Rebate:

- Established in 1972 for low income senior (65 and over) residents
- Expanded in 1980 to include low income disabled residents
- Eligible property owners entitled to a refund of all City property taxes paid in the preceding year
- Eligible renters entitled to a rebate of 1.44% of rental payments for property on which City property taxes were paid
- The 1.44% rebate for renters was the percentage of total rent at the time that resulted in a rebate amount equal to that of property owners which was calculated at \$33.33 in 1972.
- Income eligibility level updated in 2012 to 50% of the area median income (AMI) as reported by HUD on an annual basis

Utility Rebate:

- Established in 1975 for low income senior residents
- Program applies to applicants who hold an account with the City of Fort Collins Utilities
- Amount of refund is based on average monthly residential consumption of water, wastewater, stormwater and electric service, updated annually
- 2015 Rebate Amounts: Electricity \$50.42, Water \$29.73, Stormwater \$15.03, Wastewater \$31.44
- Income eligibility level updated in 2012 to 50% of the area median income (AMI) as reported by HUD on an annual basis

Sales Tax on Food Rebate:

- Established in 1984 and rebate amount set at \$25 per person in eligible household
- Income eligibility level updated in 2005 to 50% of the area median income (AMI) as reported by HUD on an annual basis
- In 2005, per Council direction, staff researched and recommended changes to the income level for the Sales Tax on Food Rebate only. The goal was to increase the number of households that qualified
- Rebate amount updated to \$58 per person in 2015 (updated annually)

2015 Rebate Summary	
Total Applications Received	1548
Total Qualified Applications Processed	1473
Average Rebate Amount	\$191
Total Food Tax Rebate	\$174,058
Total Property Tax/Rental Rebate	64,239
Total Utility Rebate	43,376
Total Rebate for 2013	\$281,673

Year	# of Qualified Applicants	Total Rebate Amount	Average Rebate Amount
2014	1455	\$277,413	\$191
2013	1303	\$238,990	\$183
2012	1261	\$209,950	\$166
2011	1126	\$138,654	\$123
2010	1101	\$142,510	\$129

Participation in the program increased 0.9% in 2015 over 2014. The City was denied access to distribute 2,500 flyers in Poudre School District back-to-school packets, which in years past had been done to successfully target low-income families. Staff believes that this may have contributed to program participation remaining relatively level for 2015. However, as routine practice, staff mails applications to all previous year participants. Of the 1,548 applications received, 344 (22%) were identified as new applicants, which is largely reflective of the extensive outreach and marketing efforts performed this year.

2015 Outreach

Nancy indicated that staff partnered with over 50 organizations and companies throughout the City. Further marketing efforts included:

- Made information available through 2-1-1 and at United Way’s physical office
- Partnered with local agencies such as Homelessness Prevention, Volunteers of America and Larimer Health and Human Services
- Provided on-site help at the DMA, Care Housing, Retail Ponds and The Villages low-income housing sites throughout Fort Collins
- Provided program education to staff at Matthews House
- Application forms and posters distributed to City offices and recreation centers, Poudre River Libraries, the Workforce Center, Larimer County Social Service offices, Rescue Mission, Larimer County Food Bank, Elderhaus, Foothills Gateway, Murphy Center, United Way, Education and Life Center (ELTC), Matthews House, MAX north and south stations, local grocers, Homeless Prevention at Plymouth Church, Salud Clinic, Ft. Collins Office on Aging, Catholic Charities, Salvation Army, PSD front offices, as well as to several senior living apartment clubhouses
- Advertised program in Coloradoan, City News, Cable 14, and on K99 and Pirate Radio 93.5
- Advertised on fcgov.com and City’s Facebook page
- Provided applications and posters to the Villages low-income apartments
- Distributed door hanger flyers at Care Housing Units, The Villages Housing Units, and Hickory Village Mobile Home Park
- Distributed applications to patrons in line at Larimer County Food Bank
- Applications mailed out to all applicants from the prior year
- City webpage with downloadable application in English and Spanish with new e-mail to submit applications and back-up documentation electronically

- In 2014 City distributed over 2,500 flyers to 6 PSD schools with highest low-income populations; also provided PSD with an electronic copy to be e-mailed to all parents. **NOTE:** City was denied access in 2015 to distribute flyers in back-to-school packets as done in previous years. Poudre School District indicated that our program did not meet their qualifying criteria.

Some discussion took place regarding the exclusion from PSD to allow City staff to submit a flyer in their back-to-school packets. Both Gerry and Ross indicated had they known of this situation in real time, they could have possibly helped in rectifying the situation. Alternative marketing strategies were also discussed.

Goals for 2016

- Continue with proven outreach strategies
- Process documentation will help knowledge transfer for new temp
- Rebate applications will be changed to be more user-friendly for applicants
- Marketing synergies with Utilities income-qualified rated program
- Plan to use MS Govern software as database for all applicants
- Continue to increase and improve partnership with non-profits to advertise the program
- Re-establish partnership with PSD

OTHER BUSINESS

Fix North I-25 Business Alliance

Gerry stated that the Colorado Roads group is pushing to get a bill through legislature that would provide funding for I-25 as well as I-70 roads, and will also cover CDOT's concerns about O&M costs. This group approached Darin, the mayor and Gerry, and presented two lobbying options that they are requesting help with. Based on the unanimous Legislative Review Committee's recommendations, the best way to go about helping, is to go through a direct contract with their lobbyists that they have been using specifically for this project. We are recommending that this go on the upcoming Council's Consent Agenda, with a preliminary \$30,000 funding amount.

2015 Sales & Use Tax Revenue

Mike presented historical data on sales tax dating back to 2008 and information on what the additional sales tax received in 2015 means. The growth rate varies from 4.5% to 8% since 2012. Use tax shows more volatility; \$10M+ of additional revenue in 2015 came from Use tax. As the 2015/16 budget was being developed in early 2014, looking back at history from 2008 to 2013, staff was intentionally conservative in budgeting \$18.7M for Use tax in 2015; actual receipt of Use tax for 2015 was \$29M. The 2015 Sales tax growth forecast was 3.0% with actual growth at 4.9%. The 2016 Sales tax growth forecast is 4.5% (including Mall impact), and \$25M for Use tax. Council requested that the data reflect a few more years of history.

Meeting Adjourned at 11:10 a.m.

**COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY**

Staff: Andres Gavaldon

Date: 22 February, 2016

SUBJECT FOR DISCUSSION

Mall Leasing and Revenue Update

EXECUTIVE SUMMARY

Council has requested an update as to the Mall's status with regard to leasing and revenue.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Informational update only

BACKGROUND/DISCUSSION

ATTACHMENTS

Attachment 1 – Mall Analysis Update slide deck



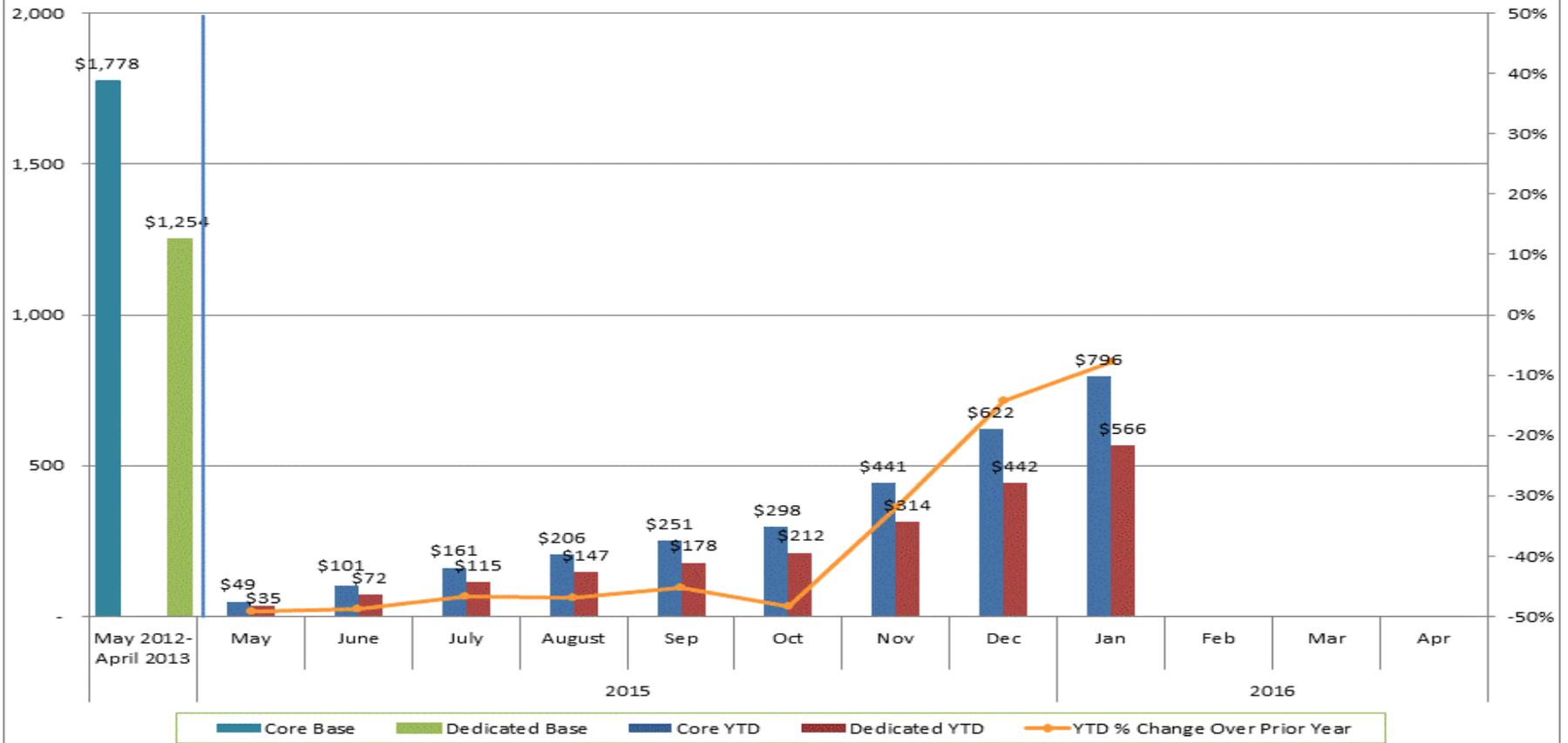
Original & Current Assumptions

	2015	2016	2017
Original Assumptions:			
Sq Ft Leased at Year End	95%	95%	95%
Avg Sq Ft Leased for the Year	59%	95%	95%
Expected Sales Tax Revenue	\$ 4.6	\$ 8.7	\$ 8.9
Expected ST Remittance to Metro	\$ 0.9	\$ 3.2	\$ 3.3
Current Expectations:			
Sq Ft Leased at Year End	64%	95%	95%
Avg Sq Ft Leased for the Year	n/a	n/a	95%
Expected Sales Tax Revenue	\$ 1.6	\$ 5.1	\$ 8.9
Expected ST Remittance to Metro	\$ -	\$ 1.1	\$ 3.3
Note:			
Previous analysis indicates limited change in City Sales Tax Pledge with delay			

Mall Construction & Lease-Up Roughly 6-9 Months Behind Original Assumptions

Mall Sales Tax Receipts

Mall Area - 2015-2016 Sales Tax
(in Thousands)



**Mall Sales Tax Receipts Beginning to Grow with Store Openings...
Sales Tax Remittance When Core is Greater \$1.8M May - April**

- Construction timing and other factors has slowed lease-up and sales tax revenue
- No sales tax pledge remittance anticipated for the period May 2015 to April 2016.
- Original model built on annual assumptions, difficult to provide monthly comparisons
- 216k Sq. Ft. still to be leased

**COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY**

Staff: Kelly Bernish, Safety, Security & Risk Management
Ken Mannon, Operations Services

Date: February 22, 2016

SUBJECT FOR DISCUSSION: Addressing safety concerns regarding the usage of gaseous chlorine to treat our City pools.

EXECUTIVE SUMMARY: During a routine safety audit of the City pools, it was discovered that gaseous chlorine is being used to treat the pool water at all City pools except the Senior Center pool. As safety standards have evolved, best practice is to avoid gaseous chlorine due to the extreme hazard posed to employees and citizens in the event of a failure incident.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED:
Does Council Finance Support a Mid-Cycle \$200K Appropriation to Switch Pool Chlorination Systems to Chlorine Liquid vs. Current Chlorine Gas

BACKGROUND/DISCUSSION: In the past year, the City has renewed its commitment to safety, part of which involved bringing a Safety Professional leader on staff, who coincidentally is an Aquatics Safety expert. As part of that renewed focus, regular safety audits are being conducted. During one of those such audits, it was observed that we are still using chlorine gas to treat the pool water, with the exception of the Senior Center (newer construction). Several pools in other local communities have changed to liquid or tabs and new construction of pools does not generally include the use of chlorine gas at all.

From a safety and financial perspective, it is more efficient to migrate the 3 city pools, EPIC, Mulberry and City Pool, to liquid bleach than to stay with gaseous chlorine. During this process, we have explored the options of liquid and tabs. Tabs generally were less efficient and more difficult from a maintenance perspective of the equipment (lessons learned from CSU). Liquid bleach appears to be the best option from an efficiency and transition perspective as well. In the spirit of transparency, there is a minimal cost increase from a day to day operations perspective as chlorine gas itself is general less expensive than liquid or tabs.

Therefore, we are asking the Council Finance Committee to consider a Mid-Cycle Appropriation of approximately \$200k to change the three pools to liquid bleach.

ATTACHMENTS: Power Point Presentation



Chlorine Conversion
Kelly Bernish

Does Council Finance Support a Mid-Cycle \$200K Appropriation to Switch Pool Chlorination Systems to Chlorine Liquid vs. Current Chlorine Gas

- **2014 Consultant Evaluation of City Safety Culture**
- **Complete overhaul of the way Safety functioned and supported partners**
- **Continue to evolve**
- **Recommendations including hiring experienced Safety Leader**
 - Expert Experience in Aquatics
 - Audit
- **2016 – 2018 Safety Plan in Development**
 - Planned ELT review March 9th

- **3 Locations around the City have chlorine gas**
 - EPIC, City Park & Mulberry
- **While built to standards at the time, current standards and best practices have changed**
- **Highly Hazardous**
 - Employees, Citizens, Visitors
- **New construction has migrated away from gaseous chlorine**
 - Other local pools
 - DWARF



- **Alternatives Evaluated:**
 - **Stay with gaseous chlorine**
 - More expensive system alterations
 - Doesn't solve hazard
 - **Chlorine Tabs**
 - More expensive than liquid and not as efficient
 - System maintenance issues
 - Limits community hazard
 - **Liquid**
 - Modifications need to made to system
 - Minimizes hazard for employees
 - Essentially eliminate community hazard

- **Minimize impact to pool users/revenue**
 - **Take advantage of EPIC downtime**
 - Time sensitive
 - **City Park pool during off-season or “cut-over”**
 - **Mulberry can be “cut-over”**
 - Minimal downtime
- **Estimated total cost is \$200k to convert to liquid**

- **Limited one time requests based on urgency**
- **Staff building Safety Plan for 2016-2018**
 - Risk Assessment
 - Prioritize audit findings
 - Will build Safety Plan needs into budget requests

City**S****afe**

Does Council Finance Support a Mid-Cycle \$200K Appropriation to Switch Pool Chlorination Systems to Chlorine Liquid vs. Current Chlorine Gas

**COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY**

STAFF

Lisa Rosintoski, Customer Connections Manager
John Phelan, Resource Conservation Manager
Kim DeVoe, Energy Services Engineer

DATE

February 22, 2016

SUBJECT FOR DISCUSSION

Capital Planning for the Home Efficiency Loan Program

EXECUTIVE SUMMARY

The purpose of this item is to provide information for short and long term capital funding for the Home Efficiency Loan Program (HELP). Between July 2015 and December 2015, the rate of loan participation increased by 500% over the previous 2+ years (see chart below), supporting a need for additional capital funds. The additional funding would be loaned at the 4% interest rate which was proposed for the program in January 2015.

Over 60 loans have been completed to date, used primarily for home efficiency upgrades and with a few solar and water projects. The energy loans, taken as a group, are estimated to be saving 10% of the carbon emissions of these homes. This equates to 1.2 tons avoided per household and 72 annual tons per year. Including the lifetime savings of these improvements brings the customer cost to approximately \$400 per ton carbon avoided. The improvements are also providing utility bill savings, comfort improvements and health and safety benefits. Because the loans are paid back to Utilities with interest by customers, the cost to Utilities from the HELP program is low to negligible.

Staff is proposing a two-step process with additional funding being provided by Utilities reserve funds followed by a transition to loan capital coming from outside of City or Utilities sources. The first step can be accomplished through a resolution by Council, with the understanding that the second step will be brought forward before the end of 2016 pending the recommendations of an interdepartmental staff team.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

- Does Council have feedback regarding the proposed two-step process to provide capital funding for the Home Efficiency Loan Program?
- Clarify intent for use of Utilities reserves as an ongoing revolving loan fund.
- Is Council ready to consider a resolution for increasing the outstanding loan balance from Utilities reserve funds at an upcoming meeting?

BACKGROUND/DISCUSSION

The On-Bill Financing (OBF) pilot program (also known as the Home Efficiency Loan Program) provides residential utility customers with low-cost financing for energy efficiency, solar photovoltaic, and water conservation improvements to support the outcomes adopted in City of

Fort Collins policies and plans, such as the Climate Action Plan, Energy Policy and Water Efficiency Plan. The OBF program was established by Ordinance 033-2012 which revised language in Chapter 26 of the Municipal Code to enable Utilities to provide financing and on-bill servicing of loans for energy efficiency, water efficiency and renewable energy projects.

The OBF program was launched in January 2013, and was reviewed by Council in August 2013, October 2014 and January 2015.

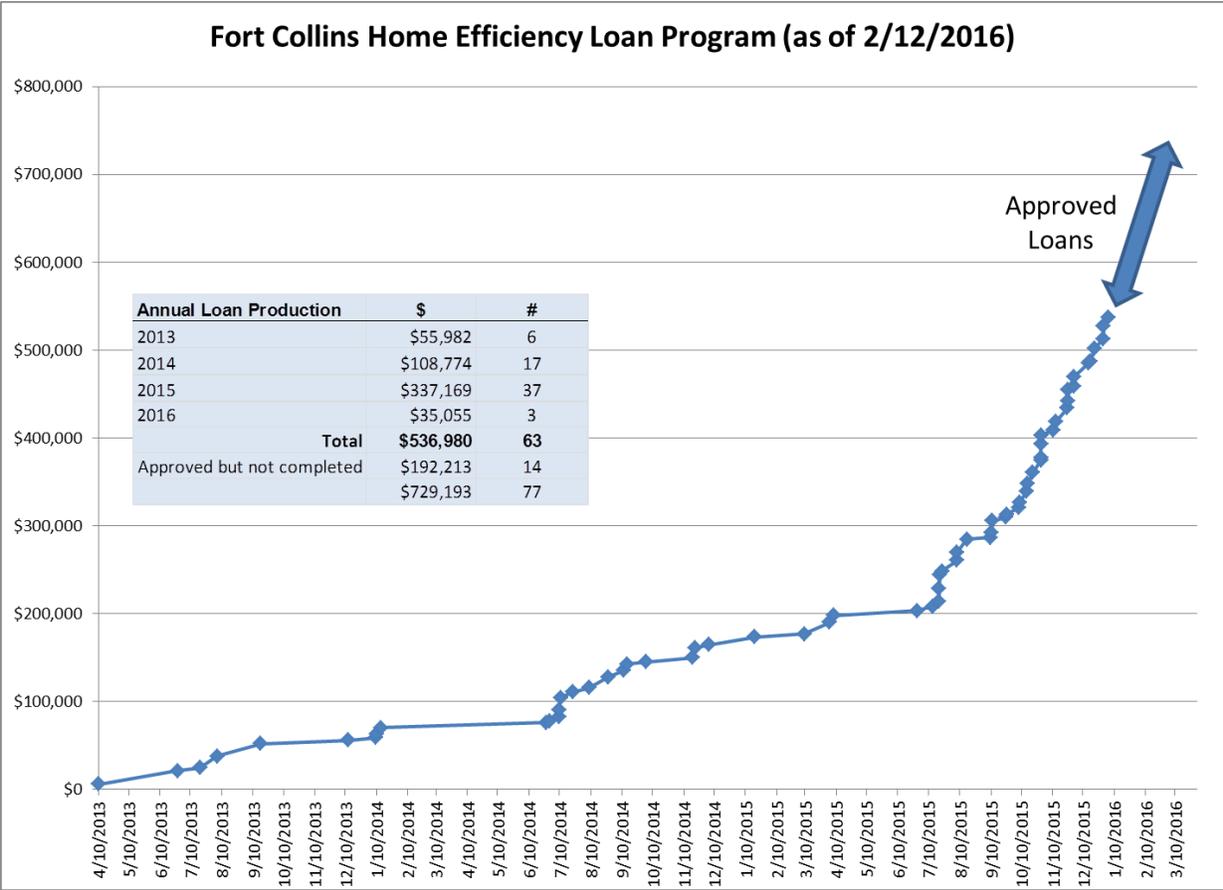
Based on the participation to date staff recommends a two-step process consisting of:

Step One: Increasing the outstanding loan balance limit for Utilities reserve funds

OBF capital comes from Light & Power and Water reserve funds, with the source being determined by the project type. The funding is a “balance sheet transaction,” where the funds are accounted for by moving from reserves to accounts receivable. As such, loan funding is not a typical expenditure or a budget item. Council has authorized Utilities for a maximum outstanding balance of \$800,000 for the loan program.

Loan activity ramped up significantly in the second half of 2015 and continuing into early 2016 (see chart below). Based on a forecast from this recent activity, the outstanding loan limit is likely to be met by the end of March or soon after. Continuing this forecast and estimating the impacts of the Efficiency Works Neighborhoods pilot and recent solar contractor activity, the program is likely to require an additional \$800,000 in capital through the end of 2016. The program to date has seen 98% of the activity in energy loans. The proposed resolution below will include a specified amount between the Light & Power and Water funds moving forward.

Staff’s recommendation is to raise the outstanding balance limit to \$1.6M to account for the anticipated program activity in 2016. Pending Council Finance committee feedback, staff would prepare a resolution for consideration at an upcoming meeting to authorize the increase in the outstanding balance limit.



Step Two: Planning for New Capital Sources

The question of what comes next for sources of capital has only been informally discussed over time. The proposed higher outstanding balance limit will, in effect, create a timeline for a project to recommend next steps for capital sources and loan options for customers. Based on the request proposed above, this team would need to develop recommendations by late summer for implementation by the end of the year or sooner.

Staff recommends chartering a project team to research, identify and recommend options for consideration by Council for future capital requirements for HELP and the On-Bill Finance programs. The team would be comprised of staff from Utilities Resource Conservation, Utilities Finance, City Finance, the City Attorney’s Office and Sustainability Services. Team members also represent a number of Climate Action Plan strategic teams (Energy Efficiency, Financing and Climate Economy).

The results of this team’s efforts would be presented to Council Finance and/or Council for consideration, including but not limited to:

- Cost of capital to City, Utilities and/or loan recipients
- Scalability
- Impact on City or Utilities balance sheet
- Characteristics of loan terms (e.g. qualifications, interest rates, loan term)

- Relationship to existing and proposed efficiency and renewable energy programs and services.
- Legal review for servicing of loans on utility bills. There are a number of potential issues with having Utilities directly service 3rd party loans on-bill.

Prior discussions have identified several options. *The following is a preliminary list, no options have been removed from discussion and there are likely more:*

- Coordination with a local credit union or bank, potentially in conjunction with implementation of a Home Energy Affordability Loan (HEAL) program. HEAL programs coordinate directly with employers for energy upgrades and loans on employee homes. Fort Collins is interested in pursuing a pilot for HEAL, which would likely create an additional loan option for Fort Collins customers and a new option for employees of Fort Collins businesses. Key issues may be coordination of loan term and interest rates between HEAL and HELP options.
- Seek a line of credit, or loan, for the City of Fort Collins or Fort Collins Utilities to access capital for loans. The line of credit, or loan, would be repaid by the City or Utilities and re-loaned to customers under HELP.
- Raise capital through issuance of bonds (similar to how Property Assessed Clean Energy (PACE) financing has been done). The bond funding would be repaid by the City or Utilities and re-loaned to customers under HELP.
- Implementation of a loan loss reserve fund and or interest rate buy down for borrowers from local banks or credit unions.
- Coordination with the Colorado Energy Office regarding loan loss reserve funds or PACE financing sources
- Seeking capitalization from local donors or foundations.

Clarify Intent for use of Utilities Reserves as a Revolving Loan Fund

Discussions to date have centered on the previously approved \$800k as a maximum outstanding loan balance. This means that as loans are repaid by customers, the funds become available to again loan out for new projects. However, if Council's intent was that the program is able to disburse up to \$800k, then the repaid funds would not be available to fund new projects.

Staff recommends that the maximum outstanding loan balance be treated as a revolving loan fund over time, where repaid funds become available for use by the on-bill financing program.

Characteristics of On-bill Financing Loan Terms

Under the current model where loan capital is provided by Utilities reserve funds, the City has broad discretion for the setting of loan characteristics. The interest rate range is set by Council in the rate ordinances, while the City's Financial Officer sets the rate in coordination with Council.

The rate ordinances define the allowable range of interest rates, currently set from 2.5% to 10%. This range was set based on market analysis indicating similar programs have been successful with market rates in the 4.5% to 6.5% range. The lower end of this range at 2.5% was included, at Council direction, to support getting the program started with a favorable interest rate. The

higher range was included to allow for flexibility moving forward and to accommodate changes in the financial marketplace.

The Council Finance Committee provided direction in November 2014 that the City Financial Director set interest rates at the City's cost of capital less 100 to 200 basis points. For the Council meetings in January and February of 2015, the recommended interest rate was 4%. During these meetings, Council provided direction to set the interest rate at 2.5% and also to extend the maximum loan term from 15 to 20 years.

Use of outside capital sources will introduce new elements to defining the loan characteristics. Regardless of the selected source(s), there is an expectation that the loan characteristics will need to become more aligned with market loan portfolios. In particular, the following characteristics will need careful consideration:

- Interest rate
- Loan term
- Qualification requirements

HELP loans currently support three different programs. All of the loan activity in 2015 can be attributed to the Efficiency Works Home (insulation, air sealing, windows, heating and cooling) and Solar Rebate (photovoltaic systems) programs.

In January 2016, Utilities launched the Efficiency Works Neighborhoods program as a pilot, in coordination with Platte River Power Authority and the American Public Power Association. This program is piloting a number of innovations, including new segmentation and outreach, home efficiency packages with standardized pricing, streamlined project management services and integrated financing. Over 1500 customers have in specific neighborhoods are in the initial target group and have received information regarding all the program elements, including the current HELP loan terms. The pilot is scheduled through September 2016, and may continue as an ongoing program afterwards.

The project team recommendations presented later in 2016 will include a recommended roadmap for all loan characteristics. Staff would like to ensure that any potential transition to higher interest rates is done in a gradual fashion in order to maintain the momentum of participation in the HELP program.

As such, staff is recommending that the interest rate for HELP loans be revised up to 4.0% for the additional funds being authorized by Council resolution. Staff does not recommend changing loan terms at this time.

Update on Billing System Customization for Tenant Billing

Staff has been working with the software vendor for Utilities existing customer billing system (CIS) to develop a scope of work for a customization which would allow for "tenant billing." The customization would allow for loans to be initiated by an owner of a residential or small commercial rental property. The payments for these loans would be charged on the utility bills of the current tenants of the property, who also receive the benefit of lower utility bills.

The scope of work and software modification specifications were recently completed and “signed off” by both parties. As of February 15 Utilities is awaiting the cost estimate and proposed schedule from the software vendor. After receiving the estimate, staff will review and may be sending updated information to Council. While this effort has been developed, Utilities has also initiated a comprehensive review of options to determine the next steps for CIS, such as upgrading or replacing the software. Therefore, recommendations for potential investments in customization of the existing software will take into consideration these options.

Relationship of Financing to Climate Action Plan

The developing implementation plan to meet the 2020 CAP objectives includes expanded efficiency results, accounting for nearly 50% of the 2020 reduction target. It is expected that financing of energy efficiency will be a key tactic to reaching higher participation levels. It will be important to balance the requirements of financing partners with the expectations of customers.

Efficiency Works Home retrofit projects, which are supported by the HELP loans, contributed over 8,000 metric tons of carbon reduction in 2014. The target for the CAP 2020 objectives would require an approximately 4x increase in results from residential programs, requiring reaching more customers and completing more comprehensive improvements saving both electricity and natural gas. Continuing to offer attractive financing is considered to be an important element for success moving forward.

Program Development and Characteristics

The OBF program was developed collaboratively by Utilities (Energy Services and Customer Finance (billing)), City Finance, and the City Attorney’s Office with assistance from the consulting firm Harcourt, Brown and Carey. The program was modeled after successful programs and is most succinctly described as a traditional loan program which is serviced by Utilities on customer’s monthly bills. Customers qualify based on their bill payment history and credit score, eligible projects are defined by Utilities incentive programs, and the loans are secured via a UCC lien filing recorded with Larimer County.

The code changes adopted by Council authorize Utilities to provide financing services to meet the program deliverables. A key element of the program is that the loan payments are treated like any other element of a customer’s bill (e.g. electricity, water, wastewater and stormwater). With such treatment, loan payments are not differentiated from other services. Utilities normal and customary practices for non-payment apply, up to and including service disconnection. Utilities also has established rights under City Code for collection of any past due amounts at a properties time of sale, also known as the “perpetual lien” ordinance.

The program uses pre-existing standard capabilities of the Utilities billing system. Customer qualification and loan closing services are provided in partnership with a third party financial partner, EnergySmart Partners LLC. EnergySmart Partners is a subsidiary of the non-profit Funding Partners, a local Fort Collins Community Development Financial Institution. The interest rate range is defined in Utilities’ residential rate ordinances. The City Finance Department developed a set of rules and regulations for administrative implementation of the OBF program.

The OBF capital comes from Light & Power and Water reserve funds, determined by the project type. The funding is a “balance sheet transaction,” where the funds are accounted for by moving from reserves to accounts receivable. As such, loan funding is not a typical expenditure or a budget item. Council has authorized Utilities for a maximum outstanding balance of \$800,000 for the loan program. Should demand for financing reach this limit, Council authorization is required for additional funding.

Interest rate guidance was provided in November 2014 by the Council Finance Committee that the annual selection of interest rates is intended to reflect the City’s cost of capital minus 100-200 basis points.

Loan Activity and Information

- As of 2/12/16, total outstanding balance was \$425k, with \$192k preapproved. This is a total of \$617k, leaving approximately \$180k as available.
- Based on end of 2015 data, the annual repayment amount would be approximately \$50k annually and the dollar weighted average term is 12.4 years. Median term is 10 years.
- Average loan amount is \$8,500.
- Approximately \$110k has been repaid (or paid off) plus a modest amount of interest income has been collected since the program started.
- 98% of the outstanding loan balance is in the Light & Power fund.

Loan Program Characteristics

Attribute	Notes
Interest Rates	Allowable range from 2.5-10% per proposed rate ordinance 2015 rate at 2.5% per direction from Council
Customer qualification	Minimum six months bill payment history Credit score minimum of 640
Fees	Fees are cost based for services current fees of \$25 for application, \$150 for closing, \$11 for recording
Recording	UCC filing recorded with Larimer County
Loan term	5, 7, 10, 15, or 20 years Selected by applicant
Customer eligibility	Residential single family and townhome properties, small business customers (by owner), Rental properties (by owner)

ATTACHMENTS

Summary presentation: Capital Planning for the Home Efficiency Loan Program



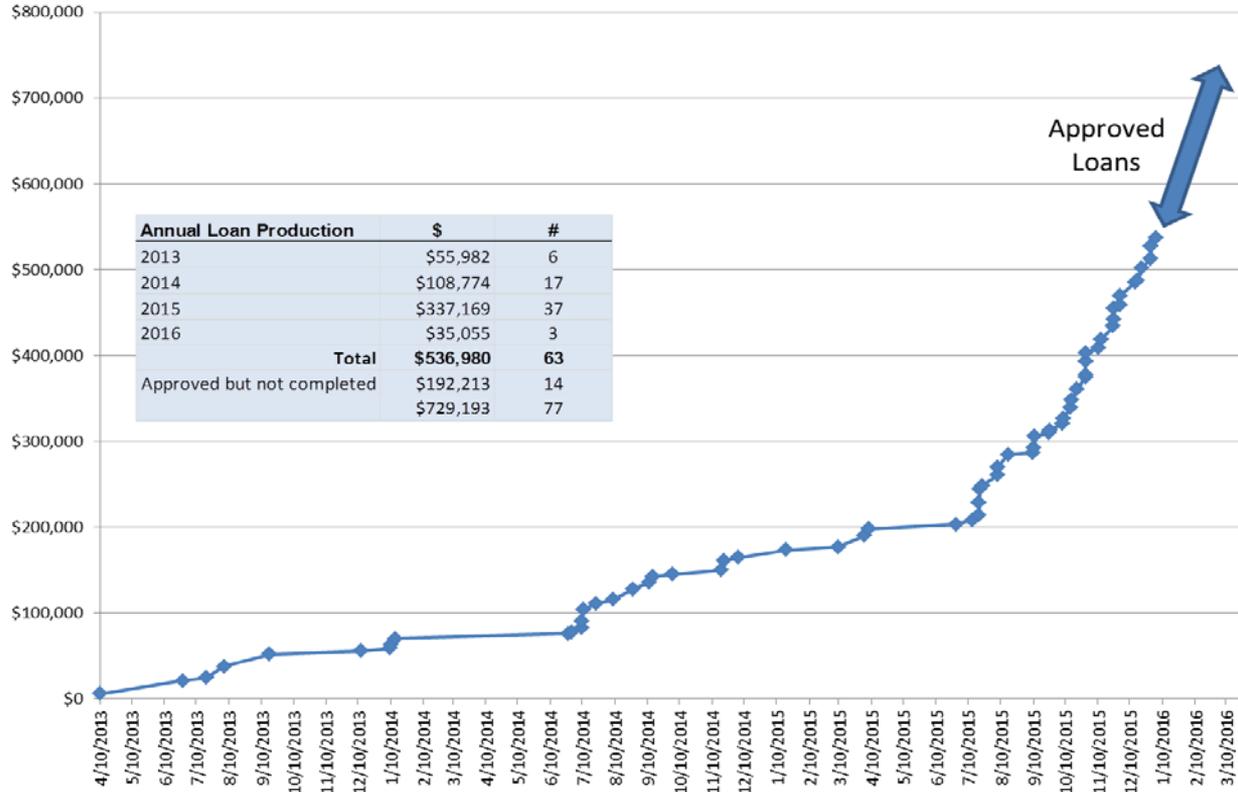
Capital Planning for the Home Efficiency Loan Program



Council Finance Meeting, February 22, 2016
Lisa Rosintoski, Customer Connections Manager

- Does Council have feedback regarding the proposed two-step process to provide capital funding for the Home Efficiency Loan Program?
- Clarify intent for use of Utilities reserves as an ongoing revolving loan fund
- Is Council ready to consider a resolution for increasing the outstanding loan balance from Utilities reserve funds at an upcoming meeting?

Fort Collins Home Efficiency Loan Program (as of 2/12/2016)



- Loans for energy efficiency and solar are estimated to reduce home carbon emissions from electricity and natural gas by an average of 10%
 - 1.2 tons per home
 - 72 tons annually
 - \$400 per ton

Step One

- Raise the outstanding balance limit to \$1.6M
(by resolution, Mar 2016)
- Increase the interest rate for loans from the additional funds to 4.0%

Step Two,

- Charter an interdepartmental team to identify and recommend options for maintaining on-bill financing programs, including the transition to using outside capital
- Return to Council Finance to present recommendations and next steps
(3rd quarter 2016)

Staff recommends:

- to raise the outstanding balance limit to \$1.6M to account for the anticipated program activity in 2016
- that the maximum outstanding loan balance be treated as a revolving loan fund over time, where repaid funds become available for use by the on-bill financing program
- that the interest rate for HELP loans be revised up to 4.0% for the additional funds being authorized by Council resolution
- that the loan terms remain unchanged at this time

- Does Council have feedback regarding the proposed two-step process to provide capital funding for the Home Efficiency Loan Program?
- Clarify intent for use of Utilities reserves as an ongoing revolving loan fund
- Is Council ready to consider a resolution for increasing the outstanding loan balance from Utilities reserve funds at an upcoming meeting?

**COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY**

Staff: Mike Beckstead, CFO
Jolene Buxman, Sr. Budget Analyst

Date: February 22, 2016

SUBJECT FOR DISCUSSION

Review of the 2016 Reappropriation Ordinance which appropriates prior year reserves.

EXECUTIVE SUMMARY

City Council authorized expenditures in 2015 for various purposes. The authorized expenditures were not spent or could not be encumbered in 2015 because:

- there was not sufficient time to complete bidding in 2015 and therefore, there was no known vendor or binding contract as required to expend or encumber the monies
- the project for which the dollars were originally appropriated by Council could not be completed during 2015 and reappropriation of those dollars is necessary for completion of the project in 2016
- to carry on programs, services, and facility improvements in 2016 with unspent dollars previously appropriated in 2015

In the above circumstances, the unexpended and/or unencumbered monies lapsed into individual fund balances at the end of 2015 and reflect no change in Council policies.

Monies reappropriated for each City fund by this Ordinance are as follows:

General Fund	\$ 1,102,694
Golf Fund	40,329
Keep Fort Collins Great Fund	1,027,535
Light & Power Fund	276,088
Recreation Fund	91,260
Transportation Fund	84,209
Utility CS&A Fund	<u>187,000</u>
	\$ 2,809,115

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Does Council Finance Committee support moving forward with the 2016 Reappropriation Ordinance on March 15, 2016?

BACKGROUND/DISCUSSION

Process: The Budget Office reviews requests to ensure they meet the criteria and verifies there is enough underspend in the prior year to cover the requested amount. The Budget staff follows-up with the submitter as necessary and along with the CFO determines which requests to bring forward to City Council.

GENERAL FUND

Cultural Services/Gardens

1. Community Garden - \$20,000

Purpose for funds: Funds are to be used to build a new community garden.

Reason funds not expended in 2015: A new community garden application process was created in the spring and summer of 2015 and implemented in the fall. As results from the application process were not known until December, garden construction was delayed until 2016.

Environmental Services

2. Air Quality and Greenhouse Gas Data - \$17,500

Purpose for funds: To complete project work associated with 2015 work plans. The reappropriated funds will be used to continue work initiated in 2015 related to the assessment of the City's greenhouse gas inventory, and specifically to investigate alternative (or additional) options for accounting for greenhouse gas emissions in the community and the municipality, e.g., consumption-based inventories. This work will be accomplished using additional resources including consultants and/or an hourly program intern to conduct best practice research and to refine the existing database to adapt the 2015 inventory.

Reason funds not expended in 2015: Funds were not fully expended for the database development due to transitions in staffing in 2015.

3. Air Quality Programs - \$25,536

Purpose for funds: To complete project work associated with 2015 Work Plans. The reappropriated funds will be used to provide continued support of the air quality programs including: working with state agencies to attain the ozone health standard and protect air quality, increasing outreach and education on ozone issues to empower citizens to reduce ozone precursor emissions, and addressing impacts to air quality from fugitive dust. This work will be accomplished using reappropriated resources including funding an hourly program assistant or intern, purchasing safety equipment and air monitoring equipment.

Reason funds not expended in 2015: Funds were not fully expended for completing air quality programs due to vacancy in two staff positions in 2015 plus the unanticipated amount of staff work on the Climate Action Plan.

4. Green Building - Continued Implementation of the Roadmap - \$4,000

Purpose for funds: To complete project work associated with 2015 Work Plans. In 2013, the City updated the 2007 Roadmap for Coordinated and Enhanced Green Building Services, and a Green

Built Environment Program Coordinator was funded in the 2015-2016 BFO Cycle to implement this roadmap. The Roadmap identified a number of opportunities for improving key strategies and processes related to green building. The funds requested will be used for consulting fees associated with the implementation phase of this project.

Reason funds not expensed in 2015: Due to the vacancy of the Green Built Environment position until June 2015, the implementation phase of the project was delayed.

5. Green to Gold Bag Shredder - \$2,992

Purpose for funds: The Green to Gold offer targeted purchasing equipment and services to enhance the Municipal organization's ability to achieve the targeted sustainability goals and lead by example in relation to the community's climate action commitments. A bag shredding unit is required to complete the functionality of equipment purchased to meet the composting and carbon goals.

Reason funds not expensed in 2015: Funding was not fully expensed in 2015 as we were waiting on bids for different units and to get clarification on regulations for the structural unit surrounding the original unit.

6. Healthy Sustainable Homes - \$1,337

Purpose for funds: To complete project work associated with 2015 work plans. The reappropriated funds will be used to support the materials necessary to address the backlog of home assessments associated with the Healthy Sustainable Homes initiative, including CO Detectors, radon test kits, and other important supporting materials associated with the assessments.

Reason funds not expensed in 2015: Funds were not fully expended for these materials in 2015 due to an end-of-year emphasis on advertising on radon plus the unanticipated amount of staff work on the Climate Action Plan.

7. Rivendell Recycling Center Pavement Repair - \$11,551

Purpose for funds: To be used for pavement repair at existing recycling drop-off center site. This is required upon vacating the property prior to moving to new site on Timberline Road.

Reason funds not expensed in 2015: The funds could not be fully expended in 2015 because of the shifting timeline for moving the recycling center to Timberline site.

8. Waste Reduction & Recycling Programs - \$10,000

Purpose for funds: Programs that deliver information to the public about recycling, including guidelines on how to prepare materials for recycling, where to take materials to be recycled, and activities/outreach events are funded by these funds. Specifically targeted audiences for outreach include the business community and multi-family residents, through the WRAP (Waste Reduction and Recycling Assistance Program), and represent a primary focus for improving participation in recycling that will help meet the community's goals for diverting waste from landfill disposal.

Reason funds not expensed in 2015: Due to the extra/unanticipated amount of work required for two major assignments (development of a Community Recycling Ordinance, and collaboration with the Downtown Development Authority on construction of a special trash/recycling

enclosure on Montezume/Fuller Alley), fewer hours of staff time were available for implementing other important projects and outreach. In particular, implementation projects in the Waste Reduction and Recycling Assistance Program (WRAP) that were originally planned for 2015 will need to be completed in 2016 instead.

FC Moves

9. Lincoln Plan Neighborhood Projects - \$279,800

Purpose for funds: These funds provide for the design and construction of neighborhood projects identified in the Lincoln Corridor Plan. The projects are generally located within the Northside Neighborhoods (Buckingham, Andersonville, San Cristo/Via Lopez, and Alta Vista. Staff has been coordinating design and implementation of the projects with a Neighborhood Advisory Committee comprised of neighborhood residents.

Reason funds not expensed in 2015: These projects are intended to be a two year effort, including design and construction of projects on varying timelines. Of the ten funded neighborhood projects, 5 have been completed or are nearing completion. The project funds must be reappropriated to 2016 in order to complete the remaining projects.

Human Resources

10. Human Resources Software Migration - \$130,000

Purpose for funds: Through BFO 2015-2016, Enhancement offer 6.4 was purchased to fund an HR Technology Upgrade. This request for funds will reappropriate dedicated funding for the performance software implementation, licensing and additional costs associated with data migration.

Reason funds not expensed in 2015: Due to work load and competing priority projects, Human Resources was not able to implement the learning or performance modules as anticipated. In December 2015, a contract with the vendor was signed to begin the Learning module implementation in February 2016. It is anticipated that implementation of the Performance module will begin in July 2016.

Municipal Court

11. Court Appointed Counsel Expenses - \$10,262

Purpose for funds: In 2015, the Municipal Judge ordered court-appointed attorneys assigned to represent several different defendants whose cases began in 2015 and have yet to be concluded. The fee paid for such representation is billed at the rate of \$75/hour up to a maximum of \$1,675 if the case does not go to trial or \$2,480 if the case goes to trial. We are requesting the above amount be reappropriated into the same fund account for 2016.

Reason funds not expensed in 2015: Due to the complexity of and circumstances related to the defense cases involved with these appointments and the fact that dispositions for the cases involved have not yet been reached or were reached in late December of 2015, the assigned defense attorneys have either not yet presented the Court with bills or will present the Court with bills once final sentencing has been completed.

Natural Areas

12. Instream Flow - \$88,200

Purpose for funds: The purpose of this offer was to fund a water consultant for a period of two years to continue work on instream flow strategies and to initiate a program to address environmental flows and ecological connectivity within the urban reach of the Cache la Poudre River. Several water diversion structures within the urban reach have been identified as key structures to address by a previous River Operations Study. Owners of the key structures have been contacted to discuss potential modifications to the structures to allow for fish and water passage. The first project is under construction by North Poudre Irrigation Company and the Fossil Creek Inlet Structure and is expected to be completed in 2016. Preliminary engineering options are being evaluated at the Timnath Inlet owned by the New Cache la Poudre Irrigation Company and the Watson Lake diversion owned by Colorado Parks and Wildlife.

Reason funds not expended in 2015: Natural Areas is working with two existing ditch companies and Colorado Parks and Wildlife to modify existing diversion structures to allow for fish and water passage. One fish passage structure has been constructed on the Fossil Creek Reservoir Inlet Ditch and the water measuring device will be designed and installed in 2016. This project was delayed due to high river flows in 2015. Natural Areas will reimburse North Poudre for the fish passage structure upon completion of the work (up to \$30,000). A preliminary design on the Timnath Inlet Diversion (New Cache Irrigating Company) is 80% complete and discussions with New Cache continue to refine the design options. Delays were caused by engineering issues involving floodplain management and water conveyance through the ditch's delivery canal. If an agreement with the Ditch Company is finalized, final engineering design and permitting will occur in 2016 and construction is planned for 2017-18. Last, Natural Areas has initiated a project with Colorado Parks and Wildlife on the Watson Lake/Fish Hatchery Diversion. Natural Areas filed a water rights change case on Box Elder Ditch and Coy Ditch shares it owns. While the primary purpose of the change case is related to an augmentation plan needed to manage several existing wetlands along the Cache la Poudre, an additional beneficial use is for instream flow purposes. This case is still progressing through the Water Court process.

13. Northern Integrated Supply Project Response - \$24,500

Purpose for funds: These funds are being used to support the City's evaluation of the Northern Integrated Supply Project Supplemental Draft Environmental Impact Statement (NISP SDEIS). This evaluation focuses on the impact to City's assets and is dependent on a complex and lengthy federal process. The City's work related to this also includes establishing our own scientific perspective on river function, condition and impact of NISP to water-related infrastructure. In 2016 we plan to use the remainder of these funds to partially fund the 2016 State of the Poudre health assessment and report. This is an appropriate use of these funds because this condition assessment will inform our future engagement in NISP (both future iterations of the EIS as well as dialog around mitigation). There is a direct link between current condition, desired condition for a resilient river and post-NISP conditions and our ability to positively influence NISP having this information.

Reason funds not expended in 2015: These funds were not completely used in 2015 because the process is ongoing and far from complete. These funds are being used to support the City's evaluation of the Northern Integrated Supply Project Supplemental Draft Environmental Impact Statement (NISP SDEIS). This evaluation focuses on the impact to City's assets as well as

potential future mitigation and is dependent on a complex and lengthy federal process. The City's work related to this also includes establishing our own scientific perspective on river function, condition and impact of NISP to water-related infrastructure. In 2016 we plan to use a portion of these funds to partially fund the 2016 State of the Poudre health assessment and report. The condition assessment will inform our future engagement in NISP (both future iterations of the EIS as well as mitigation processes).

Operation Services

14. Remodel Creamery Laboratory Building at 212 Laporte Avenue - \$127,957

Purpose for funds: The historic Creamery Laboratory building located at 212 Laporte Avenue has been moved; however a tenant has not been selected. When the tenant and use has been determined, these funds will complete the project.

Reason funds not expensed in 2015: The request for proposal process to determine a possible tenant was carried into 2016. Therefore no improvements could be made until a tenant is selected.

Parks

15. Median Renovations and Lifecycle - \$95,079

Purpose for funds: The funds requested will be re-appropriated for median renovations and lifecycle projects in 2016.

Reason funds not expensed in 2015: The funds were initially intended to be used for the Horsetooth/Lemay median renovation project completed in December 2015. The project bid came in under estimate; therefore, these funds were not needed for the project. Lifecycle funds of \$89,633 that were set aside for this project and the remaining renovation funds of \$5,446 will be used on the next lifecycle and median renovation projects.

16. Parks Lifecycle Project (General Fund portion) - \$50,000

Purpose for funds: The funds requested will be re-appropriated for lifecycle projects that were planned, but not encumbered or completed in 2015. Funds will be spent on Park Shop lobby waiting area renovations of \$20,000, Louden ditch improvements of \$11,872, and the remaining balance of \$75,336 will be combined with 2016 funds to replace playground equipment at Avery Park.

Reason funds not expensed in 2015: Projects were not encumbered or completed due to quotes/bids for projects not being available until late December and needing 2016 funds for the Avery playground project.

PDT Administration

17. Special Event Permit Software - Special Events Coordinator Program - \$55,000

Purpose for funds: The Special Event Coordinator (SEC) program has identified the research, purchase, and implementation of an on-line special event permit application as a critical path need for the efficient operation of City programs and services. Updating and automating the City's special event permit process is a primary deliverable identified in the 2015-2016 BFO

Offer creating the program. The SEC has worked with IT staff to explore the feasibility of developing an in-house, on-line permit system, however, it has been determined that identifying and purchasing a special event permit product from an outside vendor will be more efficient, timely, and cost effective. The reappropriation of \$55,000 in unexpended 2015 funds into the 2016 SEC budget is requested for this purpose.

Reason funds not expensed in 2015: The Special Event Coordinator funds were not fully expended in 2015 due to program launch scheduling.

Social Sustainability

18. Affordable Housing Fund - \$148,980

Purpose for funds: The Affordable Housing Funds are allocated annually to support critical affordable housing needs in the City of Fort Collins. They were awarded in the City's annual Competitive Process to housing service providers to further the goals identified in the City's Affordable Housing Strategic Plan. The second reading of the ordinance approving the allocation of the funds occurred on May 19, 2015. Any un-allocated funds are intended to accumulate in the fund to meet future affordable housing needs.

Reason funds not expensed in 2015: Although the funds were committed, it isn't always possible to negotiate and complete project contracts prior to the year end, which means that PO's cannot be established. Some funds are allocated as match funding for projects receiving federal HOME/CDBG dollars. Under federal guidelines, these projects cannot be contracted until all CDBG/HOME requirements have been met. The HBA program is a City managed program, funds dedicated to that program aren't contracted or PO'd, they are tied to closing as individual loans are approved. From the time of initial funding commitments to completions of development, most housing projects take multiple years to complete.

GOLF FUND

Parks

19. Golf Projects - \$40,329

Purpose for funds: Funds will be used to complete the Golf branding project started in 2015, replace SouthRidge driving range equipment, replace carpeting, furnace and ventilation system at City Park Nine.

Reason funds not expensed in 2015: The branding project has been completed, but not all bills have been received totaling \$16,899. Early snow in December prevented the SouthRidge driving range from being repaired for \$11,032. Quotes for carpet replacement were received too late to create purchase order for \$6,836. The furnace and ventilation project did not have sufficient appropriations available to begin the project and funds will be combined with 2016 funds to complete the project of \$5,562.

KEEP FORT COLLINS GREAT FUND

Communications & Public Involvement Office

20. Public Engagement Staff Training - \$10,000

Purpose for funds: In cooperation with HR, the funding will be used for International Association for Public Participation (IAP2) Training. IAP2 is a course that can help employees to better engage with their communities and provides tools that align with Public Engagement and the role of connecting with hard to reach people.

Reason funds not expensed in 2015: KFCG funding from 2015 was earmarked to assist in the continuation of this course, but due to year end timing, the contract could not be completed before the end of the year despite an approval from all parties involved. The project is moving forward in 2016 with a contract in place in January.

Community Development & Neighborhood Services

21. Historic Survey Grant Request - \$39,170

Purpose for funds: These funds are used as matching funds for historic preservation grant projects. The major sources for grant revenues are the State Historical Fund and Certified Local Government programs. The Historic Preservation Division typically receives two to four dollars for each dollar of City funds.

Reason funds not expensed in 2015: Grant matching funds are used primarily for State Historical Fund (SHF) and Certified Local Government (CLG) grants. Because of the 9 -10 month time lag between grant application, at which time the matching funds are committed, and awarding and contracting with the State, at which time the funds are encumbered, the monies allocated in one year will nearly always need to be re-allocated for actual expenditure in the following year. Current grant commitments include a SHF grant of \$35,000 towards a survey of the Westside Neighborhood's Loomis Addition with the remainder supporting CLG grants for Council directed additional property surveys.

22. Landmark Rehabilitation Loans - \$28,525

Purpose for funds: Established by Council in 1994 with adoption of Chapter 14, Article V of the Municipal Code, the Landmark Rehabilitation Loan Program is a critical financial program for encouraging the protection and revitalization of historic residential and commercial buildings, most notably within the Downtown and Old Town Neighborhoods. The program is very popular with the public and the demand for funding grows every year. The Rehabilitation Loan Program is a revolving loan program. Owners of historic landmarks can apply for up to \$7,500 in zero-interest loan funds, which they must match with an equal or greater amount of private funds. Loans are repaid through the sale or transfer of the property, and upon repayment, the funds return to the program for further distribution.

Reason funds not expensed in 2015: Applicants receiving loans have up to two years to complete the rehabilitation work. There is frequently a time differential of from one to two years between when the loan is awarded, at which time the funds are committed, and the completion of the work, at which time the funds are released. For this reason, the monies allocated in one year will nearly always need to be re-allocated for actual expenditure.

Environmental Services

23. Environmental Services Innovation Fund - \$8,963

Purpose for funds: The Innovation Fund is dedicated to piloting projects and procedures throughout the City's buildings and properties that are not otherwise funded. Funds will be used to continue the Living Wall Project. Select projects in past years have yielded \$3 million in savings and 58,590 metric tons of carbon emission reductions. Plus, the projects allow us to showcase ideas for the business and residential community.

Reason funds not expensed in 2015: Funds for the Living Wall have been allocated but were not used in 2015 because of difficulty selecting a visible suitable site and construction delays with the Utilities Administrative Building. We anticipate a final site to be identified in 2016.

24. Montezuma Fuller Alley Shared Trash / Recycling Enclosure - \$17,277

Purpose for funds: Funds were allocated for building a trash / recycling enclosure in the Montezuma Fuller Alley that would be used by the businesses adjacent to that alley. The enclosure would allow for removal of dumpsters from the right-of-way in the alley, allow businesses to recycle that currently don't have space for a recycling bin, and improve the visual aesthetic of the alley.

Reason funds not expensed in 2015: Additional feedback from project stakeholders resulted in project delay.

FC Moves

25. Bicycle and Pedestrian Safety Town - \$26,395

Purpose for funds: This funding will support the design and construction of a public Bicycle and Pedestrian Safety Town, a recommendation of the City's 2011 Bicycle Safety Education Plan. A Safety Town is a "miniature city," which includes elements such as streets, bike lanes, sidewalks, traffic signs and signals. Families, adults, and children will be able use the facility to practice skills and participate in classes hosted by the City and community partners.

Reason funds not expensed in 2015: Safety Town funds were not fully expended in 2015 as site selection is still in process. Once the Safety Town location is confirmed, Staff will be able to move forward with design and phasing plans, with the goal of implementing at least some features later in 2016.

26. Metropolitan Planning Organization Annual Local Match - \$27,551

Purpose for funds: These funds are based on estimated annual local match due to the North Front Range Metropolitan Planning Organization (NFRMPO). Membership is required in order to secure regional, state, and federal transportation funds and for ensuring consistency between local and regional plans.

Reason funds not expensed in 2015: The required local match is allocated based on jurisdictional population. For each budgeting cycle, the NFRMPO provides an estimate of the annual match. In 2015, the local match billed to the City was less than the estimate for the year; however, in 2016 the NFRMPO Council voted to fund a reserve with unallocated local matches. As a result,

reappropriation of un-invoiced funds from 2015 is required to fully fund the 2016 local match invoice.

Natural Areas

27. Ecological Response Model - \$44,552

Purpose for funds: These funds are being used to support the development of the Ecological Response Model for the Poudre River. The report and first version of the model are complete (early 2015) and were used in the City's evaluation and response to the Northern Integrated Supply Project Supplemental Draft Environmental Impact Statement (NISP SDEIS). As well, in our analysis of the NISP SDEIS subsequent model runs and new components analysis were conducted with these funds as new information became available. We anticipate using the remainder of these funds for the same contractor to update the model or run new analysis as yet more information becomes available through the federal EIS process allowing us to scientifically evaluate the results of subsequent SDEIS results.

Reason funds not expensed in 2015: These funds were not completely used in 2015 because the timeframe of our analyses is dependent on the federal timeframe and process. The release of a quality analysis and new information is taking years to complete and our comparison and evaluation with the Eco-Response Model parallels this process.

28. Land Improvement - \$225,492

Purpose for funds: This offer was funded to support extensive ecological restoration of the Poudre River floodplain and channel improvements for the purpose improving wildlife habitat and restoring biodiversity. Due to the complexity and scale of this work, Natural Areas requested funds and received \$125k/year to support and match Natural Areas funding. The primary work intended include restoration planning and construction of restoration at Kingfisher Point Natural Area.

Reason funds not expensed in 2015: The conceptual restoration plan for Kingfisher Point was completed in 2015. The plan identifies the Timnath Inlet Ditch as an area requiring retrofit to connect the river and support fish passage. This effort has made progress and currently is in design. The remainder of the overall restoration design hinges on the outcome of the Ditch retrofit design. Thus, final design for the entire site will be completed by late summer early fall. Final design and (certainly) construction will not be complete by the end of 2016. In the meantime, during summer/fall of 2016 we expect to construct 2 - 3 acres of new wetlands at the site that do not require the final design to be complete.

29. Northern Integrated Supply Project Supplemental and Mitigation - \$73,000

Purpose for funds: These funds are being used to support the City's evaluation of the Northern Integrated Supply Project Supplemental Draft Environmental Impact Statement (NISP SDEIS). This evaluation focuses on the impact to City's assets and is dependent on a complex and lengthy federal process. The City's work related to this also includes establishing our own scientific perspective on river function, condition and impact of NISP to water-related infrastructure. In 2016 we plan to use a portion of these funds to partially fund the 2016 State of the Poudre health assessment and report. This is an appropriate use of these funds because this condition assessment will inform our future engagement in NISP (both future iterations of the as well as mitigation processes).

Reason funds not expensed in 2015: These funds were not completely used in 2015 because the process is ongoing and far from complete. In the near term we will need these funds to support objective analysis, preparations and engagement in the next phase of NISP permitting (such as mitigation, and ecological and water quality analyses, and legal counsel).

Operation Services

30. Fossil Creek Park Lighting Retrofit - \$15,800

Purpose for funds: This project was to replace the HID (high intensity discharge) lights at Fossil Creek Park with LED. LED lights use less energy and require less maintenance.

Reason funds not expensed in 2015: The new LED lighting fixtures arrived in late 2015 and it was discovered they would not work with existing light poles. They had to be returned and replaced with fixtures that work with the existing poles. This request for \$15,800 is to pay for the labor needed to complete the project.

Parks

31. Parks Lifecycle Project (KFCG Fund portion) - \$51,302

Purpose for funds: The funds requested will be re-appropriated for lifecycle projects that were planned, but not encumbered or completed in 2015. Funds will be spent on Park Shop lobby waiting area renovations of \$20,000, Loudon ditch improvements of \$11,872, and the remaining balance of \$75,336 will be combined with 2016 funds to replace playground equipment at Avery Park.

Reason funds not expensed in 2015: Projects were not encumbered or completed due to quotes/bids for projects not being available until late December and needing 2016 funds for the Avery playground project.

32. Southeast Community Park Equipment - \$116,000

Purpose for funds: The reappropriated funds will be used to purchase equipment for the new Southeast Community Park.

Reason funds not expensed in 2015: These funds were not spent in 2015 due to the construction of the park being delayed until 2016.

Recreation

33. Foothills Activity Center Security Cameras - \$16,096

Purpose for funds: These funds will be used for the necessary server, software, and security cameras to be installed at the Foothills Activity Center (FAC).

Reason funds not expensed in 2015: Several construction delays occurred during 2015, postponing the opening of the FAC. Installation of technology and cameras will take place once the facility is open.

Streets

34. College Avenue Concrete Work - \$326,872

Purpose for funds: College Avenue is owned by the Colorado Department of Transportation (CDOT). However, minor maintenance is performed by the City of Fort Collins between Grape Street and Harmony Road. CDOT is resurfacing College Avenue between Mulberry Street and Harmony Road in 2016. The project commenced in 2015 but will be completed this year. The offer was a collaboration proposal between CDOT, Streets and Engineering departments. In regard to concrete, CDOT is planning to perform only minimal levels of concrete repair, addressing pedestrian access ramps and major curb and gutter drainage issues only. This was to enable the Streets and Engineering departments to look at the concrete repairs from a holistic standpoint. As a result, the City will perform other curb and gutter repairs, enhance and repair sidewalk and medians, and complete any missing sidewalk segments. CDOT considers the curb, gutter and sidewalks to be the maintenance responsibility of the City.

Reason funds not expensed in 2015: College Avenue concrete improvements were started by the Streets Department in 2015; however, CDOT delayed their repaving efforts until 2016. Paving will occur between Mulberry Street and Harmony Road. The remaining funds from the 2015 budget cycle needs to be moved forward into 2016 in order to complete our remaining work and also coincide with CDOT's efforts.

LIGHT & POWER FUND

Light & Power

35. Broadband Strategic Work - \$151,088

Purpose for funds: The Broadband Strategic Plan work includes feasibility analysis, market demand study, communication and a complete strategic plan for recommendation(s). Funds will be used for consulting services (Uptown Services, Inc.) and to assist in costs for the expert review panel and communications.

Reason funds not expensed in 2015: The City issued a ballot question on November 2015 to ask the community to overturn SB05-152, which restricts municipality's ability to provide direct or indirect telecommunication services. Due to the Fair Campaign Practice Act, city staff was not allowed to use staff time, resources or funds to advocate for the passage or defeat of a measure once ballot language was set by City Council on August 18, 2015. There were delays due to the August - November 2015 silent period.

36. Low Income Solar - \$125,000

Purpose for funds: Council approved funds for 2015 and 2016 supporting a low income solar program (BFO Offer 59.2 in Environmental Health). After stakeholder discussions and with the benefit of matching funds from the Colorado Energy Office, a low income solar array is in planning to be constructed in 2016.

Reason funds not expensed in 2015: This request is to reappropriate 2015 funds to be combined with 2016 funds to complete construction of a 190 kW low income solar project in 2016.

RECREATION FUND

Recreation

37. Foothills Activity Center Information Technology - \$53,600

Purpose for funds: These funds will be used to complete the IT and internal costs associated with opening the Foothills Activity Center (FAC), as well as providing for the increased monthly cost of wireless and communications services.

Reason funds not expensed in 2015: Several construction delays occurred during 2015, postponing the opening of the FAC. As of January 2016 the building is substantially complete and the internal work of connecting the facility to the City's IT and Recreation software has begun.

38. Senior Center Endowment Facility Improvements - \$37,660

Purpose for funds: Ordinance No. 062, 2015 appropriated \$50,000 from the endowment provided by the Paul N. Gwyn estate for enhancements to the Senior Center. This is the remaining amount of the appropriation and will be utilized for renewing areas of the facility that were not included in the recent expansion project.

Reason funds not expensed in 2015: In 2015 two senior staff members retired, impacting the ability from a staffing standpoint to pursue some of the planned improvements. In addition, remaining staff were deeply involved in pursuing the national distinction for accreditation of senior centers. Accreditation anticipated the spring of 2016.

TRANSPORTATION FUND

FC Moves

39. West Elizabeth Enhanced Travel Corridor Plan - \$11,929

Purpose for funds: These funds provide for consulting services and other project expenses required for the development of the West Elizabeth Enhanced Travel Corridor Plan. The Plan will direct investment in multimodal infrastructure along and around West Elizabeth Street as a part of a larger network of corridors identified by the 2011 Transportation Master Plan.

Reason funds not expensed in 2015: The majority of appropriated project funds have been encumbered for professional consulting services; however, the portion of the funds not encumbered have been intentionally set aside to provide for other project expenses. These include open houses, marketing materials, printing costs, and other expenses associated with development of the Plan. Reappropriation of these funds to 2016 is necessary because the planning process extends beyond the 2015 fiscal year.

Streets

40. Harmony Park & Ride Regional Match - \$72,280

Purpose for funds: The 2015-2016 funding received through the BFO process included increased maintenance of an expanded parking area as well as a restroom facility that the City of Fort Collins was to install either in 2015 or 2016. The Harmony Transfer Center Park & Ride is owned by CDOT and maintained by the City via an IGA. The Harmony Transfer Center serves a variety of travel modes: carpoolers, shuttle riders to and from Denver International Airport, as well as hikers and bicyclists. Working closely with CDOT, City Natural Areas and key stakeholders, staff will select a site at or near the Arapaho Bend trailhead area to install a restroom similar in nature to those at other natural areas in the City. Project construction is scheduled to be completed in 2016.

Reason funds not expensed in 2015: Minimal project funds were expended in 2015 to determine feasibility of location, design, and construction. Remaining 2015 funds are requested in order to complete construction of the restroom facility. The restroom project was delayed due to negotiations with CDOT about use and future footprint of the Harmony Transfer Center Park and Ride area. These funds are necessary to complete construction in combination with available 2016 funds.

UTILITIES CS&A FUND

Utility CS&A

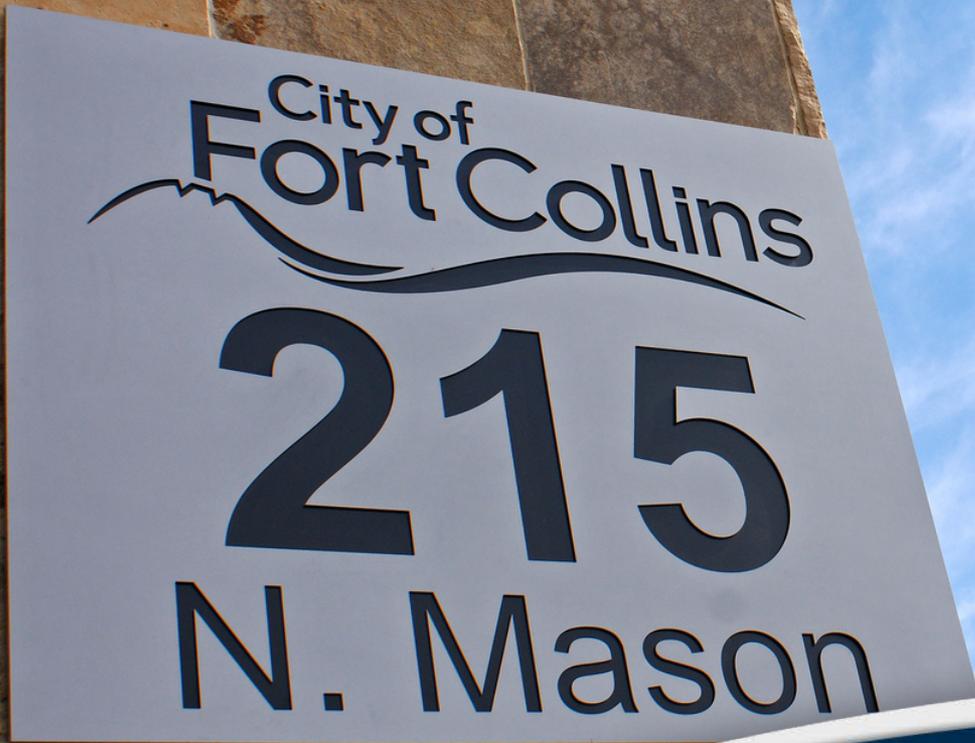
41. Utilities Cyber Security Assessments - \$187,000

Purpose for funds: Funds will be used to provide 3rd party cyber security assessments of mission critical Utilities IT Application systems including electric SCADA, Utility Billing system and consulting on Cyber Security Governance.

Reason funds not expensed in 2015: Both of the City Staff members who were working on this effort became unexpectedly unavailable - one staff member was transferred to another unit and one staff member had an unexpected medical emergency. Plans are in place to ensure the work is completed in 2016.

FINANCIAL/ECONOMIC IMPACTS

This Ordinance increases 2016 appropriations by \$2,809,115. A total of \$1,102,694 is requested for reappropriation in the General Fund, \$1,027,535 from the Keep Fort Collins Great Fund and \$678,886 is requested from various other City funds. Reappropriation requests represent amounts budgeted in 2015 that could not be encumbered at year-end. The appropriations are from 2015 prior year reserves.



2016 Reappropriation Ordinance

2-22-16

Mike Beckstead, CFO and Jolene Buxman, Sr. Budget Analyst

What qualifies for Reappropriation?:

- Funds that were originally appropriated in 2015 for a specific purpose but were not fully expensed or encumbered by the end of the fiscal year
- Appropriate the funds from 2015 reserves into the 2016 budget for the same specific uses that were originally proposed and approved for 2015

Process:

- Prompt organization to submit Reappropriation requests using standardized template
- Budget Office reviews requests to ensure they meet the criteria for Reappropriation
- Check the 2015 available balance; verifying underspend is greater than the requested amount
- Follow-up with submitter as necessary
- Budget Office and CFO determine which requests to bring forward to City Council

Amount by Fund being requested for Reappropriation:

General Fund	\$ 1,102,694
Golf Fund	40,329
Keep Fort Collins Great Fund	1,027,535
Light & Power Fund	276,088
Recreation Fund	91,260
Transportation Fund	84,209
Utility CS&A Fund	<u>187,000</u>
	\$ 2,809,115

Reappropriation by Fund

GENERAL FUND:

#	Department	Request Name	Amount
1	Cultural Services/Gardens	Community Garden	\$ 20,000
2	Environmental Services	Air Quality and Greenhouse Gas Data	17,500
3	Environmental Services	Air Quality Programs	25,536
4	Environmental Services	Green Building - Continued Implementation of the Roadmap	4,000
5	Environmental Services	Green to Gold Bag Shredder	2,992
6	Environmental Services	Healthy Sustainable Homes	1,337
7	Environmental Services	Rivendell Recycling Center Pavement Repair	11,551
8	Environmental Services	Waste Reduction & Recycling Programs	10,000
9	FC Moves	Lincoln Plan Neighborhood Projects	279,800
10	Human Resources	Human Recourses Software Migration	130,000
11	Municipal Court	Court Appointed Counsel Expenses	10,262
12	Natural Areas	Instream Flow	88,200
13	Natural Areas	Northern Integrated Supply Project Response	24,500
14	Operation Services	Remodel Creamery Laboratory Building at 212 Laporte Avenue	127,957
15	Parks	Median Renovations and Lifecycle	95,079
16	Parks	Parks Lifecycle Project	50,000
17	PDT Administration	Special Event Permit Software- Special Events Coordinator Program	55,000
18	Social Sustainability	Affordable Housing Fund	148,980
GENERAL FUND TOTAL:			\$ 1,102,694

Reappropriation by Fund

KEEP FORT COLLINS GREAT FUND:

#	Department	Request Name	Amount
20	CPIO	Public Engagement Staff Training	\$ 10,000
21	CDNS	Historic Survey Grant Request	39,710
22	CDNS	Landmark Rehabilitation Loans	28,525
23	Environmental Services	Environmental Services Innovation Fund	8,963
24	Environmental Services	Montezuma Fuller Alley Shared Trash / Recycling Enclosure	17,277
25	FC Moves	Bicycle and Pedestrian Safety Town	26,395
26	FC Moves	Metropolitan Planning Organization Annual Local Match	27,551
27	Natural Areas	Ecological Response Model	44,552
28	Natural Areas	Land Improvement	225,492
29	Natural Areas	Northern Integrated Supply Project Supplemental and Mitigation	73,000
30	Operation Services	Fossil Creek Park Lighting Retrofit	15,800
31	Parks	Parks Lifecycle Project	51,302
32	Parks	Southeast Community Park Equipment	116,000
33	Recreation	Foothills Activity Center Security Cameras	16,096
34	Streets	College Avenue Concrete Work	326,872
KEEP FORT COLLINS GREAT TOTAL:			\$ 1,027,535

Reappropriation by Fund

OTHER FUNDS:

#	Department	Request Name	Amount
19	Golf	Golf Projects	\$ 40,329
35	Light & Power	Broadband Strategic Work	151,088
36	Light & Power	Low Income Solar	125,000
37	Recreation	Foothills Activity Center Information Technology	53,600
38	Recreation	Senior Center Endowment Facility Improvements	37,660
39	FC Moves	West Elizabeth Enhanced Travel Corridor Plan	11,929
40	Streets	Harmony Park & Ride Regional Match	72,280
41	Utility CS&A	Utilities Cyber Security Assessments	187,000
OTHER FUNDS TOTAL:			\$ 678,886
GRAND TOTAL:			\$ 2,809,115

Guidance Requested:

- 1) CFC feedback on the Reappropriation requests being presented
- 2) CFC direction on putting Reappropriation on the Consent Agenda of the March 15th City Council meeting

**COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY**

Staff: Tiana Smith
Revenue and Project Manager
Finance

Date: February 22nd 2016

SUBJECT FOR DISCUSSION

Amend City code to allow Chief Financial Officer the authority to waive liability of tax claims greater than \$100,000.00.

EXECUTIVE SUMMARY

City Code is silent on the authority of the Chief Financial Officer to release liability of tax claims of any amount. Recently, two organizations approached the Sales Tax office to enter into voluntary disclosure agreements and begin remitting sales tax. Both agreements have requested the release of liability for any taxes due prior to the signing of the agreement.

In order to formalize this authority and provide a process for both documentation and an escalation process, the City of Fort Collins wishes to amend code to allow the Chief Financial Officer the ability to waive claims up to \$100,000, after which point he/she will confer with the City Manager and City Council.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

The City of Fort Collins Revenue and Project Manager seeks approval to take the proposed code language to City Council on consent agenda in March.

BACKGROUND/DISCUSSION

- One challenge in this practice is when the amount being waived is unknown, i.e. for businesses where nexus has not been proven.
- The threshold of \$100,000 was chosen due to consistency with the CFO's authority to waive liability of risk claims.

ATTACHMENTS

1. Powerpoint Presentation
2. Draft code language



Waiver of Tax Claim – Code Change

02/22/16

Modification of City Code to Allow the Chief
Financial Officer to Waive Tax Liability of
Claims up to \$100,000.

- **2 Vendors with Voluntary Disclosure Agreement Requests**
 - May begin to pay sales tax on local deliveries and tangible personal
 - Both are asking for a waiver on any past obligations

**2 Vendors Have Both Asked to Establish Sales Tax Licenses
To Potentially Begin Collecting Sales Tax on Fort Collins Transaction**

The “Implications”

- **Waiver of claims for Voluntary Disclosure Agreements**
 - Without physical facilities or delivery, no nexus exists to support a claim of prior year taxes owed.
 - Waiver of any prior year claims & signing disclosure agreement facilitates both vendors establishing a sales tax license within Fort Collins
 - Lack of prior licensing and specifics makes historical tax collection difficult at best. Without details, not quantifiable
- **Consistency for CFO Across Other Financial Functions**
 - Risk Management Policy gives authority to CFO to waive claims up to \$100k

Disclosure Agreement Provides an Opportunity to Begin Collecting Sales Tax on Previously Un-tax Activity

- **Sales Tax Staff worked with CAO to Develop Code Language**
 - < \$2,500 CFO waiver without documentation
 - > \$2,500 CFO waiver with written documentation – rational, ??, ??
 - >\$100,000 requires City Manager approval and conference with City Council
- **Examples of Liability Removal:**
 - Voluntary disclosure agreements
 - Tax disputes - audits
 - Non-licensed businesses operating w/o remitting taxes
 - Does Not Authorize CFO to Refund or Rebate

**Code Modification Developed by CAO, Aligns with Historical Practice
And Facilitates Signing of Voluntary Disclosure Agreements**

Modification of City Code to Allow the Chief
Financial Officer to Waive Tax Liability of
Claims up to \$100,000.

Projected General Fund Available Balance: 2/2016 Update

2/22/2016 Council Finance Committee

Note: 2015 financials are not yet compiled or audited. Pro forma figures are intended to be informational and directional in nature pending annual fund balance presentation in June 2016 for all funds.

2014 Year-end Unassigned GF Balance 3.3

Assigned but Available as of 12/31/2014

Police Training Facility	1.0	
On Street Paid Parking	0.8	
Transit Buses	0.5	
Police CAD	0.5	
Golf Irrigation Systems	0.5	
	<hr/>	
	3.3	

Subtotal: 6.6

2015 Revenue Variance over Budget - YTD December

Sales and Use Tax @ 2.25% to GF 8.9

Subtotal: 15.4

2015 Supplemental Appropriations from GF Reserves not Previously Committed or Restricted

Police Training Facility (2015-138) - <i>Frozen Appropriation</i>	(0.8)	
Self Insurance fund (2015-123)	(0.7)	
Land Bank (2015-123)	(0.1)	
Lincoln Corridor (2015-070)	(2.0)	
	<hr/>	
	(3.5)	

Subtotal: 11.9

2016 Revision Offers Appropriated from GF Reserves

Benefits Adjustments	(1.0)	
Neighborhood Services Strategic Plan	(0.1)	
Aircraft Rescue and Firefighting for Airport	(0.0)	
Climate Action Plan: Planning for Strategic Initiatives and Public-Private Partnership	(0.1)	
Self Insurance Fund	(0.6)	
Career Architecture and Pay Structure	(0.3)	
Prospect and College Intersection	(1.1)	
	<hr/>	
	(3.2)	

Estimated Available and Unassigned Fund Balance as of 2/22/2016: 8.7

Approach and Disclaimers:

12/31/2014 figures account for commitments/appropriations/assignments adopted during original 2015/2016 budgets. Display of funds available for nearly any purpose. This display ignores any constraint/restriction balance category Subject to volatility due to budget/actual variances within revenue or expenditures